
CORNERSTONE PLACING

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**”, and together the “**Cornerstone Investment Agreements**”) with the cornerstone investors set out below (each a “**Cornerstone Investor**”, and together the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, for such number of Offer Shares (rounded down to the nearest whole board lot of 100 Shares) which may be purchased at the Offer Price with an aggregate amount of approximately US\$45 million (approximately HK\$353 million) (calculated based on the conversion rate of US\$1.00 to HK\$7.8499) (exclusive of the brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the FRC transaction levy) (the “**Cornerstone Placing**”).

The Cornerstone Placing will form part of the International Offering, and the Cornerstone Investors will not acquire any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid Shares in issue and will be counted towards the public float of our Company under Rule 8.24 of the Listing Rules.

Immediately following the completion of the Global Offering, the Cornerstone Investors will not become substantial shareholders of our Company and the Cornerstone Investors will not have any Board representation in our Company. To the best knowledge of our Company, each of the Cornerstone Investors: (i) is an Independent Third Party; (ii) is independent of other Cornerstone Investors; (iii) is not financed by us, our Directors, chief executive, controlling shareholders, substantial shareholder, existing Shareholders or any of its subsidiaries or their respective close associates; and (iv) is not accustomed to take instructions from us, our Directors, chief executive, controlling shareholders, substantial shareholders, existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in their name or otherwise held by them, save for Tasly, a close associate of Tianjin Huaxin Pharmaceutical Venture Capital Partnership (Limited Partnership) (which is an existing Shareholder). There are no side arrangements between us and the Cornerstone Investors.

Our Company is of the view that the Cornerstone Placing will help to boost and enhance the profile of our Company and to signify cornerstone investors’ confidence in our business. Tasly International Capital Limited, a close associate of an existing shareholder of the Company, acquainted with the Company during the Pre-IPO Investment; Sanofi acquainted with the Company through business relationship; Yangtze HK (as defined below) acquainted with the Company through the introduction by a business acquaintance within the healthcare industry who is an Independent Third Party; and Harvest (as defined below) became acquainted with the Company

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through introduction by CMB International Capital Limited. As confirmed by each Cornerstone Investor, its subscription under the Cornerstone Placing would be financed by their own internal financial resources and/or the financial resources of its shareholder(s).

There will be no delayed delivery or deferred settlement of Offer Shares to be subscribed by the Cornerstone Investors and the consideration will be settled by the Cornerstone Investors on or before the Listing Date. The Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation in the event of over-subscription under the Hong Kong Public Offering, as described in “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation.” Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by us on or around July 5, 2022.

Among the Cornerstone Investors, Tasly International Capital Limited, is a close associate of Tianjin Huaxin Pharmaceutical Venture Capital Partnership (Limited Partnership) which is an existing Shareholder. As at the date of this document, Tianjin Huaxin Pharmaceutical Venture Capital Partnership (Limited Partnership) holds approximately 1.35% of our total issued shares capital.

Affiliates of Tianjin Huaxin Pharmaceutical Venture Capital Partnership (Limited Partnership) have been permitted to participate in the Cornerstone Placing pursuant to a waiver from strict compliance with Rule 10.04 of the Listing Rules and consent under paragraph 5(2) of Appendix 6 to the Listing Rules. For details of the waiver application, please refer to the section headed “Waivers from Strict Compliance with the Listing Rules — 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 affiliates of an existing Shareholder as cornerstone investor”.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

1. Sanofi Foreign Participations B.V.

Sanofi Foreign Participations B.V. is a company established in the Netherlands whose business is investment holding and is a wholly owned subsidiary of Sanofi. Sanofi is an innovative global healthcare company, driven by one purpose: chase the miracles of science to improve people’s lives. Sanofi’s team, across some 100 countries, is dedicated to transforming the practice of medicine by working to turn the impossible into the possible. Sanofi provides potentially

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life-changing treatment options and life-saving vaccine protection to millions of people globally, while putting sustainability and social responsibility at the center of its ambitions. Sanofi is listed on Euronext: SAN and NASDAQ: SNY.

Sanofi is currently a business partner of the Group in the areas of product distribution and healthcare provider engagement project.

Sanofi does not require approval from the relevant stock exchanges or its shareholders to invest in the Company.

2. Harvest International Premium Value (Secondary Market) Fund SPC on behalf of Harvest Great Bay Investment SP

Harvest International Premium Value (Secondary Market) Fund SPC on behalf of Harvest Great Bay Investment SP (“**Harvest**”) is a fund established in February 2022. Harvest International Premium Value (Secondary Market) Fund SPC is a segregated portfolio company established in the Cayman Islands and is an Independent Third Party.

91% of the management shares of Harvest International Premium Value (Secondary Market) Fund SPC are held by Harvest Global Investments Limited (“**HGI**”) and 9% of the management shares are held by Harvest Global Capital Investments Limited (“**HGCI**”). Incorporated in Hong Kong in 2008, HGI is a wholly-owned subsidiary of Harvest Fund Management Co., Ltd (“**HFM**”). HFM is one of the first ten public fund management companies approved to be established within China. HGCI is a company incorporated in Hong Kong in 2011 and licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in Hong Kong by the SFC. HGCI is principally engaged in asset management and investment advisory business. The participating shareholder of Harvest Great Bay Investment SP is Navigator Technology Limited (“**NTL**”), and the ultimate beneficial owner of NTL is Zheng Fuhua (鄭复花), an Independent Third Party.

3. Yangtze River (Hong Kong) Limited

Yangtze River (Hong Kong) Limited (“**Yangtze HK**”) is a company incorporated in Hong Kong and a close associate of Yangtze River Pharmaceutical (Group) Co., Ltd. (揚子江藥業集團有限公司) (“**Yangtze River**”). Mr. Xu Haoyu (徐浩宇) (“**Mr. Xu**”), the chairman of the board of director of Yangtze River, is also the director of Yangtze HK. As the heir of Mr. Xu Jingren (徐鏡人), Mr. Xu also beneficially controls Yangtze HK as to 90% and Yangtze River as to 51%, respectively. Founded in 1971, Yangtze River is a Chinese pharmaceutical company headquartered in Taizhou City, Jiangsu Province, the PRC with over 20 subsidiaries and over 16,000 employees. Yangtze River devotes itself to offer medical products and services of high quality and efficacy to

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the society. Since 2005, Yangtze River has won the first prizes of QC achievements in China pharmaceutical industry for 17 consecutive years, and in recent years, Yangtze River won 24 Gold Awards of International Convention on Quality Control Circles (ICQCC) in total. It also two times achieved the double winners of China Brand Evaluation in medical health field for both Brand Power and Brand Value.

4. Tasly International Capital Limited

Tasly International Capital Limited is a company incorporated in the British Virgin Island and indirectly wholly owned by Tasly Group Limited (together with its subsidiaries, “**Tasly Group**”), which is mainly engaged in overseas equity investments. Tasly Group is a high-tech international conglomerate with its main line of business in the health industry, with the biopharmaceutical industry as its core and the health care industry and medical and health service industry as its two wings. The principal business of Tasly Group include foreign investment holding and the research, development and sales of Chinese medicine, biopharmaceuticals and chemical drugs. Tasly International Capital Limited is ultimately controlled by Mr. Kaijing YAN (閻凱境).

The table below sets forth details of the Cornerstone Placing:

Cornerstone Investor	Total investment amount ⁽¹⁾	Number of Offer Shares to be acquired ⁽²⁾	Based on the Offer Price of HK\$30.50 per Share			
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
			Approximate % of the Offer Shares	Approximate % of ownership ⁽³⁾	Approximate % of the Offer Shares	Approximate % of ownership ⁽³⁾
Sanofi Foreign Participations B.V. . . .	US\$15 million	3,860,600	20.32%	0.66%	17.67%	0.65%
Harvest International Premium Value (Secondary Market) Fund SPC on behalf of Harvest Great Bay Investment SP	US\$20 million	5,147,500	27.09%	0.88%	23.56%	0.87%
Yangtze River (Hong Kong) Limited	US\$5 million	1,286,800	6.77%	0.22%	5.89%	0.22%
Tasly International Capital Limited	US\$5 million	1,286,800	6.77%	0.22%	5.89%	0.22%
Total	US\$45 million	11,581,700	60.96%	1.97%	53.01%	1.96%

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Notes:

- (1) Calculated based on an exchange rate of US\$1.00 to HK\$7.8499 as described in the section headed “Information about this document and the Global Offering — Exchange Rate Conversion”. The actual investment amount of each Cornerstone Investor in Hong Kong dollars may vary due to the actual exchange rate prescribed in the relevant Cornerstone Investment Agreement.
- (2) Subject to rounding down to the nearest whole board lot of 100 Shares.
- (3) Immediately upon the completion of the Global Offering and assuming no Shares are issued under the Share Incentive Plans.

CLOSING CONDITIONS

The subscription obligation of each Cornerstone Investor under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (a) the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;
- (b) the Offer Price having been agreed upon between our Company and the Joint Representatives (for themselves and on behalf of the underwriters of the Global Offering);
- (c) the Listing Committee having granted the listing of, and permission to deal in, the Shares (including the Shares subscribed for by the Cornerstone Investors) as well as other applicable waivers and approvals, and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (d) no Laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

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- (e) the representations, warranties, undertakings and confirmations of such Cornerstone Investor under the respective Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of such Cornerstone Investment Agreement on the part of such Cornerstone Investor.

In addition to the conditions precedent set out above, the subscription obligation of Sanofi Foreign Participations B.V. is subject to the respective representations, warranties, undertakings, acknowledgements and confirmations of the Company being accurate and true in all material respects and not misleading and there being no material breach of the relevant Cornerstone Investment Agreement on the part of the Company. Further, Sanofi Foreign Participations B.V. is entitled to terminate its Cornerstone Investment Agreement in the event there is a material breach of the Cornerstone Investment Agreement by the Company or other contracting parties.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investor Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.