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**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND  
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In preparation for the Listing, we have sought the following waivers from strict compliance with the Listing Rules and exemptions from strict compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

**WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG**

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our management, business operations and assets are primarily located outside Hong Kong. The principal management headquarters of our Group are primarily based in the PRC. Our Company considers that our Group's management is best able to attend to its functions by being based in the PRC. None of our executive Directors is or will be ordinarily resident in Hong Kong after the Listing of our Company. Our Directors consider that relocation of our executive Directors to Hong Kong will be burdensome and costly for our Company, and it may not be in the best interests of our Company and our Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong. As such, we do not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, 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 8.12 of the Listing Rules, provided that our Company implements the following arrangements to maintain effective communication between the Stock Exchange and us:

- (i) pursuant to Rule 3.05 of the Listing Rules, the Company has appointed and will continue to maintain two authorized representatives, namely, Mr. Li and Ms. TSANG Wing Man, being an executive Director and a joint company secretary, to be the principal communication channel at all times between the Stock Exchange and our Company. Each of our Company's authorized representatives will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email;
- (ii) as and when the Stock Exchange wishes to contact our Directors on any matters, each of our authorized representatives has the means to contact all of our Directors (including the independent non-executive Directors) promptly at all times;
- (iii) although our executive Directors are not ordinary residents in Hong Kong, each of our Directors not ordinarily residing in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and is able to meet with the Stock Exchange within a reasonable period of time, when required;
- (iv) we have appointed Alliance Capital Partners Limited as our compliance adviser (the "**Compliance Adviser**"), pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to our authorized representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and us for the period commencing from the Listing Date to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. The Compliance Adviser will maintain constant contact with the

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authorized representatives, Directors and senior management through various means, including regular meetings and telephone discussions whenever necessary. Our authorized representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules;

- (v) we have provided the Stock Exchange with the contact details of each Director (including their respective mobile phone number, office phone number, fax number (where available) and e-mail address), and in the event that any Director expects to travel or otherwise be out of the office, he will provide the phone number of the place of his accommodation to the authorized representatives; and
- (vi) we will also retain legal advisors to advise on on-going compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong after Listing.

**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 Institute of Chartered Secretaries;
- (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. TSANG Wing Man of SWCS Corporate Services Group (Hong Kong) Limited and Ms. REN Na, as joint company secretaries. See "Directors and Senior Management—Joint Company Secretaries" in this prospectus for their biographies.

Ms. TSANG Wing Man 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 (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.

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Our Company's principal business activities are outside Hong Kong. Our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to have as its joint company secretary a person such as Ms. REN Na, who is an employee of our Company and who has day-to-day knowledge of our Company's affairs. Ms. REN Na has the necessary nexus to the Board and close working relationship with management of our 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) the waiver will be revoked immediately if Ms. TSANG Wing Man ceases to provide assistance to Ms. REN Na throughout the three year period, and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company.

**WAIVER IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS**

We have entered into, and expect to continue, certain transactions 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 us, a waiver from strict compliance with Chapter 14A of the Listing Rules. See "Connected Transactions" in this prospectus for further details.

**WAIVER AND EXEMPTION IN RESPECT OF THE OUTSTANDING 2017 PLAN OPTIONS**

Under Rule 17.02(1)(b) of the Listing Rules, our Company is required to disclose in this prospectus full details of all outstanding options and their potential dilution effect on the shareholdings upon Listing as well as the impact on the earnings per Share arising from the exercise of such outstanding options.

Under paragraph 27 of Appendix 1A to the Listing Rules, our Company is required to disclose in this prospectus particulars of any capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantees, or an appropriate negative statement.

Under paragraph 10 of Part I of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance, our Company is required to disclose in this prospectus the number, description and amount of any Shares which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of the option, namely the period during which it is exercisable, the price to be paid for the Shares subscribed for under it, the consideration (if any) given or to be given for it and the names and addresses of the persons to whom it was given.

As of the Latest Practicable Date, our Company had granted outstanding 2017 Plan Options to 202 grantees to subscribe for an aggregate of 10,898,405 Shares, representing approximately 1.43% of the total number of Shares in issue immediately after completion of the Global Offering (assuming neither the Over-allotment Option nor any outstanding 2017 Plan Options are exercised), on the terms set out in "Statutory and General Information—D. Share Schemes" in this prospectus. Our Company will not grant further 2017 Plan Options after the Listing. The grantees of the outstanding 2017 Plan Options include current employees, former employees and external consultants of our Group. None of the grantees of the outstanding 2017 Plan Options are Directors, senior management or connected persons of our Company.

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Our Company has applied (i) to the Hong Kong Stock Exchange a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules; and (ii) to the SFC a certificate of exemption from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the ground that strict compliance with the above requirements would be unduly burdensome for our Company and the exemption and waiver would not prejudice the interest of the investing public for the following reasons:

- (a) given that 202 grantees are involved, strict compliance with such disclosure requirements would be costly and unduly burdensome for our Company in light of a significant increase in cost and timing for information compilation, prospectus preparation and seeking consent from each grantee to disclose his/her personal information (including residential address) in this prospectus;
- (b) the disclosure of key information of the 2017 Plan and the outstanding 2017 Plan Options in this prospectus, has provided potential investors with sufficient information to make an informed assessment of the potential dilution effect and impact on earnings per Share of the outstanding 2017 Plan Options in their investment decision making process; and
- (c) the lack of full compliance with the above disclosure requirements would not prevent potential investors from making an informed assessment of the activities, assets, liabilities, financial position, management and prospects of the Group and will not prejudice the interest of potential investors.

The Hong Kong Stock Exchange has granted us a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules subject to the following conditions:

- (a) the grant of a certificate of exemption from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) on an individual basis, full details of all the outstanding 2017 Plan Options granted by the Company under the 2017 Plan to each of the Directors, senior management, connected persons of the Company (if any), including all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be disclosed in the prospectus;
- (c) disclosure in this prospectus of a summary of the principal terms of the 2017 Plan;
- (d) disclosure in this prospectus of the aggregate number of Shares underlying the outstanding 2017 Plan Options and the percentage of the Company's total issued share capital represented by such number of Shares as of the Latest Practicable Date;
- (e) in respect of the outstanding 2017 Plan Options granted by our Company to the remaining grantees other than those referred to in sub-paragraph (b) above, disclosure will be made on aggregate basis, categorized into lots based on the number of Shares underlying the outstanding 2017 Plan Options granted to each individual grantee, being (1) 1 to 29,999 Shares, (2) 30,000 to 59,999 Shares, (3) 60,000 to 89,999 Shares, (4) 90,000 to 119,999 Shares and (5) 120,000 or more Shares. For each lot, the following disclosure will be made on an aggregated basis: (1) the aggregate number of grantees and number of Shares underlying the outstanding 2017 Plan

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Options as of the Latest Practicable Date, (2) the exercise period and the exercise price of the outstanding 2017 Plan Options and (3) the approximate percentage of the total number of Shares in issue immediately after completion of the Global Offering (assuming neither the Overallotment Option nor any outstanding 2017 Plan Options are exercised);

- (f) disclosure in this prospectus of the dilution effect and impact on earnings per Share upon full exercise of the outstanding 2017 Plan Options;
- (g) the following details of the outstanding 2017 Plan Options be disclosed in this prospectus: (i) the aggregate number of the grantees, (ii) the number of Shares underlying the outstanding 2017 Plan Options, (iii) the consideration paid for the grant of the outstanding 2017 Plan Options, and (iv) the exercise period and exercise price of the outstanding 2017 Plan Options;
- (h) a full list of all the grantees with outstanding 2017 Plan Options containing all the particulars as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules be made available for public inspection in accordance with “Documents Delivered to the Registrar of Companies and on Display—Documents Available for Inspection” in Appendix V to this prospectus; and
- (i) the particulars of the waiver and exemption be disclosed in this prospectus.

The SFC has granted us a certificate of exemption from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance subject to the following conditions:

- (a) full details of the Options granted by our Company under the 2017 Plan to each of the Directors, senior management, connected persons of our Company and other grantees who has been granted Options to subscribe for 500,000 Shares of the Company or more are disclosed in the prospectus, such details to include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) the following details of the Options granted under the 2017 Plan be disclosed in the Prospectus: (i) the aggregate number of the grantees, (ii) the number of Shares underlying the Options granted under the 2017 Plan, (iii) the consideration paid for the grant of the Options granted under the 2017 Plan, and (iv) the exercise period and exercise price of the Options granted under the 2017 Plan;
- (c) in respect of the Options granted under the 2017 Plan granted by the Company to the remaining grantees other than those referred to in sub-paragraph (a) above, disclosure will be made on aggregate basis, categorized into lots based on the number of Shares underlying the Options granted under the 2017 Plan granted to each individual grantee, being (1) 1 to 29,999 Shares, (2) 30,000 to 59,999 Shares, (3) 60,000 to 89,999 Shares, (4) 90,000 to 119,999 Shares and (5) 120,000 or more Shares. For each lot, the following disclosure will be made on an aggregated basis: (1) the aggregate number of grantees and number of Shares underlying the Options granted under the 2017 Plan as of the Latest Practicable Date, (2) the exercise period and the exercise price of the Options granted under the 2017 Plan and (3) the approximate percentage of the total number of Shares in issue immediately after completion of the Global Offering (assuming neither the Overallotment Option nor any Options granted under the 2017 Plan are exercised);
- (d) a full list of all the grantees (including the persons referred to sub-paragraph (a) above) who have been granted Options to subscribe for Shares under the 2017 Plan, containing all the details as

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required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance be made available for public inspection in accordance with “Documents Delivered to the Registrar of Companies and on Display—Documents Available for Inspection” in Appendix V to this prospectus; and

- (e) the particulars of the exemption be disclosed in this prospectus, and this prospectus will be issued on or before December 12, 2022.

**WAIVER AND EXEMPTION IN RELATION TO THE PROPOSED ACQUISITIONS AFTER THE TRACK RECORD PERIOD**

Pursuant to Rules 4.04(2) and 4.04(4) of the Listing Rules, the issuer shall include in its accountant’s report the results and balance sheet of any subsidiaries and/or businesses acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited accounts of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

According to Note (4) to Rule 4.04 of the Listing Rules, the Stock Exchange may consider an application for a waiver from strict compliance with Rules 4.04(2) and 4.04(4) taking into account the following:

- (a) that all the percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) of each acquisition are less than 5% by reference to the most recent financial year of the applicant’s trading record period;
- (b) if the acquisition will be financed by the proceeds raised from a public offer, the new applicant has obtained a certificate of exemption from the Commission in respect of the relevant requirements under paragraphs 32 and 33 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (c)
  - (i) where a new applicant’s principal activities involve the acquisition of equity securities (the Stock Exchange may require further information where securities acquired are unlisted), the new applicant is not able to exercise any control, and does not have any significant influence over the underlying company or business to which Rules 4.04(2) and 4.04(4) relate, and has disclosed in its listing document the reasons for the acquisition and a confirmation that the counterparties and their respective ultimate beneficial owners are independent of the new applicant and its connected persons. In this regard, “control” means the ability to exercise or control the exercise of 30% (or any amount specified in the Takeovers Code as the level for triggering a mandatory general offer) or more of the voting power at general meeting, or being in a position to control the composition of a majority of the board of directors of the underlying company or business; or
  - (ii) with respect to an acquisition of a business (including acquisition of an associated company and any equity interest in a company other than in the circumstances covered under sub-paragraph (a) above) or a subsidiary by a new applicant, the historical financial information of such business or subsidiary is unavailable, and it would be unduly burdensome for the new applicant to obtain or prepare such financial information; and the new applicant has disclosed in its listing document information required for the announcement for a disclosable transaction under Rules 14.58 and 14.60 on each acquisition. In this regard, “unduly burdensome” will be assessed based on each new applicant’s specific facts and circumstances (e.g. why the financial information of the

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acquisition target is not available and whether the new applicant or its controlling shareholder has sufficient control or influence over the seller to gain access to the acquisition target's books and records for the purpose of complying with the disclosure requirements under rules 4.04(2) and 4.04(4).

**Proposed Acquisition of Smart Pharmacy**

In March 2022, we proposed to acquire 45% of the total issued shares of Sinopharm Holdings Smart Pharmacy (Hubei) Co., Ltd. (國藥控股思維特大藥房(湖北)有限公司) (“**Smart Pharmacy**”) from Sinopharm Group Hubei Co., Ltd. (國藥控股湖北有限公司) (“**Sinopharm Group**”) (the “**Proposed Acquisition of Smart Pharmacy**”). We have indirectly held 35% of the equity interest in Smart Pharmacy since its establishment in 2018. Upon completion of the Proposed Acquisition, we will indirectly hold 80% of the equity interest in Smart Pharmacy, and Smart Pharmacy will become an indirect subsidiary of our Company.

As of the Latest Practicable Date, the Proposed Acquisition of Smart Pharmacy is under preliminary discussion, and no legally binding agreement had been entered into between Sinopharm Group and us. Sinopharm Group initiated the tender procedure for the sale of the 45% equity interest in Smart Pharmacy in October 2022 and the consideration shall not be less than RMB3,218,118.75. The final consideration is subject to the tender procedure and is expected to be settled in cash. As of the Latest Practicable Date, the final consideration had not been determined. When making the offer, our Company will take into account, among other things, the valuation of Smart Pharmacy at the material time, status of the business and operations of Company, and will ensure that the consideration of the Proposed Acquisition of Smart Pharmacy (if consummated) is reasonable and fair and in the interests of our Shareholders as a whole. There is no guarantee that we will win the bid and complete the Proposed Acquisition of Smart Pharmacy.

Smart Pharmacy is primarily engaged in the retail of drugs and pharmaceutical products in Hubei Province. Sinopharm Group, a subsidiary of Sinopharm Group Co., Ltd. (國藥控股股份有限公司) (a company listed on the Stock Exchange, stock code: 1099), is a state-owned enterprise primarily engaged in the distribution of pharmaceutical products. We believe that the Proposed Acquisition of Smart Pharmacy is complementary to our principal businesses and will enhance our presence in Hubei Province. The Proposed Acquisition of Smart Pharmacy, if consummated, will be conducted on fair and reasonable terms which are in the interests of our Shareholders as a whole.

To the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, the Sinopharm Group and its ultimate beneficial owners are third parties independent from our Company and our connected persons.

According to the management accounts furnished by Smart Pharmacy:

- (a) the total assets of Smart Pharmacy amounted to approximately RMB11.59 million as of December 31, 2021, and its total revenue, profit before tax and profit after tax amounted to approximately RMB71.59 million, RMB0.40 million and RMB0.39 million, respectively, for the year ended December 31, 2021; and
- (b) the total assets of Smart Pharmacy amounted to approximately RMB10.89 million as of December 31, 2020, and its total revenue, loss before tax and loss after tax amounted to approximately RMB67.66 million, RMB0.18 million and RMB0.18 million, respectively, for the year ended December 31, 2020.

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**Proposed Acquisition of Realcan Pharmaceutical**

In November 2022, we proposed to acquire 25% of the total issued shares of Realcan Pharmaceutical Shanxi Co., Ltd. (瑞康醫藥山西有限公司) (“**Realcan Pharmaceutical**”) from Shanxi Realcan Binhai Medical Device Co., Ltd. (山西瑞康濱海醫療器械有限公司) (“**Shanxi Realcan Binhai**”) (the “**Proposed Acquisition of Realcan Pharmaceutical**”, together with the Proposed Acquisition of Smart Pharmacy, the “**Proposed Acquisitions**”). We do not hold any equity interest in Realcan Pharmaceutical since its establishment in 2000. Upon completion of the Proposed Acquisition of Realcan Pharmaceutical, we will indirectly hold 25% of the equity interest in Realcan Pharmaceutical.

As of the Latest Practicable Date, the Proposed Acquisition of Realcan Pharmaceutical was under preliminary discussion, and no legally binding agreement had been entered into between Shanxi Realcan Binhai and us. As of the Latest Practicable Date, the consideration had not been determined. When making the offer, our Company will take into account, among other things, the valuation of Realcan Pharmaceutical at the material time, status of the business and operations of Company, and will ensure that the consideration of the Proposed Acquisition of Realcan Pharmaceutical (if consummated) is reasonable and fair and in the interests of our Shareholders as a whole. There is no guarantee that we will complete the Proposed Acquisition of Realcan Pharmaceutical.

Realcan Pharmaceutical is primarily engaged in the sales of drugs and pharmaceutical products in Shanxi Province. Shanxi Realcan Binhai, a subsidiary of Realcan Pharmaceutical Group Co., Ltd. (瑞康醫藥集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002589), is a company primarily engaged in the sales of medical devices and provision of relevant services. We believe that the Proposed Acquisition of Realcan Pharmaceutical is complementary to our principal businesses and will enable us to establish our pharmaceutical supply chain in the Northern China. The Proposed Acquisition of Realcan Pharmaceutical, if consummated, will be conducted on fair and reasonable terms which are in the interests of our Shareholders as a whole.

To the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, Shanxi Realcan Binhai and its ultimate beneficial owners are third parties independent from our Company and our connected persons.

According to the management accounts furnished by Realcan Pharmaceutical:

- (a) the total assets of Realcan Pharmaceutical amounted to approximately RMB101.85 million as of December 31, 2021, and its total revenue, loss before tax and loss after tax amounted to approximately RMB153.01 million, RMB1.46 million and RMB1.65 million, respectively, for the year ended December 31, 2021; and
- (b) the total assets of Realcan Pharmaceutical amounted to approximately RMB97.65 million as of December 31, 2020, and its total revenue, profit before tax and profit after tax amounted to approximately RMB154.61 million, RMB1.42 million and RMB1.02 million, respectively, for the year ended December 31, 2020.

**Conditions to the waivers granted by the Stock Exchange**

Our Company has applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in respect of each of the Proposed Acquisitions on the following grounds:

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**(a) All the applicable percentage ratios of the Proposed Acquisitions are less than 5%**

All the applicable percentage ratios in relation to each of the Proposed Acquisitions are below 5% by reference to the most recent financial year of the Track Record Period. Accordingly, our Company believes that Proposed Acquisitions are immaterial and will not significantly affect the financial position of our Group as a whole.

**(b) The Proposed Acquisitions will not be financed by the proceeds raised from the Global Offering**

We will use our internal resources to satisfy the consideration payable in relation to the Proposed Acquisitions (if consummated).

**(c) The historical financial information of Smart Pharmacy and Realcan Pharmaceutical would be unduly burdensome to obtain or prepare**

As of the Latest Practicable Date, Smart Pharmacy was indirectly held by our Company as to 35% and its results were not consolidated into the financial statements of our Company, and we did not hold any equity interest in Realcan Pharmaceutical. Neither Smart Pharmacy nor Realcan Pharmaceutical have audited historical financial information which is readily available for disclosure in this prospectus in accordance with the Listing Rules. It would require considerable amount of time and resources for our Company and the Reporting Accountants to fully familiarize themselves with the accounting policies of Smart Pharmacy or Realcan Pharmaceutical and compile necessary financial information and supporting documents for disclosure in this prospectus. Further, we do not involve in the daily management of Smart Pharmacy or Realcan Pharmaceutical and do not control or have any significant influence over Smart Pharmacy or Realcan Pharmaceutical. As we have not entered into any legally-binding agreement in relation to the Proposed Acquisitions, we are not in a position to request Smart Pharmacy or Sinopharm Group, Realcan Pharmaceutical or Shanxi Realcan Binhai to cooperate with us in preparing the audited historical financial information of Smart Pharmacy or Realcan Pharmaceutical. As such, it would be impractical and unduly burdensome for us to disclose the audited financial information of Smart Pharmacy or Realcan Pharmaceutical in this prospectus as required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules.

In addition, considering that the Proposed Acquisitions are immaterial and are not expected to have any material effect on the financial condition of our Group, it would not be meaningful for us to prepare and include the financial information of Smart Pharmacy and Realcan Pharmaceutical during the Track Record Period in this prospectus.

**(d) Our Company has adopted alternative disclosure in this prospectus**

To allow the potential investors to better understand the details of Proposed Acquisitions, we have disclosed the following information in relation to the Proposed Acquisitions in this prospectus, which is comparable to the information that is required to be included in the announcement of a disclosable transaction under Chapter 14 of the Listing Rules, including, among other things, (i) general description of the scope of principal business activities of Smart Pharmacy and Realcan Pharmaceutical; (ii) the status of the Proposed Acquisitions; (iii) the assets value, revenue, profits/loss before tax and profits/loss after tax of Smart Pharmacy and Realcan Pharmaceutical; and (iv) reasons for and benefits of the Proposed Acquisitions.