
HISTORY AND REORGANISATION

GENERAL

Our Company was incorporated in the Cayman Islands on 12 March 2012 as an exempted company with limited liability under the Cayman Companies Law. As part of the Reorganisation, our Company became the holding company of our Group with our business conducted through our subsidiaries in June 2013.

HISTORY

Our origins can be traced back to 1998, when Mr. Jin and Mr. Jin Dongkun first started pharmaceutical distribution operations in Jiamusi with their personal savings.

We initially focused on the pharmaceutical retail and distribution business in Heilongjiang, and gradually expanded our operations to other provinces in China. Our rapid growth and expansion was achieved through both organic growth and strategic acquisitions of high quality targets in the pharmaceutical retail and distribution industry.

Set out below are the key milestones in our development.

- | | |
|------|---|
| 1998 | We established Jintian Pharmaceutical Distribution Department (金天醫藥經銷部) and started our distribution operations. |
| 2004 | We established Golden Dream Workshop Training School (金夢工場培訓學校), a formal training platform for employees and distribution customers. |
| 2005 | Our distribution client base expanded to regions beyond Northeast China.

We acquired Harbin Ciji Pharma. |
| 2010 | We launched our Licensed Products under the Direct-supply Model.

We became a member of the China Medical and Resources Association (中國醫藥物資協會). |
| 2011 | Each of DBS Nominees, SEAVI and AMG made an investment in our Group. Please see “– <i>Pre-listing Investments</i> ” below for further details.

We acquired Hebei Yanxiao, a pharmaceutical distributor located in Shijiazhuang, Hebei. Please see “– <i>Major Acquisitions</i> ” below for further details.

We acquired Sui Hua, which owned 122 retail pharmacies in Suihua, Heilongjiang. Please see “– <i>Major Acquisitions</i> ” below for further details.

We became a member of the Top 100 Pharmaceutical Store Club in the PRC (中國藥店百強俱樂部). |

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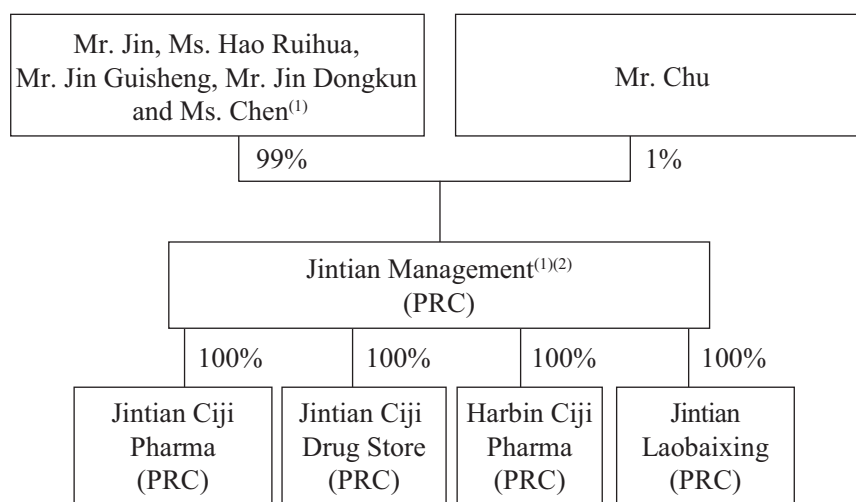
2012 We launched our retail business in Hong Kong.

We acquired Wei Kang, which owned 83 retail pharmacies in Shenyang, Liaoning and 10 retail pharmacies in Dalian, Liaoning. Please see “– *Major Acquisitions*” below for further details.

We acquired eleven retail pharmacies in Harbin, Heilongjiang. Please see “– *Major Acquisitions*” below for further details.

2013 We acquired ten retail pharmacies in Changchun, Jilin.

The simplified corporate structure of our Group at the beginning of the Track Record Period was as follows:

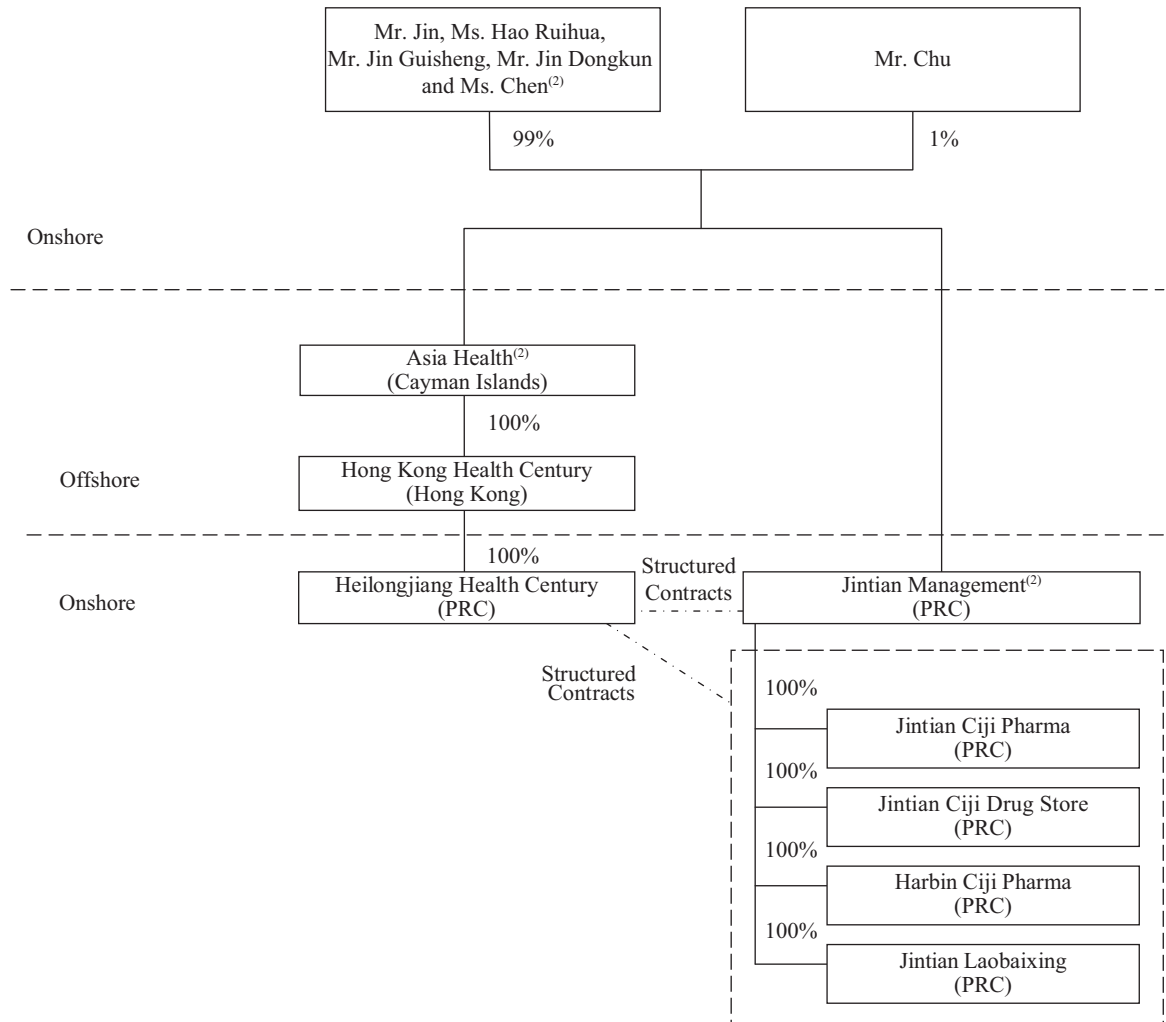


Notes:

- (1) Jintian Management is owned as to (i) 88% by Mr. Jin, (ii) 3% by Ms. Hao Ruihua (郝瑞華), Mr. Jin’s mother, (iii) 3% by Mr. Jin Guisheng (金貴生), Mr. Jin’s father, (iv) 3% by Mr. Jin Dongkun (金東昆), Mr. Jin’s brother, (v) 2% by Ms. Chen, Mr. Jin’s spouse and (vi) 1% by Mr. Chu.
- (2) Jintian Management was subsequently wound up on 25 June 2013 and all its subsidiaries and assets were transferred to Jintian Aixin Co. as part of the Reorganisation.

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Immediately following the implementation of the Structured Contracts⁽¹⁾ in December 2010, the simplified corporate structure of our Group was as follows:



Notes:

- (1) Please see “Appendix V – Statutory and General Information – The Structured Contracts” for further details.
- (2) Each of Asia Health and Jintian Management is owned as to (i) 88% by Mr. Jin, (ii) 3% by Ms. Hao Ruihua (郝瑞華), Mr. Jin’s mother, (iii) 3% by Mr. Jin Guisheng (金貴生), Mr. Jin’s father, (iv) 3% by Mr. Jin Dongkun (金東昆), Mr. Jin’s brother, (v) 2% by Ms. Chen, Mr. Jin’s spouse and (vi) 1% by Mr. Chu.

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THE PRE-LISTING INVESTMENTS

In 2011, DBS Nominees, SEAVI and AMG each invested in Asia Health (collectively, the “Pre-listing Investments”). The proceeds received by Asia Health were injected into the Group by capital contribution to finance the establishment and acquisition of pharmaceutical wholesale and retail businesses, to upgrade our software systems and for general working capital purposes. As at the Latest Practicable Date, the shareholder loan had been fully settled. Please see “*Financial Information – Indebtedness*”. For details of our major acquisitions during the Track Record Period, please see “– *Major Acquisitions*” below. As at the Latest Practicable Date, approximately 80% of the proceeds received had been utilised, which is consistent with the original intention of the relevant parties.

Set out below is a summary of the Pre-listing Investments:

Investor	Date of investment agreement	Subscription shares in Asia Health	Consideration (US\$)	Payment date of consideration	Effective cost per share ⁽¹⁾ (US\$)	Discounts to IPO price ⁽²⁾	% Shareholding in Company after Reorganisation but immediately before Global Offering ⁽³⁾	% Shareholding in Company immediately after Listing ⁽⁴⁾
DBS Nominees	11 January 2011	1,124,337 Series A Preference Shares	15,000,000	17 January 2011	0.13	71.7%	7.2%	4.8%
SEAVI	27 February 2011	897,660 Series A Preference Shares	15,000,000	14 March 2011	0.16	64.5%	5.7%	3.8%
AMG	9 September 2011	3,789,439 Series B Preference Shares	80,000,000	11 October 2011	0.21	55.2%	24.2%	16.1%

Notes:

- (1) Calculated based on the relevant Investor’s shareholding in our Company after completion of the Reorganisation of Offshore Holding Structure but immediately before completion of the Global Offering.
- (2) Assuming the Offer Price is HK\$3.57 per Share, being the mid-point of the Offer Price range. There are no guaranteed discounts to the Offer Price or to our market capitalisation.
- (3) Calculated based on the conversion ratio of one preference share to one ordinary share in Asia Health.
- (4) Assuming the Over-allotment Option is not exercised.

Basis for consideration

The subscription price and the percentage of Series A Preference Shares and Series B Preference Shares allotted and issued by Asia Health to each of the Investors were determined on an arm’s length basis as a result of negotiations between the relevant parties with reference to the equity valuation of Asia Health and its subsidiaries at the time.

Background of the Investors

Each of the Investors was an Independent Third Party before their respective investments in Asia Health. As DBS Nominees and SEAVI are not connected persons of our Company under the Listing Rules, the Shares held by them will be counted towards the public float after the Listing. As a substantial shareholder of our Company, the Shares held by AMG will not be counted towards the public float after the Listing.

SEAVI

SEAVI is a limited liability company incorporated in the BVI. It is an investment vehicle of SEAVI (“South East Asia Venture Investment”) Advent, a private equity and venture capital firm operating in the Asia Pacific region and the Asian affiliate of Advent International Corporation, the global private equity firm, based in Boston, US.

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DBS Nominees

DBS Nominees is a limited private company incorporated in Singapore, principally engaged in providing trustee, fiduciary and custody services. It is an indirectly wholly-owned subsidiary of DBS Group Holding Ltd., a financial services group headquartered and listed in Singapore with operations in Asia.

AMG

AMG is a company incorporated in the Cayman Islands wholly-owned by the CVC Funds, which are managed and advised by subsidiaries and affiliates of CVC Capital Partners SICAV-FIS S.A. The CVC Funds are private equity funds that invest in companies which demonstrate the potential for growth in value. The CVC Funds control a broad portfolio of businesses which operate in a wide range of different sectors. The CVC Funds do not actively carry on any other business activities.

The strategic benefits from our Investors

Our Directors believe that the Investors bring a positive impact on the image of the Group, enhancing our internal control and management to an international level.

Investors' special rights prior to the completion of the Global Offering

Set out below is a summary of the principal special rights granted to the Investors, all of which will be terminated upon Listing.

Information and inspection rights

Asia Health shall deliver certain financial information, including audited annual consolidated financial statements of the Group, budget and business plan, management's analysis of the results and risks and such other information relating to the financial condition, business, prospects or corporate affairs of the Group to the Investors within a specified time. In addition, the Investors are entitled to visit and inspect the Group's properties, examine its books of accounts and records and have access to the enterprise resource planning system.

Board appointment rights

Each of DBS Nominees and SEAVI is entitled to appoint one non-executive director in Asia Health, our Company (after its incorporation), Hong Kong Health Century, Jintian Management, Heilongjiang Health Century and any direct or indirect wholly-owned subsidiary of Asia Health and Jintian Management. AMG is entitled to appoint three non-executive directors in the same companies and also one or more directors in certain other subsidiaries directly or indirectly majority-owned by Asia Health or Jintian Management according to its shareholding percentage in Asia Health.

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Anti-dilution rights

In the event that Asia Health issues new shares below a certain price to any person, Investors whose rights are diluted may request Asia Health to issue and allot a certain number of preference shares calculated according to a specified formula. Asia Health shall pay up the preference shares so issued at par by applying its share premium account.

Co-sale rights

The Investors have the rights to participate pro rata in any transfer of shares (other than an exempted transfer) by other shareholders of Asia Health (excluding the Investors) at the same price and on the same terms and conditions.

Pre-emptive rights

The Investors have pre-emptive rights to subscribe for any equity securities issued by any member of the Group. The relevant member may only offer equity securities to other persons if the Investors choose not to exercise their pre-emptive rights in respect of such securities. However, if the relevant member does not enter into a subscription agreement within 90 days after the Investors forfeited their rights or the subscription is not completed within 90 days after execution of the agreement, the pre-emptive rights of the Investors are deemed revived.

Dividend right in relation to Series A Preference Shares

DBS Nominees is entitled to, with respect to the Series A Preference Shares held by it, a half-yearly dividend at an annual rate of 2% of the initial investment amount for 2011 and 2012 and at an annual rate of 3% on the same starting from 2013.

Consent rights

The prior consent of Investors is required for certain matters that may affect their interests, such as material changes to the constitutional documents or business of any Group company, issuances of securities by any Group company or changes to its capitalisation structure, significant borrowings or capital expenditure, share option plans and related party transactions.

Cash/share adjustments

The Investors were entitled to cash or share adjustments (as applicable) if the net profit after tax of Asia Health for 2011 failed to meet specified targets. Such targets have been met by our Group and there had been no cash or share adjustments.

Conduct of initial public offering

The Investors have certain rights regarding the manner in which preparations for an initial public offering of the Group are to be conducted, such as the right to be regularly updated on progress. In addition, DBS Nominees and its affiliates have the right of first refusal to act as the sponsor, bookrunner or manager of the listing entity.

HISTORY AND REORGANISATION

MAJOR ACQUISITIONS

During the Track Record Period, we conducted the following major acquisitions:

Hebei Yanxiao

We acquired 51% equity interest and 49% equity interest in Hebei Yanxiao from Independent Third Parties in April 2011 and July 2012, respectively. The consideration in cash was RMB25.3 million and RMB49.8 million respectively and was determined based on arm's length negotiation. The consideration was fully settled on 16 May 2011 and 24 August 2012 respectively. Hebei Yanxiao is principally engaged in the distribution of pharmaceutical products. We acquired Hebei Yanxiao because (i) it is a pharmaceutical distribution company located in Shijiazhuang, one of the logistic hubs for pharmaceutical industry in China, which could lower distribution costs and improve distribution efficiency, and (ii) we intended to further expand our distribution reach to regions other than Northeast China. Hebei Yanxiao will become the centre of our distribution operations outside Northeast China. A majority of the management of Hebei Yanxiao continued to be the management of Hebei Yanxiao after our acquisition.

Sui Hua

In November and December 2011, we acquired approximately 99.04% equity interest in Sui Hua from Independent Third Parties for an aggregate consideration in cash of RMB48.5 million, which was determined based on arm's length negotiation. The consideration was fully settled on 27 December 2011. We acquired Sui Hua because at the time of acquisition, it had 122 self-operated retail pharmacies which could significantly broaden our customer base in the local area of Suihua. Upon completion of the acquisition, Sui Hua was 99.04% owned by our Group and 0.96% by an Independent Third Party. We were not able to acquire the 0.96% equity interest in Sui Hua because such Independent Third Party was not willing to sell his equity interests. A majority of the management of Sui Hua continued to be the management of Sui Hua after our acquisition.

Harbin Hongqi

In June 2012, we acquired 100% equity interest in Harbin Hongqi from Independent Third Parties for an aggregate consideration in cash of RMB41.7 million, which was determined based on arm's length negotiation. The consideration was fully settled on 3 July 2012. We acquired Harbin Hongqi because its 11 retail pharmacies were, at the time of acquisition, located in areas which drive high store traffic and its retail operations have been widely recognised by local customers in the Harbin region. We believe the acquisition of Harbin Hongqi will further increase our market share and strengthen our leading position in our home market. In December 2012, as part of our efforts to integrate our business using our core brand Jintian Aixin, we renamed Harbin Hongqi as Harbin Jintian Aixin Chain Pharmacy Co., Ltd (哈爾濱金天愛心藥房連鎖有限公司) ("**Harbin Jintian Aixin**"). A majority of the management of Harbin Hongqi continued to be the management of Harbin Hongqi after our acquisition.

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Wei Kang

In August 2012, we acquired 64% equity interest in Wei Kang from a then Independent Third Party for an aggregate consideration in cash of RMB225,010,218, which was based on arm's length negotiation. The consideration was fully settled on 12 December 2012. Our Group has management control over Wei Kang. We acquired Wei Kang because (i) we intended to expand our retail business into Liaoning Province, (ii) its 83 strategically located pharmacies could offer us effective penetration in the local market, and (iii) its vast distribution centre and office space in central locations in Shenyang could satisfy our needs in the future. Upon completion of the acquisition, Wei Kang was 64% owned by our Group and 36% by a third party. A majority of the management of Wei Kang continued to be the management of Wei Kang after our acquisition.

Our PRC legal advisors, Commerce & Finance Law Offices, confirm that (i) the necessary approvals from the relevant authorities for all of our acquisitions during the Track Record Period had been obtained as at the Latest Practicable Date, and (ii) all of our acquisitions during the Track Record Period have been properly and legally completed.

Rule 4.05A of the Listing Rules is not applicable to any of the above transactions as each such transaction is not classified as a major transaction pursuant to Rule 14.06(3) or a very substantial acquisition pursuant to Rule 14.06(5) of the Listing Rules.

OUR OTHER MAJOR SUBSIDIARIES

As at the Latest Practicable Date, we had the following major subsidiaries:

- (a) Hong Kong Health Century, our principal offshore holding entity, which also operated our pharmaceutical retail businesses in Hong Kong;
- (b) Jintian Aixin Co., one of our onshore holding subsidiaries, through which we owned and controlled a number of our pharmaceutical retail and distribution subsidiaries in the PRC;
- (c) Heilongjiang Health Century, one of our onshore holding subsidiaries, through which we owned and controlled two of our pharmaceutical distribution subsidiaries in the PRC;
- (d) Harbin Ciji Pharma, one of our onshore operating subsidiaries, through which we engaged in wholesaling drugs and other pharmaceutical products;
- (e) Jintian Ciji Drug Store, one of our onshore operating subsidiaries, through which we engaged in retailing drugs and other pharmaceutical products;
- (f) Jintian Laobaixing, one of our onshore operating subsidiaries, through which we engaged in retailing drugs and other pharmaceutical products; and
- (g) Jintian Ciji Pharma, one of our onshore operating subsidiaries, through which we engaged in wholesaling drugs and other pharmaceutical products.

ESTABLISHMENT OF THE FAMILY TRUST

Mr. Jin has established the Family Trust as the settlor and transferred his beneficiary interests in Global Health Century to 1969 JT Limited, an entity incorporated in the Bailiwick of Guernsey and indirectly owned by Credit Suisse Trust Limited, the trustee of the Family Trust, for the benefit of Mr. Jin and his family members.

HISTORY AND REORGANISATION

REORGANISATION

In preparation for the Global Offering, we undertook a series of reorganisation steps beginning in March 2012 for the purpose of consolidating all the operating subsidiaries comprising our Group into our Company.

Incorporation of the offshore holding structure

Our Company was incorporated in the Cayman Islands on 12 March 2012.

Global Health Century, Atlantic Health Century and Pacific Health Century were incorporated on 18 August 2011, as holding companies for the Controlling Shareholders and Mr. Chu, respectively.

Merger by Absorption

The Merger by Absorption involved the following steps:

- (a) the registered capital of Jintian Aixin Co. was increased to approximately US\$74.3 million; Jintian Management was merged by absorption with Jintian Aixin Co. Upon completion of such capital increase and Merger by Absorption, Jintian Aixin Co. is owned by us, through Hong Kong Health Century, as to 95.01%, while the other 4.99% is held by Jintian Century, a company which is collectively owned and controlled by the Controlling Shareholders⁽¹⁾;
- (b) all the subsidiaries, assets, businesses, liabilities and personnel of Jintian Management were transferred to Jintian Aixin Co.;
- (c) Jintian Management was wound up on 25 June 2013; and
- (d) the Structured Contracts were terminated on 27 June 2013.

While the PRC authorities lifted the restrictions on foreign investment in the business of retail sale and distribution of pharmaceutical products in January 2012, the Structured Contracts were terminated on 27 June 2013 because:

- (i) the Group needed to consider a number of viable options to terminate the Structured Contracts as part of the Reorganisation. Due to the complexity of various issues involved in terminating the Structured Contracts, such as:
 - (a) the time required to obtain approvals from the relevant PRC authorities;
 - (b) the amount of cash consideration required;
 - (c) the tax and accounting impact on the Group and the individual shareholders of Jintian Management; and

(1) Jintian Century is owned as to (i) 89% by Mr. Jin, (ii) 3% by Ms. Hao Ruihua (郝瑞華), Mr. Jin's mother, (iii) 3% by Mr. Jin Guisheng (金貴生), Mr. Jin's father, (iv) 3% by Mr. Jin Dongkun (金東昆), Mr. Jin's brother and (v) 2% by Ms. Chen, Mr. Jin's spouse.

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- (d) the impact on the Group's overall Reorganisation plan in preparation for the Global Offering,

the Group needed time to weigh the benefits and risks of each viable option, discuss with the Shareholders and seek opinions from legal advisors, accountants and tax advisors before it could determine a Reorganisation plan that would best serve the interests of the Shareholders; and

- (ii) the Group also needed time to implement the Reorganisation steps in relation to the termination of the Structured Contracts.

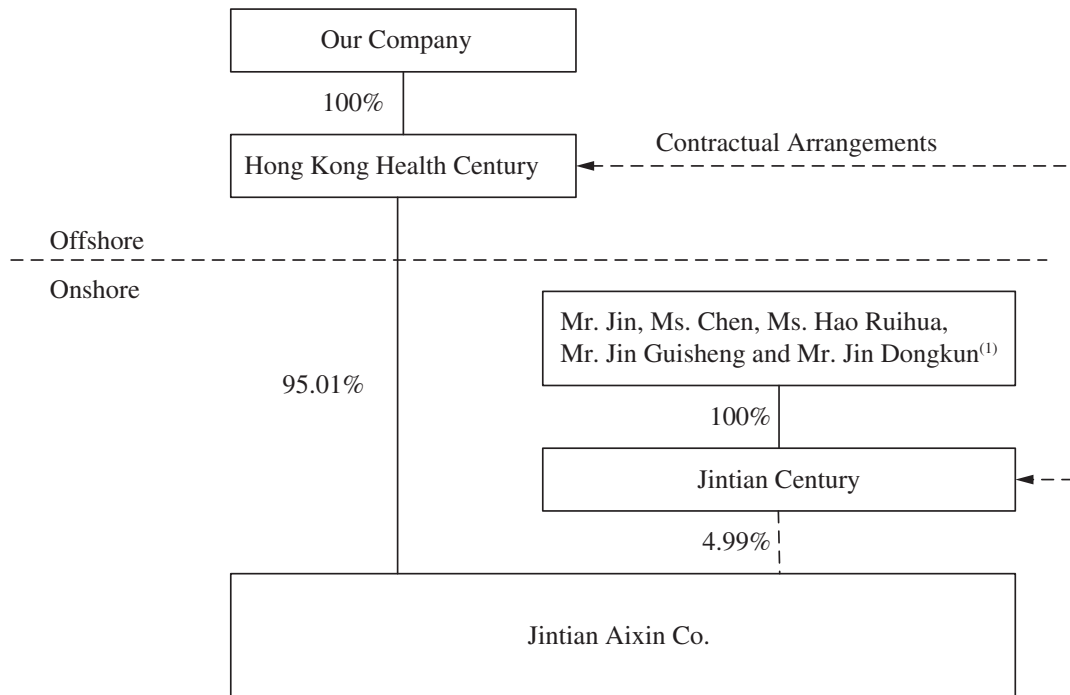
Our PRC legal advisors, Commerce & Finance Law Offices, confirm that the necessary approvals from relevant authorities in relation to the Merger by Absorption have been obtained.

Contractual Arrangements

Subsequent to the Merger by Absorption, we entered into a series of contractual arrangements (collectively, the “**Contractual Arrangements**”), including: (i) Exclusive Consultancy Services Agreement, (ii) Share Pledge, (iii) Power of Attorney, and (iv) Exclusive Option Agreement.

Diagram of the Contractual Arrangements

The following simplified diagram illustrates the Contractual Arrangements:



Note:

- (1) The following are Mr. Jin's family members: (i) Ms. Chen – spouse, (ii) Ms. Hao Ruihua – mother, (iii) Mr. Jin Guisheng – father and (iv) Mr. Jin Dongkun – brother.

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Exclusive Consultancy Services Agreement

On 1 July 2013, Jintian Century, Hong Kong Health Century and Jintian Aixin Co. entered into the Exclusive Consultancy Services Agreement (as further amended and supplemented on 26 November 2013), which provides, among other things, that:

- (a) Jintian Century acknowledges that it holds 4.99% equity interest in Jintian Aixin Co. for and on behalf of Hong Kong Health Century;
- (b) Jintian Century shall exercise its rights as holder of the 4.99% equity interest in Jintian Aixin Co. in accordance with instructions given by Hong Kong Health Century;
- (c) Jintian Century irrevocably grants to Hong Kong Health Century an option to acquire its equity interest in Jintian Aixin Co. Unless with the written consent of Hong Kong Health Century, Jintian Century shall not transfer its equity interest in Jintian Aixin Co. to any party; and
- (d) Hong Kong Health Century shall have the exclusive right to provide consultancy services to Jintian Century for a service fee equal to all dividends and other economic benefits flowing from Jintian Century's 4.99% equity interest in Jintian Aixin Co. (except for those dividends declared from the net profits of Jintian Aixin Co.'s PRC subsidiaries for the period from 1 January to 31 December 2010), which shall be paid to Hong Kong Health Century within 60 days after such dividends or economic benefits are received by Jintian Century.

The Exclusive Consultancy Services Agreement took retrospective effect from 27 June 2013, and shall only be terminated upon Jintian Aixin Co. becoming a wholly-owned subsidiary of Hong Kong Health Century.

Share Pledge

On 1 July 2013, the parties to the Exclusive Consultancy Services Agreement further entered into the Share Pledge (as amended and supplemented on 26 November 2013), pursuant to which Jintian Century's 4.99% equity interest in Jintian Aixin Co. is pledged to Hong Kong Health Century to secure performance of the obligation of Jintian Century under the Exclusive Consultancy Services Agreement, which our Directors believe is sufficient to protect the interests of the Company with regard to Jintian Aixin Co.

Power of Attorney

On 26 November 2013, Jintian Century executed the Power of Attorney, pursuant to which Jintian Century agreed to authorise representatives appointed by Hong Kong Health Century to exercise all of Jintian Century's rights and powers as a shareholder of Jintian Aixin Co. These rights include the rights to (i) attend shareholders' meetings, (ii) exercise voting rights in shareholders' meetings, including the rights to appoint directors, supervisors and senior management, (iii) sign minutes of the meetings, (iv) decide on any acquisition or disposal of the equity interest in Jintian Aixin Co. or the winding-up or dissolution of Jintian Aixin Co., (v) file documents with relevant governmental authorities or regulatory bodies, (vi) instruct directors and senior management of Jintian Aixin Co. to act in accordance with all instructions of Hong Kong Health Century or its designated person, and (vii) exercise such other shareholders' rights as stipulated under applicable PRC laws, rules and regulations and the articles of association of Jintian Aixin Co.

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The Power of Attorney shall remain in full force and shall only be terminated upon Jintian Aixin Co. becoming a wholly-owned subsidiary of Hong Kong Health Century.

Exclusive Option Agreement

On 26 November 2013, Jintian Century, Hong Kong Health Century and Jintian Aixin Co. entered into the Exclusive Option Agreement, pursuant to which Jintian Century granted to Hong Kong Health Century or one or more persons designated by Hong Kong Health Century (which must be a wholly-owned subsidiary of the Company) irrevocable options to purchase, to the extent permitted by PRC laws and regulations and subject to compliance with the Listing Rules, its equity interest in Jintian Aixin Co., either entirely or partially, at the net asset value of such equity interest at the time of acquiring such interest. Hong Kong Health Century or its designated person may exercise such options at any time until Jintian Aixin Co. becomes a wholly-owned subsidiary of Hong Kong Health Century, subject to applicable PRC laws and regulations and compliance with the Listing Rules.

Confirmations from Jintian Century and its shareholders

Each of Jintian Century and the shareholders of Jintian Century has provided a written confirmation, confirming that appropriate arrangements have been made to ensure that none of its/his/her successor, guardian, creditor, spouse or any other person who may be entitled to assume rights and interests in its/his/her direct or indirect equity interest in Jintian Aixin Co. upon its/his/her liquidation, bankruptcy, death, incapacity, divorce or any other circumstances that may affect Jintian Century's ability to exercise its shareholder's rights in Jintian Aixin Co. will carry out any act that may affect or hinder the fulfilment of Jintian Century's obligations under the Contractual Agreements.

Operations in compliance with the Contractual Arrangements

Our Group will adopt the following measures to ensure legal and regulatory compliance and to ensure the sound and effective operations of our Group and the implementation of the Contractual Arrangements upon the Listing:

- (i) as part of the internal control measures, major issues arising from implementation of the Contractual Arrangements will be regularly reviewed, at least on a quarterly basis, by our Board after the Listing. Our Board will determine, as part of its periodic review process, whether legal advisors and/or other professionals will be retained to assist our Group to deal with specific issues arising from the Contractual Arrangements;
- (ii) matters relating to compliance and regulatory enquiries from government authorities (if any) will be discussed at such regular meetings;
- (iii) the relevant business units and operation divisions of our Group will report regularly, which will be no less frequently than on a monthly basis, to the senior management of our Company in relation to compliance and performance conditions under the Contractual Arrangements and other related matters;
- (iv) because the Contractual Arrangements will constitute continuing connected transactions of our Group upon the Listing, our Company has applied to the Stock Exchange, and the Stock Exchange has agreed to grant a waiver, details of which are set out in "Connected Transactions" in this prospectus. Our Company will comply with the conditions to be prescribed by the Stock Exchange under the waiver given;

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- (v) if required, legal advisors and/or other professionals will be retained to assist our Group to deal with specific issues arising from the Contractual Arrangements and to ensure that the operation and implementation of the Contractual Arrangements as a whole will comply with applicable laws and regulations;
- (vi) our independent non-executive Directors will review the compliance of the Contractual Arrangements on an annual basis and their confirmation will be disclosed in our annual report; and
- (vii) our Board (including the independent non-executive Directors) will ensure that any designee or person or entity designated by Hong Kong Health Century for the purpose of exercising any of the rights originally granted to Hong Kong Health Century under the Contractual Arrangements shall be restricted to a legally-held subsidiary of our Company (which will be under the management control of our Company) or an authorised director of our Company (who shall owe fiduciary duties to us). Our Board will also ensure that no rights shall be granted to any other third parties outside of our Group which does not owe any fiduciary duties to our Company.

To ensure that Jintian Century will comply with the above arrangements, we have decided to further introduce the following measures:

- (i) the three independent non-executive Directors will continue to play an independent role in our Board by reviewing the effective implementation of the corporate governance and conflict of interest management procedures and compliance of the above arrangements;
- (ii) going forward, Jintian Century shall abstain from voting on any resolutions of Jintian Aixin Co. in which it may have conflict of interest, and all resolutions shall be passed unanimously or by the affirmative vote of a simple majority of the board of Jintian Aixin Co. (as the case may be), and if any resolution could not be passed by the board of Jintian Aixin Co. unanimously or by a simple majority of votes (as the case may be), such resolution would be considered as disapproved; and
- (iii) our Group has implemented corporate governance measures to manage any conflict of interest between our Group and our Directors.

No insurance cover

As at the Latest Practicable Date, the Company did not purchase any insurance to cover the risks relating to the Contractual Arrangements. We have determined that the costs of insurance for the risks associated with business liability or disruption and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. For further details, please refer to “Risk Factors – Risks Relating to Our Business – We may suffer losses for which we have limited or no insurance coverage”.

Manner of settlement of disputes which may arise from the Contractual Arrangements

Pursuant to the Contractual Arrangements, any dispute arising from the interpretation and implementation of the Contractual Arrangements between the parties should first be resolved through negotiation, failing which any party may submit the said dispute to the China International Economic and

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Trade Arbitration Commission with a view to resolving the dispute through arbitration in accordance with the arbitration rules of the commission. The results of the arbitration shall be final and binding on all relevant parties.

Our PRC legal advisors, Commerce & Finance Law Offices, have confirmed that the abovementioned dispute resolution provisions set forth in the Contractual Arrangements are in compliance with the PRC laws, legally valid and binding on the relevant signatories. However, our PRC legal advisors, Commerce & Finance Law Offices, are also of the opinion that the provisions in the agreements underlying the Contractual Arrangements setting forth that courts in Hong Kong and the Cayman Islands are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal may not be enforceable under PRC laws.

Effect and legality of the Contractual Arrangements

We believe that the Contractual Arrangements provide a mechanism that enables us to exercise effective control over the 4.99% equity interest in Jintian Aixun Co. held by Jintian Century and to protect and safeguard the interest of our Company and our future public shareholders in the event of any dispute between us, Jintian Century and the Controlling Shareholders.

Our PRC legal advisors are of the opinion that each of the agreements underlying the Contractual Arrangements (i) is legal and valid and does not violate PRC laws, rules and regulations, including those applicable to the business of our Company, Hong Kong Health Century, Jintian Aixun Co. and Jintian Century, and the articles of association of each of Jintian Aixun Co. and Jintian Century, and (ii) is legally binding on and enforceable against each party of each of the agreements under PRC laws and regulations, except that interim remedies granted by courts in Hong Kong or the Cayman Islands (even if in favour of an aggrieved party) pursuant to the terms of the Contractual Arrangements regarding the power of courts in Hong Kong and the Cayman Islands to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal may not be recognised or enforced by PRC courts.

In light of the recently reported PRC Supreme Court decision and the two arbitration decisions (as discussed under “*Risk Factors – Risk relating to Our Corporate Structure and the Global Offering*”), our PRC legal advisors, Commerce & Finance Law Offices, have advised us that:

- (i) our corporate structure and the Contractual Arrangements are distinguishable from the facts in the Supreme Court case, as reported, because:
 - (A) the investor in the reported case was a principal who was purported to obtain the ownership of the equity interest in a financial institution, which is restricted by foreign investment and would require governmental approval, through a “proxy” created by certain entrusted investment and shareholding arrangements, whereas the Contractual Arrangements, by which Hong Kong Health Century may obtain any equity ownership in Jintian Aixun Co., are not in violation of any applicable laws and regulations; and
 - (B) the investor in the reported case was deemed a shareholder of the target company, directly enjoyed all economic benefits in the form of dividend distribution and directly assumed all related risks, whereas under the Contractual Arrangements, Jintian Aixun Co.’s 4.99% equity interest is owned by its registered shareholder (who is entitled to dividends distributed by Jintian Aixun Co.) and Hong Kong Health Century only has a contractual right to collect service fees from Jintian Century equal to all economic interests flowing from Jintian Century’s 4.99% equity interest in Jintian Aixun Co.;

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- (ii) the reported Supreme Court case may not be considered as authority in deciding other similar cases, because it is not one of the guiding cases (指導性案例) published by the PRC Supreme Court which all lower level people's courts throughout China should use as guidance, and upon searches and inquiries through public channels, our PRC legal advisors, Commerce & Finance Law Offices, did not retrieve any guiding cases published by the PRC Supreme Court or other PRC court rulings that have adjudicated contracts similar to the Contractual Arrangements invalid; and
- (iii) the arbitration decisions, as reported, shall only be binding upon the parties in dispute and may not be taken as authority in deciding other cases due to the private and confidential nature of the arbitration.

Therefore, our PRC legal advisors, Commerce & Finance Law Offices, are of the opinion that these reported cases do not have a direct impact on the Contractual Arrangements adopted by us and the likelihood that the legality of the Contractual Arrangements will be challenged based on the reported cases is low. Based on public searches and inquiries, our PRC legal advisors, Commerce & Finance Law Offices, are not aware of any examples regarding how contracts similar to the Contractual Arrangements have been enforced and upheld in the PRC court. Our PRC legal advisors, Commerce & Finance Law Offices, further advised us that the possibilities of PRC courts or arbitration tribunals holding views contrary to that of our PRC legal advisors cannot be entirely ruled out.

In addition, our PRC legal advisors, Commerce & Finance Law Offices, are of the view that the Contractual Arrangements are, collectively or individually, not in breach of any laws or administrative regulations of the PRC (including, without limitation, the PRC Contract Law and the General Principles of Civil Laws), or other normative rules in the PRC that have material impact on the business of Jintian Aixin Co. or Jintian Century. In addition, the Contractual Arrangements entered into by the Group do not fall within any of the circumstances (including, without limitation, "concealing illegal intentions with a lawful form") under Section 52 of the PRC Contract Law pursuant to which the contracts would be determined to be invalid and would not be deemed as void under PRC Contract Law. Our PRC legal advisors, Commerce & Finance Law Offices, are also of the view that based on (i) the tax certificates issued by relevant tax authorities and (ii) the fact that the Contractual Arrangements and the transactions thereunder will have negative other than favourable impact on the tax liabilities of our Group before the Contractual Arrangements are entered into, the entering into of the Contractual Arrangements should not be seen as an attempt to circumvent any tax obligations of our Group which may otherwise be subject to challenges by the tax bureaus or government authorities.

Our PRC legal advisors, Commerce & Finance Law Offices, are also of the opinion that the execution, delivery and effectiveness of each of the agreements underlying the Contractual Arrangements do not require any approvals from or filings with PRC governmental authorities, except for (i) the Share Pledge, which will be properly filed with the local counterpart of SAIC and (ii) any transfer of equity interests in Jintian Century pursuant to the terms of the Exclusive Option Agreement, which will have to be filed with relevant governmental authorities.

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Our PRC legal advisors, Commerce & Finance Law Offices, further advised us that it is not an administrative function of PRC governmental authorities to issue formal confirmations regarding agreements that do not require examination by and approval of relevant authorities under PRC laws. Accordingly, our Company has not formally filed a request with any authority in the PRC for confirmation on the legality of the Contractual Arrangements. Our PRC legal advisors, Commerce & Finance Law Offices, also confirmed that the lack of confirmation from the relevant governmental authorities will not affect the legality and validity of the Contractual Arrangements.

We have complied in good faith in all material respects with relevant PRC laws and regulations. As of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governmental authority regarding the Contractual Arrangements. However, our PRC legal advisors, Commerce & Finance Law Offices, have advised us that there can be no assurance that the relevant PRC governmental authorities will not take views contrary to the above in the future.

Based on the above opinions from the PRC legal advisors, Commerce & Finance Law Offices, our Directors believe that each of the Contractual Arrangements conferring significant control and economic benefits from Jintian Century to Hong Kong Health Century is enforceable under the PRC laws and regulations.

As advised by our PRC legal advisors, (i) there is no statutory obligation imposed on the Group or Hong Kong Health Century to provide financial assistance or additional funds to offset or cover any losses incurred by Jintian Century as a result of its business operations; and (ii) under the Contractual Arrangements, there are no mandatory contractual obligations imposed on the Group or Hong Kong Health Century to provide financial assistance or to provide additional funds to offset or cover any losses incurred by Jintian Century as a result of its business operations. As the 4.99% equity interest held by Jintian Century in Jintian Aixin Co. is treated as part of the Group, the adverse economic consequence of any losses incurred by the 4.99% equity interest is that the Group will record such losses in the Group's consolidated financial statements.

Our Directors had considered other available options to obtain a controlling interest in Jintian Aixin Co. and were of the view that the Merger by Absorption option was the best available option to the Company for terminating the Structured Contracts based on the following reasons:

- (a) The Merger by Absorption would be subject to tax deferral treatment under PRC law, provided that no share transfers in the merged entity would take place within 12 months after completion of the merger and certain other conditions were fulfilled. The tax deferral treatment would result in the Merger by Absorption not being taxable under PRC law at the time of the transaction. Other available options to terminate the Structured Contracts are not subject to this deferral treatment, which means individual shareholders of Jintian Management would be subject to a significant amount of income tax under a share sale and purchase transaction.
- (b) Our Directors also considered the option of further increasing the equity interest of the Company in Jintian Aixin Co. and diluting the 4.99% equity interest held by Jintian Century to a nominal amount. This requires an additional capital commitment of approximately RMB2 billion. Our Directors believe that incurring such additional capital commitment prior to the Global Offering is not in the best interests of the Company and the Shareholders, as it would affect the working capital sufficiency, cash flow position and gearing position of the Company, and would require the Company to obtain additional external financing.

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Furthermore, our Directors believe that the Contractual Arrangements are sufficient to protect the interests of the Company with regard to Jintian Aixin Co. As such, the 4.99% equity interest in Jintian Aixin Co. is currently held by Jintian Century on behalf of the Company.

Subject to compliance with relevant regulatory and approval requirements, including but not limited to compliance with connected transactions requirements under Chapter 14A of the Listing Rules (if applicable), Hong Kong Health Century has undertaken to Jintian Century to acquire, and Jintian Century has agreed (subject to the same conditions mentioned above) to sell, the 4.99% equity interest of Jintian Aixin Co. by the end of August 2014 (the “**Acquisition**”). The consideration for the Acquisition will be determined based on the latest net asset value of Jintian Aixin Co. available at the time of the Acquisition. By using the net asset value of Jintian Aixin Co. as at 30 June 2013 as reference, the estimated consideration for the Acquisition would be approximately RMB58 million if the Acquisition were to take place on the Latest Practicable Date. Hong Kong Health Century and Jintian Aixin Co. have agreed that the actual consideration for the Acquisition shall be the lower of (i) 4.99% of the latest net asset value of Jintian Aixin Co. available at the time of the Acquisition and (ii) RMB85 million. The Company proposes to settle the consideration for the Acquisition out of internal resources of the Group other than the proceeds from the Global Offering.

Each of Mr. Jin, Ms. Chen, Ms. Hao Ruihua, Mr. Jin Guisheng and Mr. Jin Dongkun (collectively, the “**Jintian Century Shareholders**”) has, by way of entering into a deed of undertaking (the “**Deed of Undertaking**”) on 23 November 2013, undertaken to the Company that (i) each of them will procure that Jintian Century will transfer the 4.99% equity interest of Jintian Aixin Co. to Hong Kong Health Century or another subsidiary of the Company designated by the Company by 31 August 2014; and (ii) they will transfer an amount equal to the consideration for the Acquisition to the Group as soon as practicable after the completion of the Acquisition. The acquisition of the 4.99% equity interest held by Jintian Century in Jintian Aixin Co. and the transfer of an amount equal to the consideration for the Acquisition to the Group, taken as a whole, will not affect the consolidated equity attributable to the owners of the Company.

As advised by our PRC legal advisors, Commerce & Finance Law Offices, the transfer of the 4.99% equity interest from Jintian Century to Hong Kong Health Century or another subsidiary of the Company designated by the Company in the future will involve regulatory approval by the Ministry of Commerce of the PRC or its local bureau. Our PRC legal advisors, Commerce & Finance Law Offices, advised us that there is no substantial legal impediment to obtain such approval provided all requisite documentations are in compliance with the relevant regulatory requirements. In the unlikely event that the Jintian Century Shareholders breach the Deed of Undertaking and as a result the Contractual Arrangements are not terminated by 31 August 2014, the Company will take action under the Deed of Undertaking against the Jintian Century Shareholders.

Reorganisation of Offshore Holding Structure

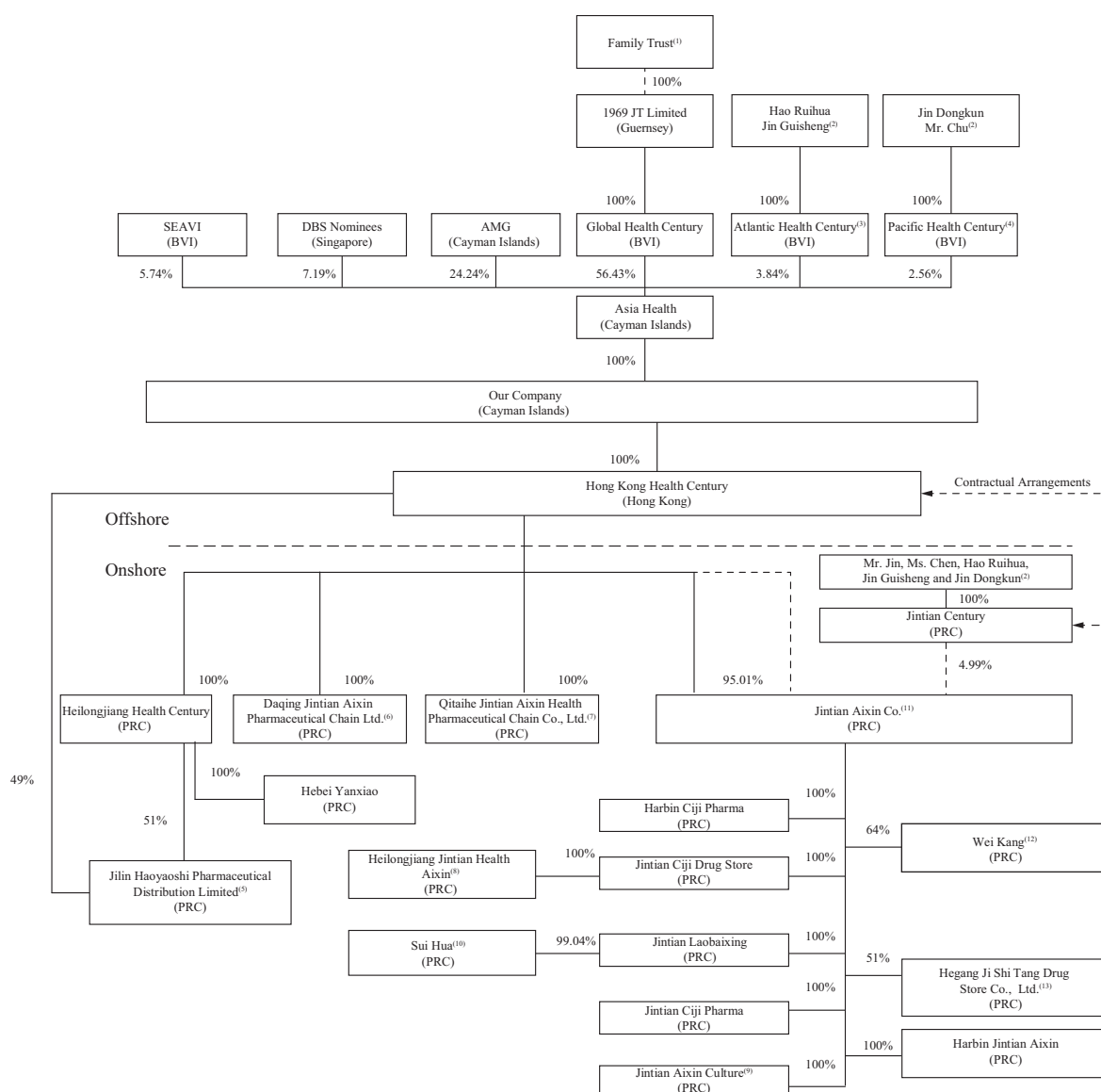
Under a reorganisation deed entered into on 28 November 2013 between, among others, the Company, Asia Health, the Founder Holdcos and the Investors, the shareholding structure of the Company will be simplified such that Atlantic Health Century, Pacific Health Century and the Investors will hold Shares directly in the Company rather than indirectly via Asia Health. This will take place immediately before completion of the Global Offering by way of the following steps:

- The Company will issue 1,599,998,999 Shares at par value to Asia Health (such shares being credited as fully paid by applying and capitalising US\$1,599,998.999 standing to the credit of the Company’s share premium account).
- All preference shares in Asia Health will be converted into fully paid ordinary shares of Asia Health.

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- Ordinary shares in Asia Health held by Atlantic Health Century, Pacific Health Century and the Investors will be swapped for Shares in our Company by way of (i) a repurchase and cancellation of ordinary shares in Asia Health held by Atlantic Health Century, Pacific Health Century and the Investors and (ii) a transfer of Shares by Asia Health to the Founder Holdcos other than Global Health Century and the Investors in the proportions shown in the corporate structure chart below. Such ordinary Shares held by the Investors will be subject to a lock-up period of six months after the Listing.

Following the completion of the Merger by Absorption and adoption of the Contractual Arrangements but before the completion of the Reorganisation of Offshore Holding Structure and the Global Offering, the simplified corporate structure of our Group is as follows:



Notes:

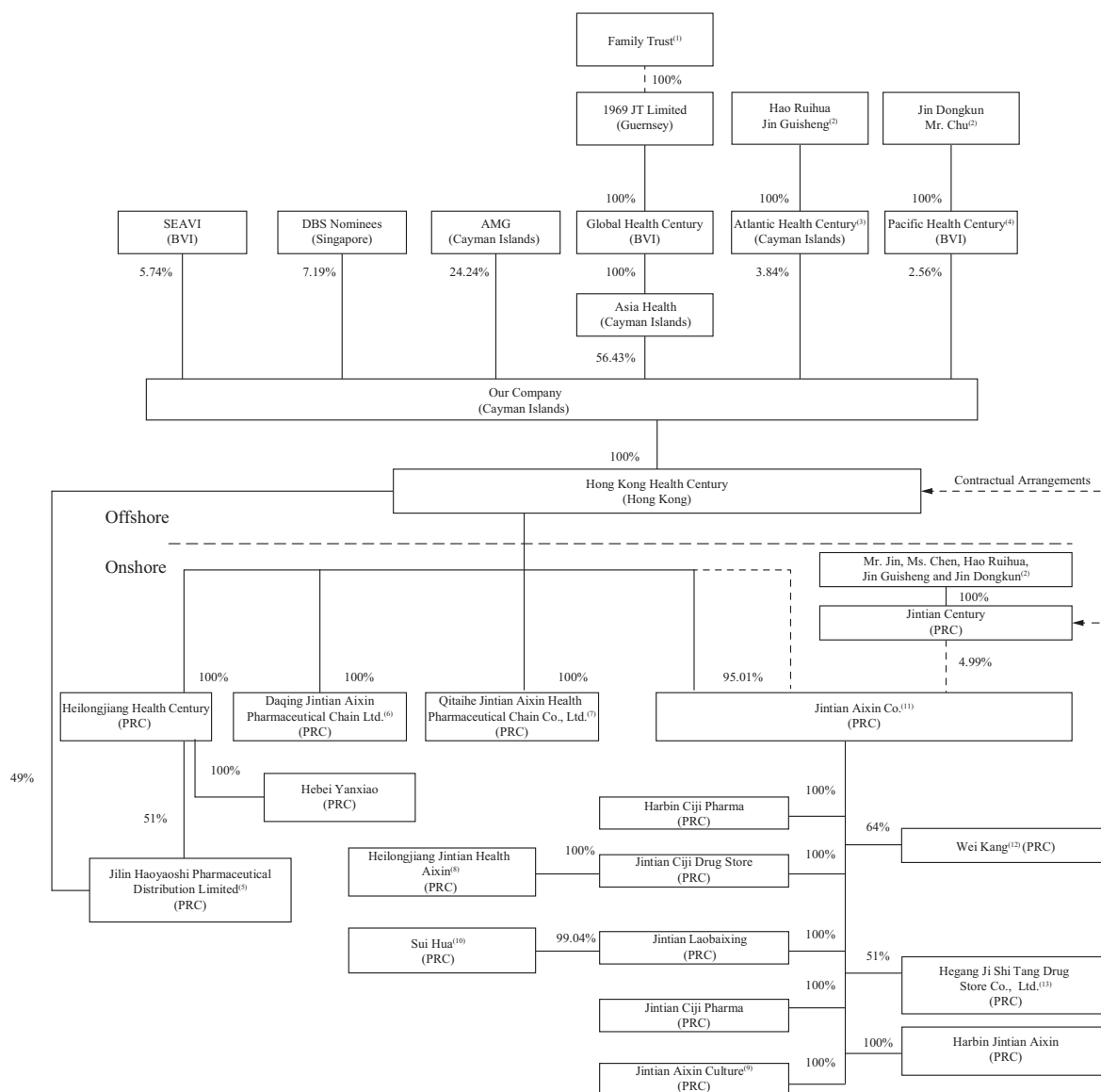
- The Family Trust is a discretionary trust established by Mr. Jin as the settlor and the protector of the trust, with Credit Suisse Trust Limited as the trustee, for the benefit of himself and his family members. See “History and Reorganisation – Establishment of the Family Trust” for more details.
- The following are Mr. Jin’s family members: (i) Ms. Chen – spouse, (ii) Ms. Hao Ruihua – mother, (iii) Mr. Jin Guisheng – father and (iv) Mr. Jin Dongkun – brother.

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- (3) Atlantic Health Century is owned as to 50% by Ms. Hao Ruihua (郝瑞華) and 50% by Mr. Jin Guisheng (金貴生).
- (4) Pacific Health Century is owned as to 75% by Mr. Jin Dongkun and 25% by Mr. Chu.
- (5) Jilin Haoyaoshi Pharmaceutical Distribution Limited (吉林省好藥師醫藥經銷有限公司)
- (6) Daqing Jintian Aixin Pharmaceutical Chain Ltd. (大慶金天愛心藥房連鎖有限公司)
- (7) Qitaihe Jintian Aixin Health Pharmaceutical Chain Co., Ltd (七台河金天愛心健康醫藥連鎖有限公司)
- (8) Heilongjiang Jintian Health Aixin (黑龍江省金天健康愛心藥房連鎖有限公司)
- (9) Jintian Aixin Culture (黑龍江省金天集團愛心文化傳播發展有限公司)
- (10) 0.96% equity interest in Sui Hua is owned by Pan Yongchun (潘永春), an Independent Third Party.
- (11) 4.99% equity interest in Jintian Aixin Co. is owned by Jintian Century, a company owned by Mr. Jin, Ms. Chen, Hao Ruihua, Jin Guisheng and Jin Dongkun, and controlled by Mr. Jin.
- (12) 36% equity interest in Wei Kang is owned by Ms. Li Shuyu (李樹郁), who was an Independent Third Party to the Group before the Company acquired the controlling interests in Wei Kang. Since Wei Kang has later become a subsidiary of the Company, and the interests held by Ms. Li Shuyu are more than 10%, Ms. Li Shuyu cannot be considered an Independent Third Party to the Group pursuant to the Listing Rules any longer.
- (13) 鶴崗市濟世堂醫藥連鎖零售有限公司 (Ji Shi Tang). The other 49% equity interest in this company is owned by Ms. Cao Lijuan (曹麗娟), who was an Independent Third Party to the Group before the Company acquired the controlling interests in Ji Shi Tang. Since Ji Shi Tang has later become a subsidiary of the Company, and the interests held by Ms. Cao Lijuan are more than 10%, Ms. Cao Lijuan cannot be considered an Independent Third Party to the Group pursuant to the Listing Rules any longer.

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Immediately following the completion of the Reorganisation of Offshore Holding Structure but before completion of the Global Offering, the simplified corporate structure of our Group will be as follows:



Notes:

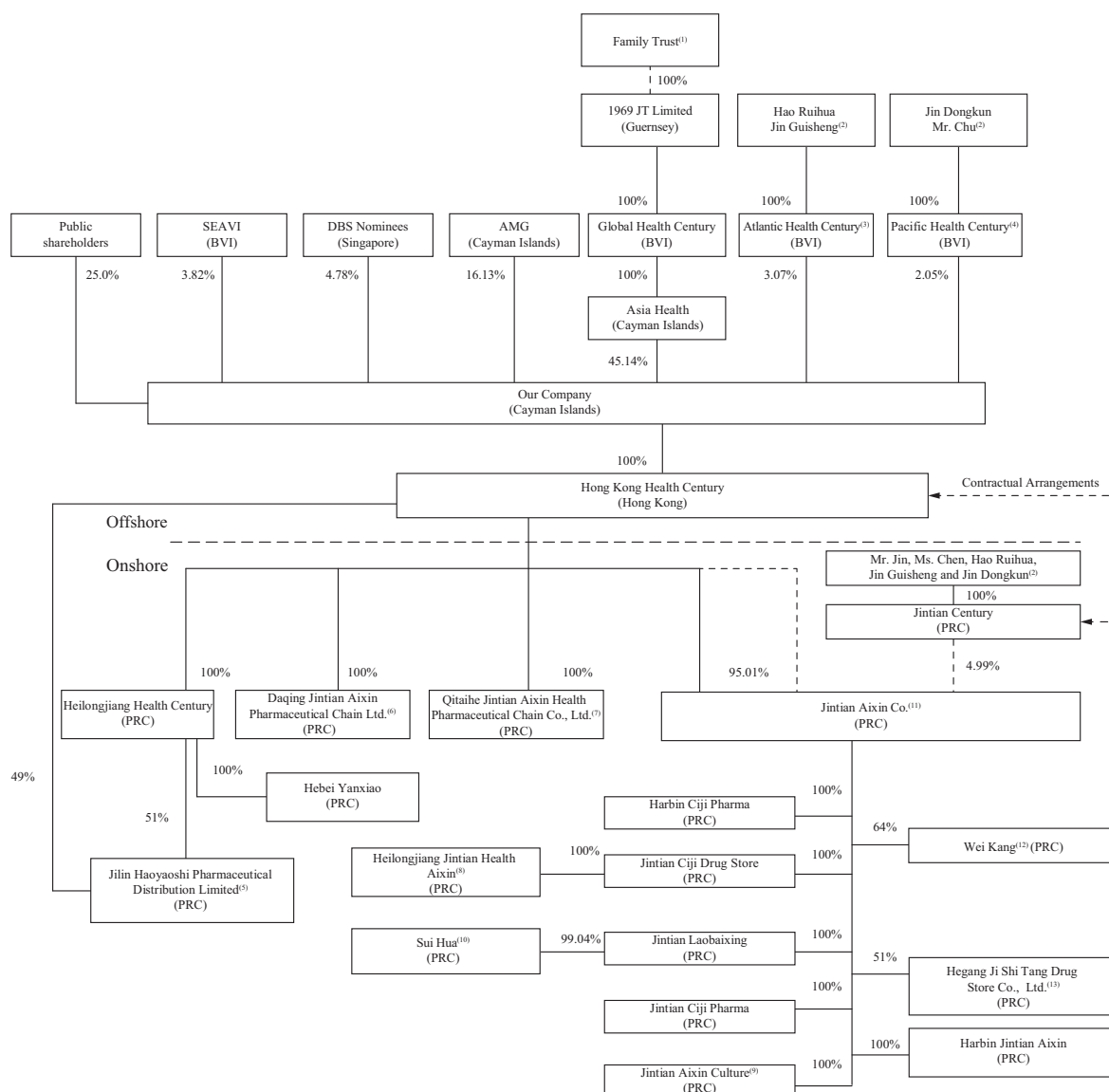
- (1) The Family Trust is a discretionary trust established by Mr. Jin as the settlor and the protector of the trust, with Credit Suisse Trust Limited as the trustee, for the benefit of himself and his family members. See “*History and Reorganisation – Establishment of the Family Trust*” for more details.
- (2) The following are Mr. Jin’s family members: (i) Ms. Chen – spouse, (ii) Ms. Hao Ruihua – mother, (iii) Mr. Jin Guisheng – father and (iv) Mr. Jin Dongkun – brother.
- (3) Atlantic Health Century is owned as to 50% by Ms. Hao Ruihua (郝瑞華) and 50% by Mr. Jin Guisheng (金貴生).
- (4) Pacific Health Century is owned as to 75% by Mr. Jin Dongkun and 25% by Mr. Chu.
- (5) Jilin Haoyaoshi Pharmaceutical Distribution Limited (吉林省好藥師醫藥經銷有限公司)
- (6) Daqing Jintian Aixin Pharmaceutical Chain Ltd. (大慶金天愛心藥房連鎖有限公司)
- (7) Qitaihe Jintian Aixin Health Pharmaceutical Chain Co., Ltd. (七台河金天愛心健康醫藥連鎖有限公司)
- (8) Heilongjiang Jintian Health Aixin (黑龍江省金天健康愛心藥房連鎖有限公司)
- (9) Jintian Aixin Culture (黑龍江省金天集團愛心文化傳播發展有限公司)

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- (10) 0.96% equity interest in Sui Hua is owned by Pan Yongchun (潘永春), an Independent Third Party.
- (11) 4.99% equity interest in Jintian Aixin Co. is owned by Jintian Century, a company owned by Mr. Jin, Ms. Chen, Hao Ruihua, Jin Guisheng and Jin Dongkun, and controlled by Mr. Jin.
- (12) 36% equity interest in Wei Kang is owned by Ms. Li Shuyu (李樹郁), who was an Independent Third Party to the Group before the Company acquired the controlling interests in Wei Kang. Since Wei Kang has later become a subsidiary of the Company, and the interests held by Ms. Li Shuyu are more than 10%, Ms. Li Shuyu cannot be considered an Independent Third Party to the Group pursuant to the Listing Rules any longer.
- (13) 鶴崗市濟世堂醫藥連鎖零售有限公司 (Ji Shi Tang). The other 49% equity interest in this company is owned by Ms. Cao Lijuan (曹麗娟), who was an Independent Third Party to the Group before the Company acquired the controlling interests in Ji Shi Tang. Since Ji Shi Tang has later become a subsidiary of the Company, and the interests held by Ms. Cao Lijuan are more than 10%, Ms. Cao Lijuan cannot be considered an Independent Third Party to the Group pursuant to the Listing Rules any longer.

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Immediately following the completion of the Global Offering (without taking into account any Shares which may be sold pursuant to exercise of the Over-allotment Option), the simplified corporate structure of our Group will be as follows:



Notes:

- (1) The Family Trust is a discretionary trust established by Mr. Jin as the settlor and the protector of the trust, with Credit Suisse Trust Limited as the trustee, for the benefit of himself and his family members. See “History and Reorganisation – Establishment of the Family Trust” for more details.
- (2) The following are Mr. Jin’s family members: (i) Ms. Chen – spouse, (ii) Ms. Hao Ruihua – mother, (iii) Mr. Jin Guisheng – father and (iv) Mr. Jin Dongkun – brother.
- (3) Atlantic Health Century is owned as to 50% by Ms. Hao Ruihua (郝瑞華) and 50% by Mr. Jin Guisheng (金貴生).
- (4) Pacific Health Century is owned as to 75% by Mr. Jin Dongkun and 25% by Mr. Chu.
- (5) Jilin Haoyaoshi Pharmaceutical Distribution Limited (吉林省好藥師醫藥經銷有限公司)
- (6) Daqing Jintian Aixin Pharmaceutical Chain Ltd. (大慶金天愛心藥房連鎖有限公司)
- (7) Qitaihe Jintian Aixin Health Pharmaceutical Chain Co., Ltd. (七台河金天愛心健康醫藥連鎖有限公司)
- (8) Heilongjiang Jintian Health Aixin (黑龍江省金天健康愛心藥房連鎖有限公司)
- (9) Jintian Aixin Culture (黑龍江省金天集團愛心文化傳播發展有限公司)
- (10) 0.96% equity interest in Sui Hua is owned by Pan Yongchun (潘永春), an Independent Third Party.

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- (11) 4.99% equity interest in Jintian Aixin Co. is owned by Jintian Century, a company owned by Mr. Jin, Ms. Chen, Hao Ruihua, Jin Guisheng and Jin Dongkun, and controlled by Mr. Jin.
- (12) 36% equity interest in Wei Kang is owned by Ms. Li Shuyu (李樹郁), who was an Independent Third Party to the Group before the Company acquired the controlling interests in Wei Kang. Since Wei Kang has later become a subsidiary of the Company, and the interests held by Ms. Li Shuyu are more than 10%, Ms. Li Shuyu cannot be considered an Independent Third Party to the Group pursuant to the Listing Rules any longer.
- (13) 鶴崗市濟世堂醫藥連鎖零售有限公司 (Ji Shi Tang). The other 49% equity interest in this company is owned by Ms. Cao Lijuan (曹麗娟), who was an Independent Third Party to the Group before the Company acquired the controlling interests in Ji Shi Tang. Since Ji Shi Tang has later become a subsidiary of the Company, and the interests held by Ms. Cao Lijuan are more than 10%, Ms. Cao Lijuan cannot be considered an Independent Third Party to the Group pursuant to the Listing Rules any longer.

Circular No. 75 Registration

On 21 October 2005, the SAFE promulgated the Notice on Relevant Issues Relating to the Administration of Foreign Exchange of Financing and Return Investment Activities by Domestic Residents Conducted via Offshore Special Purpose Vehicles (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (“Circular No. 75”). According to Circular No. 75, if a domestic resident uses an overseas special purpose vehicle (i.e. the overseas enterprise directly established or indirectly controlled by such domestic resident for the purpose of overseas stock financing for the assets or interests held by him in the domestic enterprise) to conduct return investment in the PRC, i.e. direct investment in the PRC, the domestic resident shall submit the required documents to the local branch of the SAFE to apply for going through the procedures for foreign exchange registration of overseas investments.

Our PRC legal advisors, Commerce & Finance Law Offices, have advised us that each of Mr. Jin, Ms. Hao Ruihua, Mr. Jin Guisheng, Ms. Chen, Mr. Jin Dongkun and Mr. Chu has made the foreign exchange registration of overseas investments at the Heilongjiang Branch of SAFE by obtaining the SAFE registration on 30 July 2013. Our PRC legal advisors, Commerce & Finance Law Offices, confirm that our Group has complied with all the requirements under the Circular No. 75.

M&A Rules

According to the Provisions on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (“M&A Rules”), which became effective on 8 September 2006 and was amended on 22 June 2009, when foreign investors merge domestic enterprises via foreign-invested enterprises they have established in the PRC, the foregoing merger shall comply with relevant regulations regarding merger and division of foreign-invested enterprises. If no such relevant regulation exists, the M&A Rules shall apply. In accordance with the Provisions on Merger and Division of Foreign-invested Enterprises (《關於外商投資企業合併與分立的規定》), Jintian Aixin Co. filed the relevant application regarding merger with Jintian Management. Jintian Aixin Co. received approval of the merger from Harbin Bureau of Commerce on 3 June 2013.

Our PRC legal advisors, Commerce & Finance Law Offices, confirm that (i) the necessary approvals from the relevant authorities for the above merger had been obtained as at the Latest Practicable Date, and (ii) the procedure of the above merger is in compliance with the M&A Rules, the Provisions on Merger and Division of Foreign-invested Enterprises and other relevant regulations.