

HISTORY AND REORGANIZATION

GENERAL

Dr. Zhang, Dr. Wang and Ms. Wang are the co-founders of our Group’s business. Dr. Zhang, our chairman, executive Director and chief executive officer, began his career as a scientist in life sciences industry in 1995. Dr. Wang, our non-executive Director, has nearly 24 years in the biotechnology industry. Ms. Wang, our executive Director and chief operating officer, has professional training in microbiology. Our co-founders established our Group in 2002 in the state of New Jersey in the United States and our Group grew into one of the leading life sciences research and application service and product providers with comprehensive portfolio coverage, serving customers in over 100 countries worldwide. For further details about Dr. Zhang, Dr. Wang, Ms. Wang and their respective experience in the life sciences industry, please see the section headed “Directors and Senior Management” in this document.

In 2002, GS Corp began its operations in the State of New Jersey of the United States, which was financed by our co-founders’ personal savings from previous work experiences.

In 2004, we established our presence in Nanjing, China with our research and manufacturing center under the operations of Nanjing Jinsite.

In 2009, GS Cayman was established as our holding company. In 2010, Nanjing Jinsite underwent reorganization whereby our major research and production was integrated and consolidated under GS China.

In light of the 2009 Reorganization, our [REDACTED] Investors, namely KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare, made strategic investments in our operations to provide additional capital to establish our production facilities at Jiangning, Nanjing, China.

With the aim to further expand our operations in the PRC and globally, starting from 2009, our Group established a number of our offshore and PRC subsidiaries to further cater for the development of our services and products in the domestic and international markets for life sciences research and application services and products.

As part of the expansion of our domestic operation, extra space was required for our peptide synthesis business. Hence, we began using our leased facility in Pukou, Nanjing, China in 2010 under the operations of Nanjing Jinsikang. As part of the expansion of our international operation, extra space was required for research and development of our life sciences research and application services and products. Hence, we began establishing our new facility in Jiangning, Nanjing, China from 2009 and began using such facility in 2011.

As of June 30, 2015, our Group has grown to possess a team of 1,187 full-time employees, including 619 employees in production, 174 employees in sales and marketing, 188 employees in administration, 122 employees in research and development and 84 employees in management. Our Group is continuously exploring for further business opportunities to expand our business presence globally and provide quality research and application services and products in the life sciences industry globally.

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OUR MILESTONES

The following events are the key business and corporate development milestones of our Group:

Year	Event
2002	GS Corp was established in the United States and our operation in the United States was commenced.
2003	Our gene synthesis service was launched.
2004	We established our presence in Nanjing, China with our research and manufacturing center under the operations of Nanjing Jinsite. We introduced custom protein and antibody services.
2008	We established presence in Europe.
2009	GS China, our major research and production subsidiary in the PRC, was incorporated. Nanjing Jinsikang, our operating subsidiary in the PRC, was incorporated. KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare invested in our Group. We became a founding member for International Gene Synthesis Consortium.
2010	Our services and products were certified by ISO 9001:2008. Our new facility for peptide manufacturing in Pukou, Nanjing, China commenced operation.
2011	Our new research and production facility was established in Jiangning, Nanjing, China. GS Japan was established in Japan. Our employee headcount reached 1,000. We were selected as the only commercial entity to participate in the Synthetic Yeast Genome Sc2.0 Project initiated and organized by a renowned scientist Dr. Jef Boeke, who was then a scientist and professor of Johns Hopkins University School of Medicine.
2013	BSJ Nanjing was incorporated for the launch of our fourth business segment, industrial synthetic biology product segment.

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Year	Event
2014	<p>The Life Sciences Leader magazine awarded the CRO Leading Award to us in four categories: quality, productivity, innovation and reliability.</p> <p>We developed GenPlus™ next-generation gene synthesis technology and started to provide GenPlus™ high-throughput gene synthesis services.</p> <p>We developed an industrial-leading composite glucosydase product for starch processing industry.</p> <p>We developed our half-life extension technology for single-domain antibody drugs for preclinical drug development services.</p>
2015	<p>Our Company was incorporated as the proposed [REDACTED] vehicle.</p> <p>As of June 30, 2015, over 14,500 international peer-reviewed journal articles had cited the use of our life sciences research and application services and products.</p>

OUR CORPORATE HISTORY AND SHAREHOLDING CHANGES OF OUR GROUP

Our Company was incorporated in the Cayman Islands with limited liability on May 21, 2015. Our Company is an investment holding company and will be the proposed [REDACTED] company of our Group. Prior to the incorporation of our Company and during the Track Record Period, GS Cayman has been the main investment holding entity for our Group’s business.

Our Group has a number of subsidiaries to cater for the different business units and the different geographical regions in which our Group sells its products and services.

The principal changes to the corporate structure of our major operating subsidiaries since our establishment are described below.

Our Major Operating Subsidiaries

1) PRC subsidiaries

GS China

GS China, our major research and production subsidiary in the PRC, was established in the PRC by GS HK on March 12, 2009 with a registered capital of US\$18,000,000. It is principally engaged in the provision of life sciences research and application services and products.

In September 2009, the registered capital of GS China was increased to US\$35,020,000 by GS HK. The increase in registered capital was for the establishment of a new production facility, purchase of equipment and employing more staff at Jiangning, Nanjing, China.

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In December 2013, the registered capital of GS China was further increased to US\$43,020,000 by GS HK. The increase in registered capital was for the expansion of our Group's production capacity which requires the purchase of more equipment and instruments at the research and production facility at Jiangning, Nanjing, China.

Nanjing Jinsikang

Nanjing Jinsikang was established in the PRC on April 30, 2009 with a registered capital of US\$20,000,000. Upon its incorporation, the entire equity interests in Nanjing Jinsikang were held by GS HK. It is principally engaged in the provision of life sciences research and application services and products (in particular, engaging in peptide synthesis).

Pursuant to an equity transfer agreement dated September 2, 2013, GS HK transferred the entire equity interests in Nanjing Jinsikang to GS China at the consideration of US\$11,520,000, which was determined primarily from the appraised shareholders' equity of Nanjing Jinsikang as of October 31, 2012. Upon completion of such transfer, the entire equity interests of Nanjing Jinsikang were owned by GS China, both of which are principally engaged in the provision of life sciences research and application services and products, and Nanjing Jinsikang subsequently became a domestic company under the PRC laws. Concurrently, the registered capital of Nanjing Jinsikang was converted from US\$20,000,000 to RMB132,550,599.80 as a requirement for conversion into a domestic company under the PRC laws. Upon completion of the aforesaid transfer, GS China owns the entire equity interests in Nanjing Jinsikang.

BSJ Nanjing

BSJ Nanjing was established in the PRC on June 6, 2013 with a registered capital of US\$4,000,000. Upon its incorporation, GS HK owns the entire equity interest in BSJ Nanjing. It is principally engaged in the research and development and production of the industrial synthetic biology products.

Pursuant to an equity transfer agreement dated June 12, 2015, GS HK transferred its entire equity interests in BSJ Nanjing to BSJ HK at the consideration of US\$2,450,636.58, which was determined based on the net asset value of BSJ Nanjing as of March 31, 2015. Upon completion of the aforesaid transfer, BSJ HK owns the entire equity interests in BSJ Nanjing.

In November 2015, the registered capital of BSJ Nanjing was increased to US\$14,000,000 by BSJ HK. The increase in registered capital of BSJ Nanjing was for the expansion of its production capacity.

2) Offshore subsidiaries

GS HK

GS HK was incorporated in Hong Kong with limited liability on January 8, 2009 with an issued share capital of HK\$1.00, of which one fully-paid share was allotted and issued to GNL09 Limited, an Independent Third Party, at incorporation. It is principally engaged in our Group's offshore operations in Europe and the Asia-Pacific region (excluding the PRC and Japan) and has been our regional headquarter.

On January 26, 2009, GNL09 Limited transferred one share of GS HK to Dr. Zhang at the par value of HK\$1.00. On the same day, the issued share capital of GS HK increased from HK\$1.00 to

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HK\$155,000.00 by the allotment and issue of 77,499 shares of HK\$1.00 each and 77,500 shares of HK\$1.00 each in the share capital of GS HK to Dr. Zhang and Dr. Wang, respectively.

On February 6, 2009, the company’s name changed from Sunny Profit (Hong Kong) Limited to GS HK.

On April 14, 2009, GS Cayman, GS HK, Dr. Zhang and Dr. Wang entered into a share transfer agreement, pursuant to which Dr. Zhang and Dr. Wang agreed to transfer 155,000 shares of GS HK, representing the entire issued shares of GS HK, to GS Cayman at the consideration of US\$155.00, which was determined at the price of US\$0.001 shares each. Upon completion of the aforesaid transfer, the entire issued share capital of GS HK was owned by GS Cayman.

On July 23, 2015, pursuant to the 2015 Reorganization, GS Cayman transferred 155,000 shares of GS HK, representing the entire issued shares of GS HK, to GS BVI at the consideration of the allotment and issue of 245,170,001 Shares by our Company to GS Cayman credited as fully-paid. Upon completion of the aforesaid transfer, the entire issued shares of GS HK are owned as to by GS BVI and GS HK has become our indirectly wholly owned subsidiary.

GS Japan

GS Japan was incorporated in Japan as a limited liability company on July 7, 2011 by Mr. Hideki Yakushiji (“Mr. Yakushiji”), a former employee of GS Japan. The current share capital of GS Japan is JPY8,300,000 and the current number of outstanding shares of GS Japan is 1,630 ordinary shares. Since the establishment of GS Japan and until the transfer of the entire issued shares of GS Japan to GS HK on August 20, 2012, Mr. Yakushiji held GS Japan on trust for GS HK because GS HK believed that having a local shareholder will expedite the set-up process of GS Japan. During such period, Mr. Yakushiji designated his voting right as a shareholder of GS Japan to GS HK, and the operational and financial decisions of GS Japan were made under the instructions of GS HK. Its principal business activity is the sales of life sciences research and application services and products to the Japanese market. Upon completion of the 2015 Reorganization, GS Japan remains a wholly owned subsidiary of GS HK.

GS USA

GS USA was incorporated on March 26, 2009 under the laws of the State of Delaware of the United States, with an authorized share capital of 1,000 shares of common stock with par value of US\$0.001 per share. One share was allotted and issued to GS Cayman at incorporation. Its principal business activity is to market our Group’s products and provide services and products to North American customers.

On March 28, 2009, one share of common stock was transferred from GS Corp to GS Cayman at the nominal consideration of US\$0.01.

On June 8, 2015, pursuant to the 2015 Reorganization, GS Cayman transferred all of the issued and outstanding share of GS USA to our Company and in consideration of which, our Company allotted and issued 313,749,999 Shares to GS Cayman credited as fully-paid. Upon completion of the aforesaid transfer, the entire issued and outstanding share of common stock of GS USA was held by our Company, and GS USA has become our wholly owned subsidiary.

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2009 REORGANIZATION

We have initiated a series of corporate reorganization in 2009 for the purpose of integrating and coordinating our core operations, rationalizing the corporate structure and introducing the Series A Investors into our Group.

(1) Transfer of Assets from GS Corp to GS USA

On April 14, 2009, GS Cayman, GS Corp and GS USA entered into an asset purchase agreement, pursuant to which GS USA agreed to acquire from GS Corp all of its assets at the consideration of a promissory note of US\$650,000, which was determined based on the then net asset values of GS Corp. The reason for the transfer was intended to have GS Cayman under GS Corp to hold and manage the operations of GS USA and to have GS Corp become the then holding company of our Group.

(2) Transfer of Assets from Nanjing Jinsite to GS China, Transfer and Deregistration of Jinsite

On April 14, 2009, GS Corp and GS Cayman entered into an equity transfer agreement, pursuant to which GS Corp agreed to transfer the entire equity interest in Nanjing Jinsite to GS Cayman at the consideration of the issuance of 467,500,000 shares from GS Cayman to GS Corp.

In November 2010, Nanjing Jinsite transferred certain equipment to GS China at the consideration of RMB15,045,123.68 which was determined based on the net book values of such equipment as of such date. It was our plan to establish our production facilities at Jiangning, Nanjing, China through GS China. The reason for the transfer was to integrate and consolidate our major research and production under GS China.

On December 10, 2010, GS Cayman and 801 Limited, a company incorporated in Hong Kong with its entire share capital then held by a relative of Ms. Wu, entered into an equity transfer agreement, pursuant to which, GS Cayman agreed to transfer the entire equity interests in Nanjing Jinsite to 801 Limited at the consideration of RMB53,414,788.48 or its foreign exchange equivalent. Such consideration was based on the appraised equity interest value of Nanjing Jinsite. As a result of Nanjing Jinsite becoming dormant after the transfer of assets to GS China in 2010, Nanjing Jinsite was de-registered on January 8, 2015.

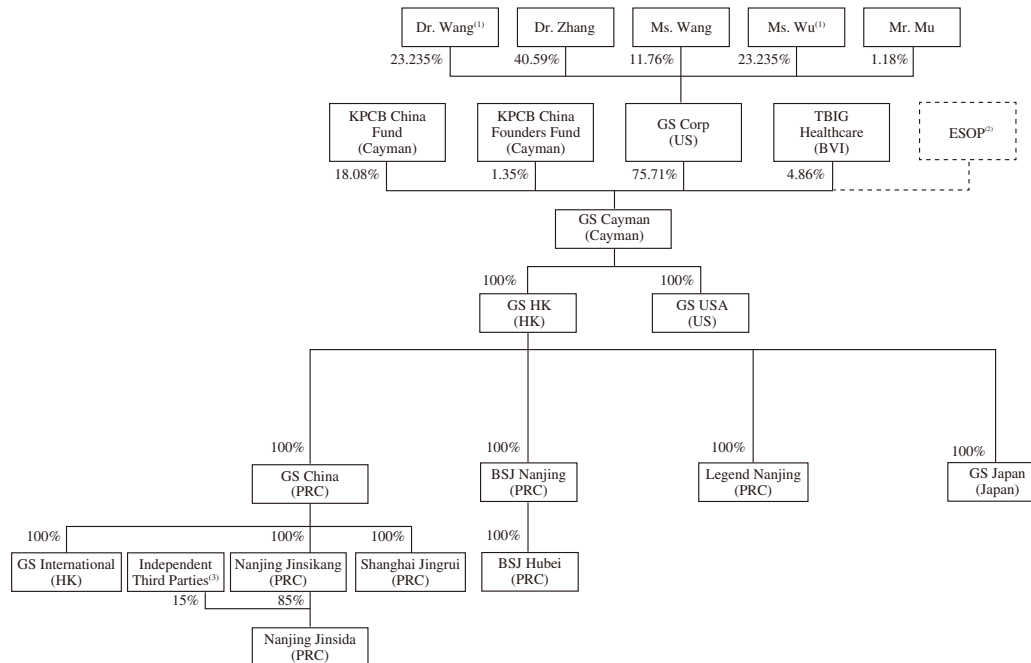
(3) Transfer of Entire Issued Share Capital of GS HK to GS Cayman

On April 14, 2009, GS Cayman, GS HK, Dr. Zhang and Dr. Wang entered into a share transfer agreement, pursuant to which Dr. Zhang and Dr. Wang agreed to transfer 77,500 shares and 77,500 shares, respectively, of GS HK to GS Cayman, at the aggregate consideration of US\$155.00, which was determined at par. Upon completion of the aforesaid transfer, the entire issued share capital of GS HK was owned by GS Cayman.

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GROUP STRUCTURE PRIOR TO 2015 REORGANIZATION

The shareholding and corporate structure of our Group immediately prior to the 2015 Reorganization is set out in the chart below:



Notes:

- (1) On May 23, 2014, Dr. Wang transferred 50% of his shareholding in GS Corp to Ms. Wu as part of their divorce arrangement. Prior to the transfer, Dr. Wang held 46.47% of GS Corp. Upon the transfer, each of Dr. Wang and Ms. Wu holds 23.235% of GS Corp. Ms. Wu, through her shareholding in GS Corp, will be subject to a [REDACTED] of 180 days upon the [REDACTED].
- (2) Share options to subscribe for 155,538,420 shares of GS Cayman have been granted under the share option schemes of GS Cayman which were adopted in 2009 and 2012. The share options granted under GS Cayman were canceled upon the adoption of the [REDACTED] Share Option Scheme on July 15, 2015. Our Company has granted share options to subscribe for 155,538,420 Shares under the [REDACTED] Share Option Scheme on July 15, 2015. The [REDACTED] to be subjected to the [REDACTED] Share Option Scheme shall be [REDACTED] Shares, in aggregate accounting for approximately [REDACTED]% of issued Shares immediately after the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] Share Options are exercised in full and without taking into account of any Shares which may be issued pursuant to the exercise of the [REDACTED] and the options that have been or may be granted under the [REDACTED] Share Option Scheme). The principal terms and details of the [REDACTED] Share Option Scheme are summarized in the section headed “Statutory and General Information — 8. [REDACTED] Share Option Scheme” in Appendix V of this document.
- (3) The Independent Third Parties are (i) Mr. Wu Songgang who owned 9% of the issued shares of Nanjing Jinsida, and (ii) Mr. Huang Jianzhong who owned 6% of the issued shares of Nanjing Jinsida.

GS CORP SHAREHOLDER VOTING AGREEMENT BETWEEN DR. ZHANG, DR. WANG AND MS. WANG

On August 14, 2008, Dr. Zhang, Dr. Wang and Ms. Wang entered into a shareholder voting agreement in relation to the shares of GS Corp whereby Dr. Zhang, Dr. Wang and Ms. Wang agreed to vote unanimously in the shareholder meetings of GS Corp and, contemporaneously, proxies were conferred by Dr. Wang and Ms. Wang to Dr. Zhang.

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The GS Corp Shareholder Voting Agreement contains the following major terms:

- (a) each of Dr. Zhang, Dr. Wang and Ms. Wang agreed to vote at all shareholders’ meeting of GS Corp in whatever manner as shall be necessary to ensure an unanimous vote among the shareholders of GS Corp;
- (b) the above voting mechanism as set out in (a) applies to all matters where shareholders vote, consent, agree or approval, including electing board members and merger and acquisitions of GS Corp; and
- (c) each of Dr. Wang and Ms. Wang shall deliver to Dr. Zhang a proxy authorizing Dr. Zhang to vote and exercise all voting and related rights with respect to the shares that both Dr. Wang and Ms. Wang beneficially owned in GS Corp.

PROXY AGREEMENT WITH MS. WU

On May 29, 2015, Ms. Wu and Dr. Zhang entered into a proxy agreement whereby Ms. Wu authorized Dr. Zhang to act as her proxy in relation to the 108,625,000 shares of GS Corp with regards to the following:

- (a) exercise all voting, consent and similar rights of Ms. Wu with respect to the shares of GS Corp at every annual, special, adjourned or postponed meeting of shareholders of GS Corp and with respect to every written resolutions of GS Corp;
- (b) appoint and elect the board of directors of GS Corp at board meetings;
- (c) appoint and elect the chief executive officer and other senior management team members of GS Corp; and
- (d) major business decisions of GS Corp, in particular, any merger and acquisition of GS Corp.

Since Dr. Zhang, who had worked in the life sciences industry since 1995 and has been our co-founder and director since the establishment of our Group, has profound experience in the management and production and distribution of our life sciences research and application service and products, Ms. Wu has confidence in Dr. Zhang’s ability and business acumen to manage GS Corp and/or its subsidiaries. Hence, Ms. Wu has conferred her proxy in relation to GS Corp to Dr. Zhang.

Upon the [REDACTED], Ms. Wu through her shareholding in GS Corp will be subject to a lock up of 180 days.

[REDACTED] INVESTMENT

Overview

On April 3, 2009, GS Cayman entered into a Series A Preference Share and warrant purchase agreement (the “[REDACTED] Investment Agreement”) with KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare (collectively known as “[REDACTED] Investors”). Pursuant to the [REDACTED] Investment Agreement, GS Cayman agreed to issue and sell to the [REDACTED]

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Investors at the price of US\$0.10 per share, an aggregate of 150,000,000 Series A-1 Preference Shares and GS Cayman agreed to issue Series A-2 Warrants to the [REDACTED] Investors to purchase up to an aggregate of 25,641,029 Series A-2 Preference Shares which expired on April 15, 2011. As of the expiration date of the Series A-2 Warrants, no warrants were exercised by the [REDACTED] Investors.

On April 15, 2009, KPCB China Fund paid an aggregate purchase price of US\$11,162,400 for 111,624,000 Series A-1 Preference Shares and 19,081,028 Series A-2 Warrants; KPCB China Founders Fund paid an aggregate purchase price of US\$837,600 for 8,376,000 Series A-1 Preference Shares and 1,431,795 Series A-2 Warrants; and TBIG Healthcare paid an aggregate purchase price of US\$3,000,000 for 30,000,000 Series A-1 Preference Shares and 5,128,206 Series A-2 Warrants.

On the same day, KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare hold 18.08%, 1.35% and 4.86% of the total issued share capital of GS Cayman, respectively. Immediately before the [REDACTED], all the Series A-1 Preference Shares held by KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare will be converted into ordinary shares of GS Cayman. GS Cayman will repurchase all the ordinary shares of GS Cayman held by KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare, in consideration of which, GS Cayman will transfer [REDACTED] Shares, [REDACTED] Shares and [REDACTED] Shares to KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare, respectively.

Immediately after the completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be [REDACTED] upon the exercise of the [REDACTED] and the options that have been or may be granted under the Share Option Schemes), KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare will hold [REDACTED] Shares, respectively, representing approximately [REDACTED] , respectively, of the issued shares of the Company.

To the best of our Directors’ knowledge, information and belief having made all reasonable enquiries, the [REDACTED] Investors have invested in our Company because they appreciate our prospect and growth potential.

Save as the 2009 Reorganization, the 2015 Reorganization and the [REDACTED] Reorganization, to the best of our Directors’ knowledge, information and belief having made all reasonable enquiries, the [REDACTED] Investors did not have any past or present relationships (including, without limitation, family, trust, business, employment relationships) or any agreements, arrangements or understanding with our Company, our subsidiaries, Shareholders, Directors or senior management and any of their respective close associates and were Independent Third Parties as of the Latest Practicable Date.

Our Directors and the Sole Sponsor confirm that they consider the [REDACTED] Investment, after the lapse of all special rights relating to [REDACTED] Investment upon the [REDACTED] are under normal commercial terms and in compliance with the Guidance Letters HKEx-GL29-12, HKEx-GL44-12 and HKEx-GL43-12 issued by the Stock Exchange, based on the relevant documentation.

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Principal Terms of the [REDACTED] Investment

Set out below is a summary of the details for the [REDACTED] Investment mentioned above:

Name of investors	KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare
Type of investments	Injection of US\$15,000,000 into GS Cayman
Date of investments	April 15, 2009
Amount of consideration paid	<p>(1) KPCB China Fund — US\$11,162,400</p> <p>(2) KPCB China Founders Fund — US\$837,600</p> <p>(3) TBIG Healthcare — US\$3,000,000</p>
Payment date of the consideration	No later than five business days upon satisfaction of the conditions precedents contained in the [REDACTED] Investment Agreement.
Basis of Determination of the Consideration	<p>The determination of the consideration was based on a US\$55,000,000 valuation of GS Corp combined with a fully-diluted capitalization of 467,500,000 outstanding shares immediately prior to the closing of the [REDACTED] Investment Agreement.</p> <p>(1) KPCB China Fund — 111,624,000 Series A-1 Preference Shares</p> <p>(2) KPCB China Founders Fund — 8,376,000 Series A-1 Preference Shares</p> <p>(3) TBIG Healthcare — 30,000,000 Series A-1 Preference Shares</p>
Effective acquisition cost per Share (<i>Note 1</i>)	<p>(1) KPCB China Fund — HK\$0.4</p> <p>(2) KPCB China Founders Fund — HK\$0.4</p> <p>(3) TBIG Healthcare — HK\$0.4</p>

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Discount over mid-point of [REDACTED] range (Note 2)	<p>(1) KPCB China Fund — [REDACTED]%</p> <p>(2) KPCB China Founders Fund — [REDACTED]%</p> <p>(3) TBIG Healthcare — [REDACTED]%</p>
Use of proceeds from the investments	<p>We utilized the proceeds to establish our facilities at Jiangning, Nanjing, PRC, as well as working capital and business expansion and other corporate purposes. As of the Latest Practicable Date, the net proceeds from the [REDACTED] Investment have been fully utilized.</p>
Strategic benefits the [REDACTED] Investors brought to GS Cayman	<p>At the time of the [REDACTED] investment, our Directors were of the view that GS Cayman could benefit from the additional capital, the brand name of the fund houses involved, the expertise in management, industry and corporate governance that would be provided by the [REDACTED] Investors.</p>
Shareholding upon [REDACTED] (without taking into account the Shares to be issued pursuant to the Share Option Schemes and the [REDACTED])	<p>(1) KPCB China Fund — [REDACTED] Shares, approximately [REDACTED]%</p> <p>(2) KPCB China Founders Fund — [REDACTED] Shares, approximately [REDACTED]%</p> <p>(3) TBIG Healthcare — [REDACTED] Shares, approximately [REDACTED]%</p>
Special rights	<p>(1) <u>Information rights</u>: The [REDACTED] Investors are entitled to copies of the management accounts and financial statements of our Group on a monthly, quarterly, half-yearly and annual basis and other business information as requested.</p> <p>(2) <u>Right of participation/right of first refusal</u>: Each of the [REDACTED] Investors has been granted a right of first refusal by holders of ordinary shares such that those shareholders shall first offer to sell their shares to the [REDACTED] Investors at the same price and on the same terms and conditions to a third party purchaser.</p> <p>(3) <u>Co-sale rights and priority to sell</u>: If the [REDACTED] Investors do not exercise its right of first refusal, they have the right to participate in the sale on substantially the same terms and conditions offered to the third party purchaser provided that the transfer price in such co-sale shall not be lower than the consideration per share paid by the [REDACTED] Investors.</p>

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- (4) Put right: Each of the [REDACTED] Investors are entitled to sell to the existing shareholder the type and number of ordinary shares equal to the number of shares such [REDACTED] Investor would have been entitled to transfer to the purchaser. In particular, the [REDACTED] Investors have also undertaken that they will not exercise such redemption rights prior to the [REDACTED]. The put right can only be exercised by the [REDACTED] Investors if the [REDACTED] does not take place.
- (5) KPCB board seat: Each key party shall procure that the [REDACTED] Investors, voting as a separate class on an as-converted basis, shall, be entitled to designate and elect two directors, both of whom shall be designated by KPCB.
- (6) Veto rights:
 - (a) Certain corporate actions of GS Cayman require the approval of the holder(s) of at least a majority of the issued Series A-1 Preference Shares. Other than certain exceptions, are such actions include, among others:
 - any payment of dividend, interim or final capitalization of reserves or any other distribution of profits among shareholders;
 - any merger, reorganization, [REDACTED], spin-off or consolidation concerning any of GS Cayman or its subsidiaries or any sale of all or any portion of the equity, assets, goodwill or undertaking of any of GS Cayman or its subsidiaries; and
 - any amendment of any charter document of any of GS Cayman or its subsidiaries.
 - (b) Certain corporate actions of GS Cayman require the approval of at least three-fifths of the members of the board of directors of GS Cayman, including at least one of the directors appointed by KPCB China Fund and KPCB China Founders Fund (holder of at least a majority of the Series A-1 Preference Shares). Other than certain exceptions, such actions include, among others:

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- adoption or amendment of memorandum and articles of association of GS Cayman, or any similar organization document of any subsidiary of GS Cayman; and
 - any increase or decrease of the share capital of GS Cayman or any purchase or redemption of any securities of the subsidiaries of GS Cayman.
- (7) Board observer rights: Each Series A Preference Shares holder has the right to appoint an observer to the board of directors of GS Cayman to attend board or committee meetings in a non-voting observer capacity.
- (8) Redemption rights: Each Series A Preference Shares holder has the option to redeem all or a portion of the Series A Preference Shares in the event that at any time after January 31, 2013 the consummation of a liquidity event does not occur on or prior to such date. The redemption price shall be 130% of the applicable Series A Preference Shares original issue price (adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions), plus 8% interest compounded annually from the applicable original issue date and plus all accrued and unpaid dividends. In particular, the [REDACTED] Investors have also undertaken that they will not exercise such put option right prior to the [REDACTED]. The redemption right can only be exercised by the [REDACTED] Investors if the [REDACTED] does not take place.

All the above special rights relating to the [REDACTED] Investment, as provided in the original articles and the investors' rights agreement dated April 15, 2009, will be automatically discontinued upon the [REDACTED]. The [REDACTED] Investors have also undertaken that they will not exercise any of the above special rights prior to the [REDACTED].

Conversion

Immediately before the closing of the [REDACTED], all the Series A-1 Preference Shares held by KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare will be converted into fully paid, non-assessable ordinary shares of GS Cayman of par value US\$0.0001 each by way of redemption and cancelation of Series A-1 Preference Shares and allotment and issuance of new issued fully-paid ordinary shares of GS Cayman.

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[REDACTED]

Each Series A Preference Shares holder agrees to enter into a [REDACTED] or standoff agreement for a period up to 180 days. Pursuant to the [REDACTED] Investment Agreement, the Series A Preference Shares holders entered into a [REDACTED] agreement pursuant to which they have agreed not to sell, transfer or dispose their respective Shares for up to 180 days upon the [REDACTED].

Public float

The Shares held by TBIG Healthcare is considered as part of the public float for the purpose of Rule 8.08 of the [REDACTED] Rules.

The [REDACTED] Investment has no impact on the combined financial statements of our Group as the [REDACTED] Investors invested in GS Cayman instead of our Company.

Notes:

1. This column is prepared for illustration purpose only assuming that the [REDACTED] and the [REDACTED] is completed, but without taking into account any Shares which maybe issued upon the exercise of the [REDACTED] and any options which have been or may be granted under the Share Option Schemes.
2. This column is prepared for illustration purpose only assuming that the [REDACTED] is HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range between HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED]).

Information regarding TBIG Healthcare, KPCB China Fund, KPCB China Founders Fund

TBIG Healthcare

TBIG Healthcare is an investment vehicle co-owned by Shipston Group Limited (“SGL”) and The Balloch Investment Group Limited, which are both Independent Third Parties. SGL is an international private equity investment firm with experiences in both developed and emerging markets. The Balloch Investment Group Limited (“TBIG”) was established in 2003 by Mr. Howard Balloch. As TBIG Healthcare will not collectively hold more than 10% of the total issued share capital of our Company immediately following the [REDACTED], TBIG Healthcare will not be Substantial Shareholder of our Company upon [REDACTED] and hence will not be connected person of our Company.

KPCB China Fund and KPCB China Founders Fund

KPCB China Fund and KPCB China Founders Fund are exempted limited partnerships established under the laws of Cayman Islands and are venture capital funds. The beneficial owners of KPCB China Fund include 50 limited partners and KPCB China Founders Fund include 11 limited partners, which are all Independent Third Parties. The general partner of KPCB China Fund and KPCB China Founders Fund is KPCB China Associates, Ltd., which is a Cayman Islands exempted company. The voting and investment power of shares held by KPCB China Fund and KPCB China Founders Fund is exercised by the board of KPCB China Associates, Ltd. (“KPCB China”), which consists of Tina Linchi Ju, Theodore Schlein, Brook Byers, L. John Doerr, Raymon Lane and Joseph Lacob. As KPCB China Fund and KPCB China Founders Fund will collectively hold more than 10% of the total issued share capital of our Company immediately following the [REDACTED], they will be Substantial Shareholders of our Company upon [REDACTED] and hence will be connected persons of our Company.

KPCB China Fund and KPCB China Founders Fund are set up by KPCB China, an affiliate of the venture capital firm Kleiner Perkins Caufield & Byers. KPCB China’s investment advisory team focuses

HISTORY AND REORGANIZATION

on identifying and promoting innovation and supporting entrepreneurs and portfolio companies for long-term, sustained growth and success. KPCB China’s investment advisory team was founded in 2007 with the goal of building a dialog between outstanding entrepreneurs and investors in the PRC.

2015 REORGANIZATION

We reorganized our corporate structure in preparation for and in connection with the [REDACTED] and the [REDACTED]. Following the 2015 Reorganization, our Company became the holding company of our Group. The steps of the 2015 Reorganization are set out below.

(1) Incorporation of our Company

Our Company, incorporated in the Cayman Islands with limited liability on May 21, 2015, will act as the ultimate holding company of our Group upon [REDACTED] and application has been made for registration of our Company as a non-Hong Kong company under Part 16 of the Companies Ordinance. On its incorporation, its authorized share capital was US\$50,000 divided into 50,000,000 Shares of par value of US\$0.001 each.

On May 21, 2015, one share at par value of US\$0.001 was allotted and issued fully-paid as subscriber’s Share to Reid Services Limited, an Independent Third Party, which in turn transferred such one Share to GS Cayman at par. On the same date, 49,999,999 Shares were allotted and issued to GS Cayman credited as fully-paid.

On June 8, 2015, the authorized share capital of our Company was increased from US\$50,000, divided into 50,000,000 ordinary shares of par value US\$0.001 each, to US\$5,000,000 divided into 5,000,000,000 ordinary shares of par value US\$0.001 each, by the creation of 4,950,000,000 ordinary shares of par value US\$0.001 each.

For details of changes in the share capital of our Company, please see the section headed “Statutory and General Information — 1. Further Information about Our Company — (ii) Changes in Share Capital of our Company” in Appendix V of this document.

(2) Incorporation of BSJ Cayman, BSJ BVI, BSJ US and BSJ HK

BSJ Cayman

On May 27, 2015, BSJ Cayman was incorporated in the Cayman Islands with limited liability with an authorized share capital of US\$50,000 divided into 50,000,000 ordinary shares of par value US\$0.001 each. On May 27, 2015, one ordinary share of par value US\$0.001 was allotted and issued fully-paid as subscriber’s share to Reid Services Limited, an Independent Third Party, which in turn transferred such one share to our Company at par. On the same date, 49,999,999 shares of BSJ Cayman were allotted and issued to our Company credited as fully-paid. BSJ Cayman is an investment holding company. Upon completion of the 2015 Reorganization, BSJ Cayman remains a wholly owned subsidiary of our Company.

BSJ BVI

BSJ BVI was incorporated in the BVI as a company limited by shares on June 1, 2015 and is authorized to issue a maximum of 10,000,000 shares of a single class with a par value of US\$0.001 each.

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On the same date, 10,000,000 ordinary shares of par value US\$0.001 each of BSJ BVI (representing the then entire issued shares of BSJ BVI) were allotted and issued to BSJ Cayman at par. BSJ BVI is an investment holding company. Upon completion of the 2015 Reorganization, BSJ BVI remains a wholly owned subsidiary of BSJ Cayman.

BSJ US

BSJ US was incorporated on June 2, 2015 under the laws of the State of New Jersey of the United States with 100 shares of common stock with no par value being held by BSJ Cayman. BSJ US is intended to be engaged in the biotechnology business. Upon completion of the 2015 Reorganization, BSJ US remains a wholly owned subsidiary of BSJ Cayman. As of the Latest Practicable Date, BSJ US has no business operations.

BSJ HK

BSJ HK was incorporated in Hong Kong with limited liability on June 3, 2015 with one issued share issued to the subscriber, GRL15 Limited, an Independent Third Party. On the same date, the one share held by GRL15 Limited (representing the then entire issued shares of BSJ HK) was transferred to BSJ BVI at the nominal consideration of HK\$1.00. BSJ HK is an investment holding company. Upon completion of the 2015 Reorganization, BSJ HK remains a wholly owned subsidiary of BSJ BVI.

(3) Transfer of the Entire Equity Interests in BSJ Nanjing and Increase in Registered Capital of BSJ Nanjing

On June 12, 2015, BSJ HK entered into an equity transfer agreement with GS HK, pursuant to which GS HK agreed to transfer the entire equity interests in BSJ Nanjing to BSJ HK at a consideration of US\$2,450,636.58, which was based on the appraised net assets of BSJ Nanjing as of March 31, 2015.

In November 2015, the registered capital of BSJ Nanjing was increased to US\$14,000,000 by BSJ HK. The increase in registered capital of BSJ Nanjing was for the expansion of its production capacity.

(4) Incorporation of Legend Cayman, Legend BVI and Legend HK

Legend Cayman

On May 27, 2015, Legend Cayman was incorporated in the Cayman Islands with limited liability, with an authorized share capital of US\$50,000 divided into 50,000,000 ordinary shares of par value US\$0.001 each. On May 27, 2015, one ordinary share of par value US\$0.001 was allotted and issued fully-paid as subscriber's shares to Reid Services Limited, an Independent Third Party, which in turn transferred such one share to our Company at par. On the same date, 49,999,999 shares of Legend Cayman were allotted and issued to our Company credited as fully-paid. Legend Cayman is an investment holding company. Upon completion of the 2015 Reorganization, Legend Cayman remains a wholly owned subsidiary of our Company.

Legend BVI

Legend BVI was incorporated in the BVI as a company limited by shares on June 2, 2015 and is authorized to issue a maximum of 10,000,000 shares of a single class with a par value of US\$0.001 each.

HISTORY AND REORGANIZATION

On the same date, 10,000,000 ordinary shares of par value US\$0.001 each of Legend BVI (representing the then entire issued shares of Legend BVI) were allotted and issued to Legend Cayman at par at incorporation. Legend BVI is an investment holding company. Upon completion of the 2015 Reorganization, Legend BVI remains a wholly owned subsidiary of Legend Cayman.

Legend HK

Legend HK was incorporated in Hong Kong with limited liability on June 3, 2015 with one issued share issued to the subscriber, GRL15 Limited, an Independent Third Party. On the same date, the one share held by GRL15 Limited (representing the then entire issued shares of Legend HK) was transferred to Legend BVI at the nominal consideration of HK\$1.00. Legend HK is an investment holding company. Upon completion of the 2015 Reorganization, Legend HK remains a wholly owned subsidiary of Legend BVI.

(5) Transfer of the Entire Equity Interests in Legend Nanjing and Increase in Registered Capital of Legend Nanjing

On June 12, 2015, GS HK entered into an equity transfer agreement with Legend HK, pursuant to which GS HK agreed to transfer the entire equity interests in Legend Nanjing to Legend HK at a consideration of US\$500,000, which was determined based on the registered capital of Legend Nanjing.

In November 2015, the registered capital of Legend Nanjing was increased to US\$2,500,000 by Legend HK. The increase in registered capital of Legend Nanjing was for the expansion of its production capacity.

(6) Incorporation of GS BVI and Transfer of Shares of GS HK

GS BVI was incorporated in the BVI as a company limited by shares on May 27, 2015 and is authorized to issue a maximum of 10,000,000 shares of a single class with a par value of US\$0.001 each. On the same date, 10,000,000 ordinary shares of par value US\$0.001 each of GS BVI (representing the then entire issued shares of GS BVI) were allotted and issued to our Company at par. GS BVI is an investment holding company.

On July 23, 2015, GS Cayman transferred 155,000 shares of GS HK, representing the then entire issued shares of GS HK to GS BVI, and in consideration of which our Company allotted and issued 245,170,001 Shares, credited as fully paid, to GS Cayman. Upon the completion of such transfer, the entire issued shares of GS HK was owned by GS BVI.

(7) Transfer of Shares of GS USA

On June 8, 2015, pursuant to the 2015 Reorganization, GS Cayman transferred all the issued and outstanding shares of common stock of GS USA, representing the then entire issued share capital of GS USA, to our Company, and in consideration of which our Company allotted and issued 313,749,999 Shares, credited as fully paid, to GS Cayman. Upon the completion of such transfer, the entire issued and outstanding shares of common stock of GS USA was held by our Company, and GS USA became our wholly owned subsidiaries.

HISTORY AND REORGANIZATION

(8) Cancellation of Share Option Schemes of GS Cayman and Establishment of [REDACTED] Share Option Scheme of our Company

On 15 July 2015, the Company approved the [REDACTED] Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group’s operations. Our Company has granted share options to subscribe for 155,538,420 Shares under the [REDACTED] Share Option Scheme. Immediately after the approval, the Group canceled the options granted under the 2009 and 2012 share option schemes of GS Cayman and replaced them with the new options granted by the Company with same conditions including exercise prices and vesting periods. This was treated as modification to the GS Cayman options granted with incremental fair value being recognized over the vesting period of the replacement options granted by the Company. For details, please refer to “Statutory and General Information — 8. [REDACTED] Share Option Scheme” in Appendix V to this document.

(9) Deregistration of Nanjing Jinsida

Nanjing Jinsida was deregistered on June 8, 2015, as the development of Nanjing Jinsida was inhibited because the project that Nanjing Jinsida was conducting did not achieve the originally anticipated results and Nanjing Jinsida considered the project to be not commercially viable. As of the date of deregistration of Nanjing Jinsida, there was no litigation, investigation or claim against Nanjing Jinsida.

(10) Capital Contribution by GS Cayman

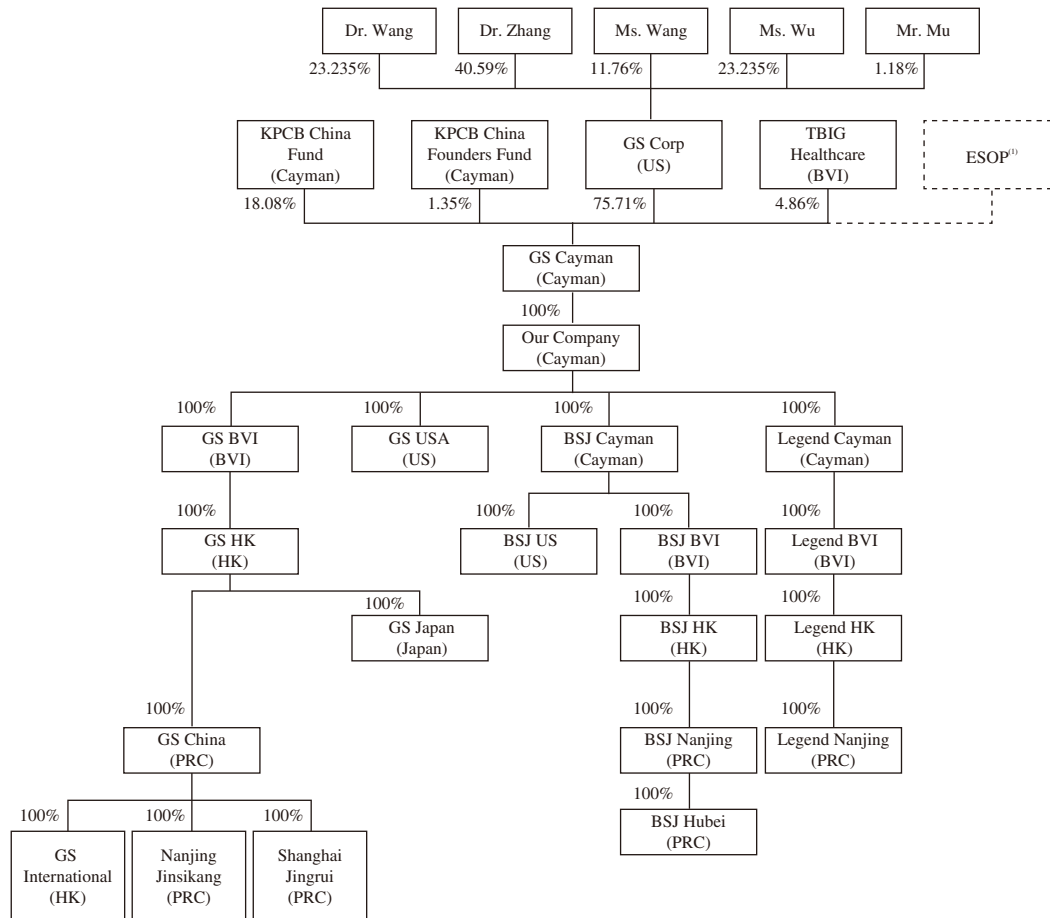
On July 31, 2015, GS Cayman made a capital contribution to our Company in consideration of which, the allotment and issue of 8,580,000 Shares, credited as fully paid, to GS Cayman.

Our Group has obtained all relevant approvals necessary to effectuate the 2015 Reorganization from the relevant government authorities. As advised by our PRC legal advisor, Fangda Partners, the onshore reorganization described under the subsections headed “— 2015 Reorganization — (3) Transfer of the Entire Equity Interests in BSJ Nanjing and Increase in Registered Capital of BSJ Nanjing” and “— 2015 Reorganization — (5) Transfer of the Entire Equity Interests in Legend Nanjing and Increase in Registered Capital of Legend Nanjing” of this document respectively, complies with the relevant PRC laws and regulations.

HISTORY AND REORGANIZATION

GROUP STRUCTURE AFTER 2015 REORGANIZATION AND BEFORE [REDACTED] REORGANIZATION

The shareholding structure of our Group immediately after completion of the 2015 Reorganization but before the [REDACTED] Reorganization was as follows:



Note:

- (1) Share options to subscribe for 155,538,420 shares of GS Cayman have been granted under the share option schemes of GS Cayman which were adopted in 2009 and 2012. The share options granted under GS Cayman were canceled upon the adoption of our Company’s [REDACTED] Share Option Scheme on July 15, 2015. Our Company has granted share options to subscribe for 155,538,420 Shares under our Company’s [REDACTED] Share Option Scheme on July 15, 2015. The [REDACTED] to be subjected to the [REDACTED] Share Option Scheme shall be [REDACTED] Shares, in aggregate accounting for approximately [REDACTED]% of issued Shares immediately after the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] Share Options are exercised in full and without taking into account of any Shares which may be issued pursuant to the exercise of the [REDACTED] and the options that have been or may be granted under the [REDACTED] Share Option Scheme). The principal terms and details of the [REDACTED] Share Option Scheme are summarized in the section headed “Statutory and General Information — 8. [REDACTED] Share Option Scheme” in Appendix V of this document.

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[REDACTED] REORGANIZATION

In accordance with the [REDACTED] Reorganization Agreement, immediately before the [REDACTED], our Company will conduct the following [REDACTED] Reorganization:

(1) Repurchase, allotment and subscription of Shares by GS Cayman

GS Cayman will subscribe for 586,625,000 newly issued ordinary Shares, credited as fully paid, at a cash consideration of US\$617,500. The Company will then repurchase for cancelation from GS Cayman 617,500,000 ordinary Shares at a cash consideration of US\$617,500, being the proceeds mentioned herein. Immediately after such subscription and the repurchase, the total issued share capital of the Company will become US\$586,625, which comprises of 586,625,000 ordinary Shares.

(2) Conversion of Series A-1 Preference Shares into Ordinary Shares

KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare will convert all Series A-1 Preference Shares into ordinary shares of par value US\$0.0001 each of GS Cayman by way of redemption and cancelation of Series A-1 Preference Shares and allotment and issuance of newly issued, fully-paid ordinary shares of GS Cayman.

(3) Subscription of one ordinary share of GS Cayman

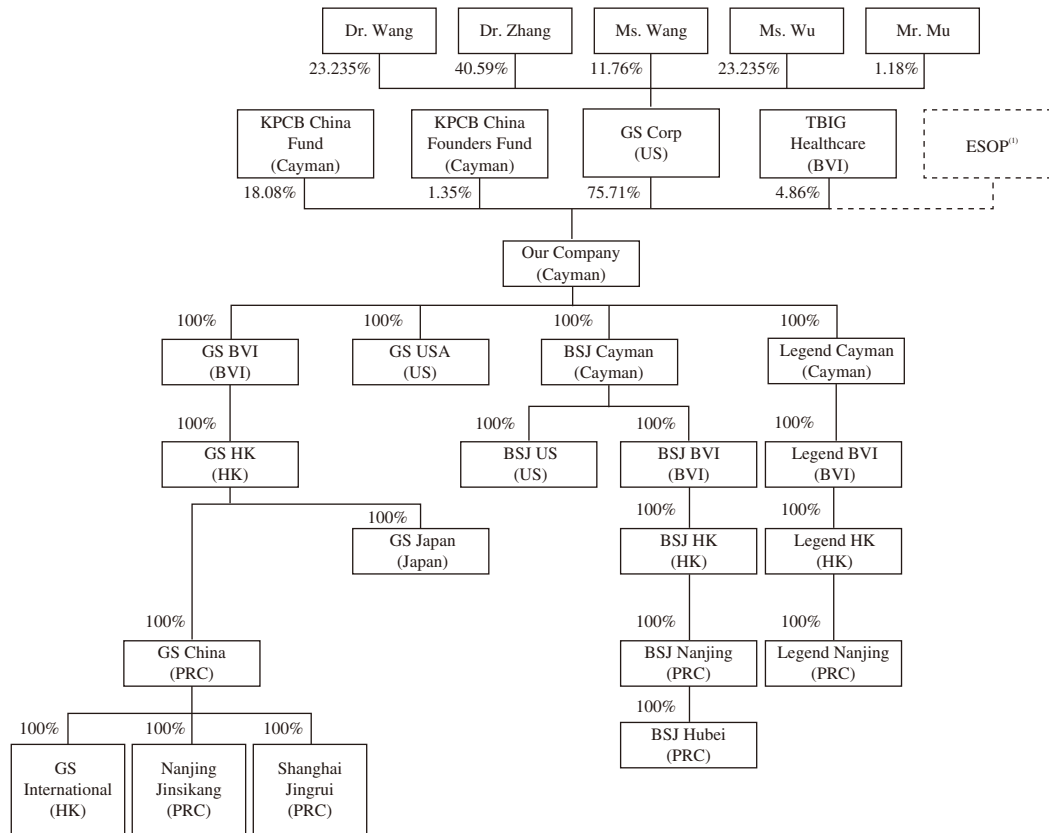
Mr. Tsui Po, an Independent Third Party, will subscribe for and GS Cayman will allot and issue one ordinary share of GS Cayman of par value US\$0.0001, credited as fully-paid at a cash consideration of US\$0.0001.

(4) Second Share Repurchase by GS Cayman

GS Cayman will repurchase and cancel all the ordinary shares of GS Cayman which is held by GS Corp, KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare at par value, in consideration of which, GS Cayman shall transfer 444,125,000, 106,042,800, 7,957,200 and 28,500,000 Shares of the Company to GS Corp, KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare, respectively. Upon completion of the subscription and repurchase, Mr. Tsui Po will be the sole shareholder of GS Cayman, holding one ordinary share of par value US\$0.0001 of GS Cayman.

HISTORY AND REORGANIZATION

The following chart illustrates our corporate structure immediately after the [REDACTED] Reorganization but prior to the completion of the [REDACTED]:



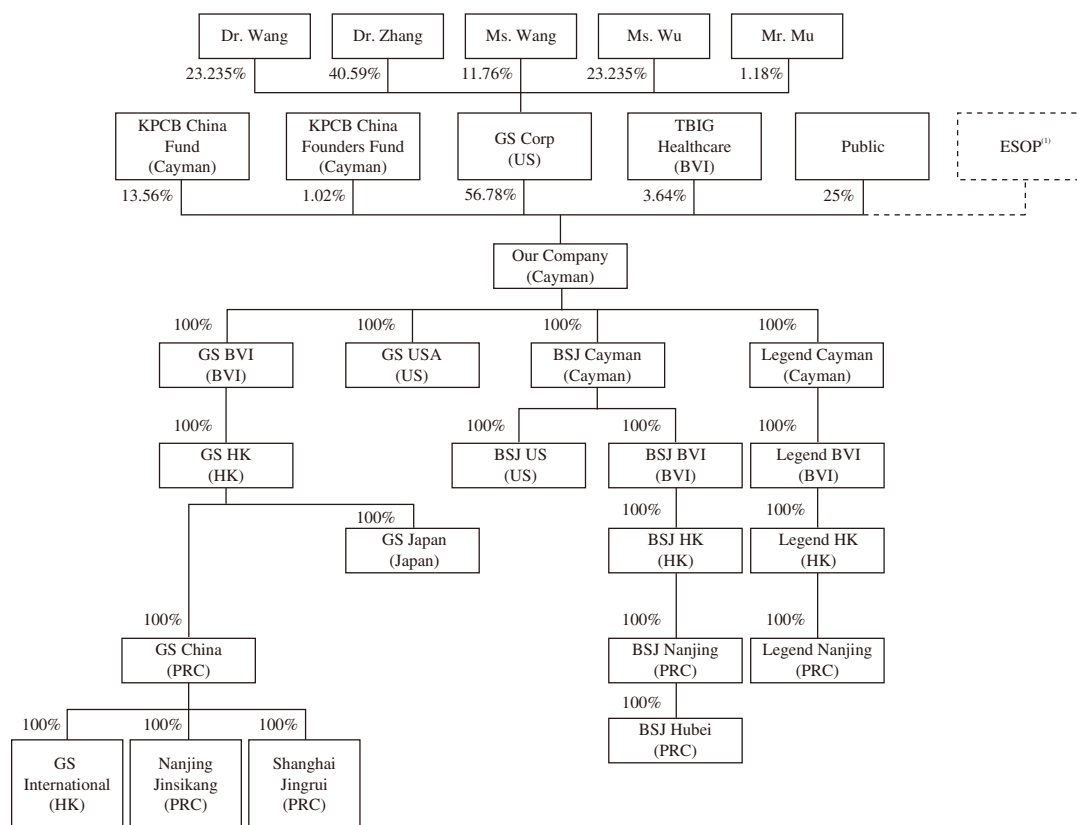
Note:

- (1) Share options to subscribe for 155,538,420 shares of GS Cayman have been granted under the share option schemes of GS Cayman which were adopted in 2009 and 2012. The share options granted under GS Cayman were canceled upon the adoption of our Company’s [REDACTED] Share Option Scheme on July 15, 2015. Our Company has granted share options to subscribe for 155,538,420 Shares under our Company’s [REDACTED] Share Option Scheme on July 15, 2015. The [REDACTED] to be subjected to the [REDACTED] Share Option Scheme shall be [REDACTED] Shares, in aggregate accounting for approximately [REDACTED]% of issued Shares immediately after the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] Share Options are exercised in full and without taking into account of any Shares which may be issued pursuant to the exercise of the [REDACTED] and the options that have been or may be granted under the [REDACTED] Share Option Scheme). The principal terms and details of the [REDACTED] Share Option Scheme are summarized in the section headed “Statutory and General Information — 8. [REDACTED] Share Option Scheme” in Appendix V of this document.

HISTORY AND REORGANIZATION

GROUP STRUCTURE AFTER [REDACTED] REORGANIZATION AND UPON [REDACTED]

The shareholding structure of our Group immediately after the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued upon the exercise of the [REDACTED] and the options that have been or may be granted under the Share Option Schemes) will be as follows:



Note:

- (1) The [REDACTED] Share Options to subscribe for 155,538,420 Shares have been granted under the [REDACTED] Share Option Scheme on July 15, 2015. The [REDACTED] to be subjected to the [REDACTED] Share Option Scheme shall be [REDACTED] Shares, representing approximately [REDACTED]% of the total issued Share capital of our Company upon completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] Share Options are exercised in full and without taking into account of any [REDACTED] which may be issued pursuant to the exercise of the [REDACTED] and the options which have been or may be granted under the [REDACTED] Share Option Scheme), representing all of the options allowed to be issued under the [REDACTED] Share Option Scheme. If the [REDACTED] Share Options are exercised in full, the shareholding of our Company is approximately [REDACTED]% for GS Corp, approximately [REDACTED]% for KPCB China Fund, approximately [REDACTED]% for KPCB China Founders Fund, approximately [REDACTED]% for TBIG Healthcare, [REDACTED]% for public shareholders and approximately [REDACTED]% for [REDACTED] Share Option holders. The share options granted under GS Cayman will be canceled pursuant to the adoption of the [REDACTED] Share Option Scheme on July 15, 2015 as part of the 2015 Reorganization. The principal terms and details of the [REDACTED] Share Option Scheme are summarized in the section headed “Statutory and General Information — 8. [REDACTED] Share Option Scheme” in Appendix V of this document.

HISTORY AND REORGANIZATION

PRC REGULATORY REQUIREMENTS

SAFE Circular 37

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》, the “SAFE Circular 37”) on July 4, 2014, which replaced the former circular commonly known as “SAFE Circular 75” promulgated by SAFE on October 21, 2005. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a “special purpose vehicle”. SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls. In addition, SAFE Circular 37 also allows PRC residents who failed to fulfill the required initial SAFE registration before July 4, 2014 to apply for the remedial registration with the relevant local branches of SAFE.

On February 13, 2015, SAFE released the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment(《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》, the “SAFE Circular 13”), which became effective from June 1, 2015. According to SAFE Circular 13, local banks shall examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37, while the application for remedial registration shall still be submitted to, examined and handled by the relevant local branches of SAFE. However, since the notice was newly adopted, there exist high uncertainties with respect to its interpretation and implementation by governmental authorities and banks.

As various companies within our Group are incorporated outside the PRC and three of our Group’s ultimate shareholders, namely Dr. Zhang, Ms. Wang and Mr. Mu, are PRC citizens, they have registered with the local branch of SAFE in 2015 pursuant to SAFE Circular 37 and SAFE Circular 13. Ms. Wu and Dr. Wang, being the other two ultimate shareholders of our Group, are not PRC citizens or overseas individuals who do not hold any PRC identity documents but have habitual residences in the PRC due to the relationship of economic interests, thus they are not required to make registration under SAFE Circular 37 or SAFE Circular 13.

M&A Rules

On August 8, 2006, six PRC governmental and regulatory agencies, including MOFCOM and the China Securities Regulatory Commission (the “CSRC”), promulgated the Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者並購境內企業的規定》)

HISTORY AND REORGANIZATION

(the “M&A Rules”), a regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and revised on June 22, 2009. The M&A Rules, among other things, purport to require that an offshore special purpose vehicle, or a SPV, formed for [REDACTED] purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the [REDACTED] and [REDACTED] of such SPV’s securities on an overseas stock exchange, especially in the event that the SPV acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

The application of the M&A Rules remains unclear. Based on the understanding on the current PRC laws and regulations and the M&A Rules of our PRC legal advisor, Fangda Partners, prior approval from the CSRC is not required under the M&A Rules for our [REDACTED] on the Stock Exchange because we did not acquire any equity interest or assets of “a PRC domestic company” as such term is defined under the M&A Rules. However, as advised by our PRC legal advisor, Fangda Partners, as there has been no official interpretation or clarification of the M&A Rules, there is uncertainty as to how this regulation will be interpreted or implemented.

Considering the uncertainties that exist with respect to the issuance of new laws, regulations or interpretation and implementing rules, the opinion of Fangda Partners, summarized above, is subject to change. If the CSRC or another PRC regulatory agency subsequently determines that prior CSRC approval was required, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. For details, please see the section headed “Risk Factors — Risks Relating to Countries in Which We Operate — Any requirement to obtain prior approval under the M&A Rules (as defined above) and/or any other regulations promulgated by relevant PRC regulatory agencies in the future could delay this [REDACTED] and failure to obtain any such approvals, if required, could have a material adverse effect on our business, operating results and reputation as well as the [REDACTED] of our [REDACTED], and could also create uncertainties for this [REDACTED]” of this document.