
WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, we have sought the following waivers from strict compliance with the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 of the Listing Rules.

Our Group's management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that the appointment of executive directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole.

Accordingly, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between the Stock Exchange and us by way of the following arrangements:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorised representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorised representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange. Both of our authorised representatives are authorised to communicate on our behalf with the Stock Exchange. At present, our two authorised representatives are Mr. Kuang, executive Director, chairman and chief executive officer of our Company, and Ms. Fung Wai Sum, joint company secretary of our Company;
- (b) pursuant to Rule 3.20 of the Listing Rules, each Director will provide their contact information to the Stock Exchange and to the authorised representatives. This will ensure that the Stock Exchange and the authorised representatives should have means for contacting all Directors promptly at all times as and when required;
- (c) we will endeavour to ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; and

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (d) pursuant to Rules 3A.19 of the Listing Rules, we have retained the services of Anglo Chinese Corporate Finance, Limited as compliance adviser (the “**Compliance Adviser**”), who will act as an additional channel of communication with the Stock Exchange.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of their academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (i) a member of The Hong Kong Chartered Governance Institute;
- (ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (i) length of employment with the issuer and other issuers and the roles they played;
- (ii) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

Our Company appointed Ms. Liu Mengya and Ms. Fung Wai Sum as joint company secretaries. See “Directors and senior management — Joint company secretaries” for their biographies.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Ms. Fung Wai Sum is an associate member of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom (formerly known as The Institute of Chartered Secretaries and Administrators), and therefore meets the qualification requirements under Rule 3.28 Note 1 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Our Company's principal business activities are outside Hong Kong. The Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have as its joint company secretary a person such as Ms. Liu Mengya, who is an employee of the Company and who has day-to-day knowledge of the Company's affairs. Ms. Liu Mengya has the necessary nexus to the Board and close working relationship with management of the Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner.

Accordingly, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules for a three-year period from the Listing Date on the conditions that (i) Ms. Liu Mengya must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the three-year period, and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company. In addition, Ms. Liu Mengya will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the Listing Date. Our Company will further ensure that Ms. Liu Mengya has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange. Before the end of the three-year period, the qualifications and experience of Ms. Liu Mengya and the need for on-going assistance of Ms. Fung Wai Sum will be further evaluated by our Company. We will liaise with the Stock Exchange to enable it to assess whether Ms. Liu Mengya, having benefited from the assistance of Ms. Fung Wai Sum for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Rule 3.28 Note 2 of the Listing Rules so that a further waiver will not be necessary.

WAIVER IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS

We have entered into, and expect to continue, the Contractual Arrangements that will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers from strict compliance with Chapter 14A of the Listing Rules. See "Connected transactions" for further details.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

WAIVER IN RESPECT OF ACQUISITIONS AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountant's report to be included in a listing document must include the income statements and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date to which its latest audited accounts have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

Acquisitions since the Track Record Period

Since the Track Record Period and up to the Latest Practicable Date, the Company has made or proposes to make the following acquisitions (the “**Acquisitions**”), the details of which are set out below:

<u>Targets⁽²⁾</u>	<u>Consideration</u>	<u>Percentage of shareholding/ equity interest⁽¹⁾</u>	<u>Principal business activities</u>
	<i>(approximately RMB million)</i>		
Zhejiang Xiening Medicine Co., Ltd. (浙江協寧醫藥有限公司) (“ Zhejiang Xiening ”) .	21.0	60%	Sales of pharmaceutical products and medical devices
Hangzhou Zhimin Pharmaceutical Chain Co., Ltd. (杭州致民醫藥連鎖有限公司) and Hangzhou Tongdaotang Pharmaceutical Co., Ltd (杭州同道堂大藥房有限公司) (together with Zhejiang Xiening, the “ Target Companies ”)	23.6	100%	Sales of pharmaceutical products and medical devices

Notes:

- (1) The percentage of shareholding/equity interest represents the Company's total pro forma shareholding in the Target Companies after the completion of the Acquisitions.
- (2) To the best of our directors' knowledge, information and belief having made all reasonable enquiry, no connected person of the Company is an ultimate beneficial owner of any of the counterparties.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

The Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in respect of the Acquisitions on the following grounds:

The percentage ratios of the Acquisitions are all less than 5% by reference to the most recent fiscal year of the Company's Track Record Period

The relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules for the Acquisitions are all less than 5% by reference to the most recent fiscal year of the Company's Track Record Period.

Accordingly, the Company believes that the Acquisitions are not expected to result in, any significant changes to the Company's financial position since December 31, 2021, and all information that is reasonably necessary for the potential investors to make an informed assessment of the Company's activities or financial position has been included in this prospectus. As such, the Company considers that a waiver from compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the investors.

Ordinary and usual course of business

The Company confirms that it makes strategic equity investments in sectors relating to its business as part of its ordinary and usual course of business and entered into the Acquisitions to gain access to the private hospitals and end customers of pharmaceutical chains in Zhejiang Province as part of its strategic expansion plan. The Company considers that such access to (i) the private hospitals will enable the Company to quickly expand its business into Zhejiang Province by reducing the time of business initiation process with private hospitals in that area as hospitals in that area generally have tight controls on new suppliers and (ii) the end customers of pharmaceutical chains will enable the Company to fully explore digitalization opportunities in pharmaceutical chain stores and convert the offline customers to online platform customers.

The historical financial information of the Target Companies fulfilling the disclosure requirement under Rule 4.04 of the Listing Rules would be unduly burdensome to obtain or prepare

It will require considerable time and resources for the Company and its reporting accountant to fully familiarize itself with the management accounting policies of the Target Companies and compile the necessary financial information and supporting documents for disclosure in the listing document of the Company. As such, it would be impracticable within the tight timeframe for the Company to disclose the audited financial information of the Target Companies as required under Rules 4.04(2) and 4.04(4) of the Listing Rules.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In addition, having considered the Acquisitions are immaterial and do not expect to have any material effect on the overall business, financial condition or operations of the Group, it would not be meaningful and would be unduly burdensome for the Company to prepare and include the financial information of the Target Companies during the Track Record Period in the listing documents of the Company.

Alternative disclosure of the Acquisitions in the listing document

The Company has provided alternative information in the Prospectus in connection with the Acquisitions. Such information include, where applicable, those which would be required for a disclosable transaction under Chapter 14 of the Listing Rules including, for example, descriptions of the relevant companies' principal business activities, the investment amount, and a confirmation that the counterparties and the ultimate beneficial owners of the counterparties are independent third parties of the Company and its connected persons. Since each of the relevant percentage ratios of the Acquisitions is less than 5% by reference to the most recent fiscal year of the Track Record Period, the Company believes the current disclosure is adequate for potential investors to form an informed assessment of the Company. The Company does not expect to use any proceeds from the Listing to fund the Acquisitions.

WAIVER FROM STRICT COMPLIANCE WITH RULE 10.04 OF AND CONSENT UNDER PARAGRAPH 5(2) OF APPENDIX 6 TO THE LISTING RULES IN RESPECT OF SUBSCRIPTIONS OF OFFER SHARES BY AFFILIATE OF AN EXISTING SHAREHOLDER AS CORNERSTONE INVESTOR

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Listing Rules are fulfilled. The conditions in Rules 10.03(1) and (2) of the Listing Rules are that (a) no securities are offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Paragraph 5(2) of Appendix 6 to the Listing Rules provides that, unless with the prior written consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

As further described in the section headed “Cornerstone Investors”, Tasly International Capital Limited (the “**Relevant Cornerstone Investor**”) is an affiliate of Tianjin Huaxin Pharmaceutical Venture Capital Partnership (Limited Partnership) (an existing Shareholder, together with Tasly International Capital Limited, the “**Participating Investors**”) and has entered into a cornerstone investment agreement with the Company.

We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 10.04 of, and consent under paragraph 5(2) of Appendix 6 to, the Listing Rules to allow the Relevant Cornerstone Investor to participate in the Global Offering as a cornerstone investor, subject to the following conditions:

1. the Participating Investors are interested in less than 5% of the Company’s voting rights before the Listing;
2. the Participating Investors are not and will not be a core connected person of the Company or a close associate of any such core connected person immediately prior to or following completion of the Global Offering and the Listing;
3. the Participating Investors do not have the power to appoint Directors or any other special rights in the Company;
4. the allocation to the Relevant Cornerstone Investor will not affect the Company’s ability to satisfy the minimum public float requirement under Rule 8.08(1) of the Listing Rules; and
5. written confirmations pursuant to paragraph 4.20 of the Stock Exchange’s Guidance Letter HKEX-GL85-16 will be provided to the Stock Exchange:
 - (a) the Joint Sponsors shall confirm that, based on (i) their discussions with the Company and the Joint Bookrunners; and (ii) the confirmation to be provided to the Stock Exchange by the Company (the confirmation mentioned in sub-paragraph (b) below), and to the best of their knowledge and belief, they have no reason to believe that the Relevant Cornerstone Investor or its respective close associates received any preferential treatment in the allocation in the International Offering as a cornerstone investor by virtue of its relationship with the Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in the Stock Exchange’s Guidance Letter HKEX-GL51-13 (“**GL51-13**”), and details of the allocation will be disclosed in the prospectus and the allotment results announcement of the Company; and

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (b) the Company shall confirm that no preferential treatment has been, nor will be, given to the Relevant Cornerstone Investor or its relevant close associates by virtue of its relationship with the Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in GL51-13, that the Relevant Cornerstone Investor's cornerstone investment agreement does not contain any material terms which are more favorable to it than those in other cornerstone investment agreements.