

SHARE CAPITAL

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Immediately before the [REDACTED]

As of the Latest Practicable Date, our registered share capital was RMB193,382,499 divided into 169,210,389 Domestic Shares and 24,172,110 Unlisted Foreign Shares with a nominal value of RMB1.00 each.

In the course of the [REDACTED], the Shareholders of the Company have applied to the CSRC and other relevant regulatory authorities to convert certain Domestic Shares and Unlisted Foreign Shares held by them into H Shares, details of which are set out below:

Name of Shareholders	Number and class of Shares held as of the Latest Practicable Date	Number of Shares applied for conversion into H Shares	Percentage of number of Shares applied for conversion into H Shares to number of Shares held as of the Latest Practicable Date
Kelun Pharmaceutical	115,555,685 Domestic Shares	–	–
Kelun Huicai	7,500,000 Domestic Shares	2,250,000	30%
Kelun Huide	7,500,000 Domestic Shares	2,250,000	30%
Kelun Huineng	7,500,000 Domestic Shares	2,250,000	30%
Kelun Huizhi	7,500,000 Domestic Shares	2,250,000	30%
Dr. WANG Jingyi	5,700,000 Domestic Shares	2,850,000	50%
MSD	13,443,693 Unlisted Foreign Shares	13,443,693	100%
Wealthy Linkage	7,267,828 Unlisted Foreign Shares	3,633,914	50%
Leyue Capital	2,016,553 Unlisted Foreign Shares	1,008,277	50%
FIIF II	7,144,177 Domestic Shares	–	–
Ningbo Daoyi	4,200,000 Domestic Shares	4,200,000	100%
Kexin Lunda	2,321,012 Domestic Shares	1,160,506	50%

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Name of Shareholders	Number and class of Shares held as of the Latest Practicable Date	Number of Shares applied for conversion into H Shares	Percentage of number of Shares applied for conversion into H Shares to number of Shares held as of the Latest Practicable Date
Cinda Capital	386,835 Domestic Shares	386,835	100%
LAV Kecheng	771,852 Unlisted Foreign Shares	–	–
Suzhou Likang	385,926 Domestic Shares	–	–
Anling Weijian	967,088 Domestic Shares	–	–
BOSC Xingling	734,987 Domestic Shares	734,987	100%
Gygnus Real	672,184 Unlisted Foreign Shares	537,748	80%
Wutong Juke	616,035 Domestic Shares	205,345	33.33%
Chengdu Wenjiang Emerging Industry Venture	386,835 Domestic Shares	386,835	100%
ZHOU Youcai	386,835 Domestic Shares	386,835	100%
Gao Ling Liangheng	231,556 Domestic Shares	115,778	50%
Longyi Technology	193,418 Domestic Shares	193,418	100%

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Upon the Completion of the [REDACTED]

Immediately following the completion of the [REDACTED] and conversion of certain Domestic Shares and Unlisted Foreign Shares into H Shares, assuming the [REDACTED] is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of our enlarged share capital
Domestic Shares	149,589,850	[REDACTED]%
Unlisted Foreign Shares	5,548,478	[REDACTED]%
H Shares to be converted from Domestic Shares	19,620,539	[REDACTED]%
H Shares to be converted from Unlisted Foreign Shares	18,623,632	[REDACTED]%
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100%

Assuming the [REDACTED] is exercised in full, the share capital of our Company upon completion of the [REDACTED] will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged share capital
Domestic Shares	149,589,850	[REDACTED]%
Unlisted Foreign Shares	5,548,478	[REDACTED]%
H Shares to be converted from Domestic Shares	19,620,539	[REDACTED]%
H Shares to be converted from Unlisted Foreign Shares	18,623,632	[REDACTED]%
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100%

SHARES OF OUR COMPANY

Upon completion of the [REDACTED], our Company will have two classes of Shares: H Shares as one class and Domestic Shares and Unlisted Foreign Shares together as one class. Domestic Shares, Unlisted Foreign Shares and H Shares are all ordinary Shares in the share capital of our Company. However, the H Shares generally may not be subscribed for by, or traded between, legal or natural persons of the PRC, apart from certain qualified domestic

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institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold the H Shares pursuant to relevant PRC laws and regulations or upon approval by any competent authorities.

RANKING

The differences between the two classes of shares and the provisions on class rights, the dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different registers of members, the method of share transfer and appointment of dividend receiving agents are set forth in the Articles of Association as summarized in “Appendix V – Summary of Articles of Association.” The rights conferred on any class of Shareholders may not be varied or abrogated unless approved by a special resolution of the general meeting of Shareholders and by the holders of Shares of that class at a separate meeting. The circumstances which shall be deemed to be a variation or abrogation of the rights of a class are listed in “Appendix V – Summary of Articles of Association.”

Except for the differences above, the Domestic Shares, Unlisted Foreign Shares, and the H Shares will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of the H Shares are to be declared in RMB and paid by our Company in Hong Kong dollars, whereas all dividends for Domestic Shares will be paid in RMB and all dividends in respect of the Unlisted Foreign Shares in foreign currencies. Other than cash, dividends could also be paid in the form of Shares.

CONVERSION OF OUR DOMESTIC SHARES AND UNLISTED FOREIGN SHARES INTO H SHARES

All our Domestic Shares and Unlisted Foreign Shares are not listed or traded on any stock exchange. According to the regulations issued by the securities regulatory authorities of the State Council and our Articles of Association, the Domestic Shares and Unlisted Foreign Shares may be converted into H Shares, and such converted Shares may be [REDACTED] and traded on an overseas stock exchange provided that the conversion, [REDACTED] and trading of such converted Shares have been approved by the securities regulatory authorities of the State Council. Additionally, such conversion, trading and [REDACTED] shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Upon completion of the [REDACTED] and pursuant to the approval of the CSRC dated [●], 2023, 19,620,539 Domestic Shares and 18,623,632 Unlisted Foreign Shares will be converted to H Shares on a one-for-one basis and be listed for [REDACTED] on the Stock Exchange as set out below. To the extent any Domestic Shares or Unlisted Foreign Shares are not converted into H Shares, all unlisted Shares will comprise such number of Domestic Shares

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held by our Shareholders not converted into H Shares and we will have two classes of Shares, Domestic Shares and Unlisted Foreign Shares together and H Shares. The term “unlisted shares” is used to describe whether certain shares are listed on a stock exchange and is not unique to PRC laws.

[REDACTED] Review and Approval by the CSRC

In accordance with the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請「全流通」業務指引》) announced by the CSRC, H-share listed companies which apply for the conversion of shares into H shares for listing and circulation on the Stock Exchange shall file the application with the CSRC according to the administrative licensing procedures necessary for the “examination and approval of public issuance and listing (including additional issuance) of overseas shares by a joint stock company”. An H-share listed company may apply for a “Full Circulation” separately or when applying for refinancing overseas. An unlisted domestic joint stock company may apply for “full circulation” when applying for an overseas initial public offering.

The Company applied for a “full circulation” when applying for an overseas [REDACTED] with the CSRC on February 15, 2023, and submitted the application reports, authorization documents of the shareholders of unlisted shares for which an H-share “full circulation” was applied, explanation about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC.

The Company has received the reply from the CSRC dated [●], 2023 in relation to the approval of the overseas [REDACTED] and “Full Circulation”, pursuant to which:

- (1) the Company was approved to issue no more than [REDACTED] H Shares with a nominal value of RMB1.00 each, which are all ordinary shares, and upon this [REDACTED] the Company may be [REDACTED] on the Main Board of the Stock Exchange;
- (2) a total of 38,244,171 unlisted shares (with a nominal value of RMB1.00 each) held by certain Shareholders of the Company (the “**Full Circulation Participating Shareholders**”) were approved to be converted into H Shares, and the relevant Shares may be [REDACTED] on the Stock Exchange upon completion of the conversion.

This reply shall remain effective within 12 months from the date of approval.

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[REDACTED] Approval by the Stock Exchange

We have applied to the Listing Committee of the Stock Exchange for the granting of [REDACTED] of, and permission to [REDACTED], our H Shares to be issued pursuant to the [REDACTED] (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]) and the H Shares to be converted from 19,620,539 Domestic Shares and 18,623,632 Unlisted Foreign Shares on the Stock Exchange.

We will perform the following procedures for the conversion of unlisted shares into H Shares after receiving the approval of the Stock Exchange: (1) giving instructions to our H Share Registrar regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by [REDACTED] for deposit, clearance and settlement in the [REDACTED]. The Participating Shareholders may only deal in the Shares upon completion of following domestic procedures. No approval by separate class meeting is required for the [REDACTED] and [REDACTED] of such converted Shares on an overseas stock exchange. Any application for [REDACTED] of the converted Shares on the Stock Exchange after our [REDACTED] is subject to prior notification by way of announcement to inform the Shareholders and the public of any proposed conversion.

Domestic Procedures

The Full Circulation Participating Shareholders may only deal in the Shares upon completion of the below arrangement procedures for the registration, deposit and transaction settlement in relation to the conversion and [REDACTED]:

- (a) We will appoint China Securities Depository and Clearing Corporation Limited (“CSDC”) as the nominal holder to deposit the relevant securities at CSDC (Hong Kong), which will then deposit the securities at [REDACTED] in its own name. CSDC, as the nominal holder of the Full Circulation Participating Shareholders, shall handle all custody, maintenance of detailed records, cross-border settlement and corporate actions, etc. relating to the converted H Shares for the Full Circulation Participating Shareholders;
- (b) We will engage a domestic securities company (the “**Domestic Securities Company**”) to provide services such as sending orders for trading of the converted H Shares and receipt of transaction returns. The Domestic Securities Company will engage a Hong Kong securities company (the “**Hong Kong Securities Company**”) for settlement of share transactions. We will make an application to CSDC, Shenzhen Branch for the maintenance of a detailed record of the initial holding of the converted H Shares held by our Shareholders. Meanwhile, we will submit applications for a domestic transaction commission code and abbreviation, which shall be confirmed by CSDC, Shenzhen Branch as authorized by Shenzhen Stock Exchange;

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- (c) The Shenzhen Stock Exchange shall authorize Shenzhen Securities Communication Co., Ltd. to provide services relating to transmission of trading orders and transaction returns in respect of the converted H Shares between the Domestic Securities Company and the Hong Kong Securities Company, and the real-time market forwarding services of the H Shares;
- (d) According to the Notice of SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), the Full Circulation Participating Shareholders shall complete the overseas shareholding registration with the local foreign exchange administration bureau before the Shares are sold, and after the overseas shareholding registration, open a specified bank account for the holding of overseas shares by domestic investors at a domestic bank with relevant qualifications and open a fund account for the H Share “Full Circulation” at the Domestic Securities Company. The Domestic Securities Company shall open a securities trading account for the H Share “Full Circulation” at the Hong Kong Securities Company; and
- (e) The Full Circulation Participating Shareholders shall submit trading orders of the converted H Shares through the Domestic Securities Company. Trading orders of the Full Circulation Participating Shareholders for the relevant Shares will be submitted to the Stock Exchange through the securities trading account opened by the Domestic Securities Company at the Hong Kong Securities Company. Upon completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Full Circulation Participating Shareholders, will all be conducted separately.

As a result of the conversion, the shareholding of the relevant Full Circulation Participating Shareholders in our Domestic Shares and Unlisted Foreign Shares shall be reduced by the number of the Domestic Shares and Unlisted Foreign Shares converted and the number of H Shares shall be increased by the number of converted H Shares.

Conversion of Our Domestic Shares and Unlisted Foreign Shares into H Shares after completion of the [REDACTED]

According to the regulations by the securities regulatory authorities of the State Council and our Articles of Association, the holders of these Domestic Shares and Unlisted Foreign Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Domestic Shares and Unlisted Foreign Shares to H Shares after completion of the [REDACTED], and such converted Shares may be [REDACTED] and traded on an overseas stock exchange provided that the conversion, [REDACTED] and [REDACTED] of such converted Shares have been approved by the securities regulatory authorities of the State Council. Additionally, such conversion, [REDACTED] and [REDACTED] shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations,

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requirements and procedures prescribed by the relevant overseas stock exchange. Save as disclosed in this document and to the best knowledge of our Directors, we are not aware of the intention of such existing Shareholders to convert their Domestic Shares or Unlisted Foreign Shares.

If any of the Domestic Shares or Unlisted Foreign Shares are to be converted, [REDACTED] and [REDACTED] as H Shares on the Stock Exchange, such conversion, the approvals of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary. Based on the procedures for the conversion of Domestic Shares and Unlisted Foreign Shares into H Shares as set forth below, we will apply for the [REDACTED] of all or any portion of the Domestic Shares and Unlisted Foreign Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the [REDACTED] to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As the [REDACTED] of additional Shares after the [REDACTED] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for [REDACTED] at the time of our [REDACTED] in Hong Kong. No class Shareholder voting is required for the conversion of such Shares or the [REDACTED] and [REDACTED] of such converted Shares on an overseas stock exchange. Any application for [REDACTED] of the converted Shares on the Stock Exchange after our [REDACTED] is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

Registration on our H Share register will be conditional on: (a) our H Share Registrar lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates, and (b) the admission of the H Shares to trade on the Stock Exchange in compliance with the Listing Rules, the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the converted Shares are re-registered on our H Share register, such Shares would not be [REDACTED] as H Shares. The relevant procedural requirements for the conversion of Domestic Shares and Unlisted Foreign Shares into H Shares are as follows:

- The holder of Domestic Shares and Unlisted Foreign Shares shall obtain the requisite approval of the CSRC or the relevant securities regulatory authorities of the State Council for the conversion of all or part of its Domestic Shares and Unlisted Foreign Shares into H Shares.
- The holder of Domestic Shares and Unlisted Foreign Shares shall issue to us a removal request in respect of a specified number of Shares attaching the relevant documents of title.
- Subject to our Company being satisfied with the authenticity of the documents and with the approval of our Board, we would then issue a notice to our H Share Registrar with instructions that, with effect from a specified date, our H Share Registrar is to issue the relevant holders with H Share certificates for such specified number of Shares.

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- The relevant Domestic Shares and Unlisted Foreign Shares will be withdrawn from the register of our Domestic Shares and Unlisted Foreign Shares and re-registered on our H Share register maintained in Hong Kong on the condition that:
 - (a) our H Share Registrar lodges with the Stock Exchange a letter confirming the proper entry of the relevant Shares on the H Share register and the due dispatch of share certificates; and
 - (b) the admission of the H Shares (converted from the Domestic Shares and Unlisted Foreign Shares) to trade in Hong Kong will comply with the Listing Rules and the general rules of CCASS and CCASS Operational Procedures in force from time to time.
- Upon completion of the conversion, the shareholding of the relevant holder of Domestic Shares and Unlisted Foreign Shares on the register of our Domestic Shares and Unlisted Foreign Shares will be reduced by such number of Domestic Shares and Unlisted Foreign Shares converted and the number of H Shares in the H Share register will correspondingly increase by the same number of Shares.
- We will comply with the Listing Rules to inform Shareholders and the public by way of an announcement of such fact not less than three days prior to the proposed effective date.

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

The PRC Company Law provides that in relation to the [REDACTED] of a company, the shares of the company which have been issued prior to the [REDACTED] shall not be transferred within one year from the date of the [REDACTED]. Accordingly, Shares issued by our Company prior to the [REDACTED] shall be subject to this statutory restriction and shall not be transferred for a period of one year from the [REDACTED].

The Company will work with the Domestic Securities Company to be engaged by the Company to restrict the trading of the H Shares converted from unlisted Shares technically within one year after the [REDACTED].

Our Directors, Supervisors and members of senior management shall declare their shareholdings in the Company and any changes in their shareholdings. Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in the Company. The Shares that the aforementioned persons held in the Company cannot be transferred within one year from the date on which the shares are [REDACTED] and [REDACTED], nor within half a year after they leave their positions in the Company. The Articles of Association may contain other restrictions on the transfer of our Shares held by our Directors, Supervisors and members of senior management, a summary of which is set out in “Appendix V – Summary of Articles of Association.”

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REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with CSDC within 15 Business Days upon [REDACTED] and provide a written report to the CSRC regarding the centralized registration and deposit of its unlisted shares as well as the current [REDACTED] and [REDACTED] of shares.

SHAREHOLDERS’ GENERAL MEETINGS AND CLASS MEETINGS

For details of circumstances under which our general Shareholders’ meeting and classified Shareholders’ meeting are required, see “Appendix V – Summary of Articles of Association” and “Appendix IV – Summary of Principal Laws and Regulations.”

GENERAL MANDATE TO [REDACTED] SHARES

Subject to the completion of the [REDACTED], our Board has been granted a general mandate to allot and issue H Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which our Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as our Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of H Shares to be issued shall not exceed 20% of the number of H Shares in issue as at the [REDACTED].

For further details on this general mandate, see “Appendix VII – Statutory and General Information – A. Further Information about our Group – 4. Shareholders’ Resolutions.”