

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are a leading China-based pharmaceutical company with global business in pharmaceutical, innovative biotech and CDMO sectors.

The history of our Company can be traced back to April 21, 1998 when Shenzhen Hepalink Industrial Development Company Limited (深圳市海普瑞實業發展有限公司), our Company’s predecessor, was established with a registered share capital of RMB2 million, funded primarily by our founders.

The shareholding structure of Shenzhen Hepalink Industrial Development Company Limited as of the date of the establishment was as follows:

<u>Name of the Shareholders</u>	<u>Percentage of shareholding (%)</u>
Mr. Li Li (李鋸)	51.00%
Ms. Li Tan (李坦)	38.00%
Mr. Shan Yu (單宇)	10.00%
Shenzhen Jizao Fiberglass Co., Ltd. (深圳市冀棗玻璃鋼有限公司)	1.00%

Details of the background of our founders, Mr. Li, Ms. Li and Mr. Shan are set out in the section headed “Directors, Supervisors and Senior Management” in this document.

On January 19, 2001, Shenzhen Hepalink Industrial Development Company Limited was renamed as Shenzhen Hepalink Biotechnology Company Limited (深圳市海普瑞生物技術有限公司) and it was further renamed as Shenzhen Hepalink Pharmaceutical Company Limited (深圳市海普瑞藥業有限公司) on September 28, 2002. On December 27, 2007, upon approval by the Ministry of Commerce, it was restructured into a foreign invested joint-stock limited company and was renamed as Shenzhen Hepalink Pharmaceutical Co., Ltd (深圳市海普瑞藥業股份有限公司). The Company was further renamed as Shenzhen Hepalink Pharmaceutical Group Co., Ltd. (深圳市海普瑞藥業集團股份有限公司) on February 20, 2017. In respect of the conversions, our PRC legal adviser has confirmed that the Company has obtained all the approvals for the restructuring from the relevant authorities and the restructuring complies with the relevant laws and regulations.

Since May 6, 2010, our A Shares have been listed on the Shenzhen Stock Exchange with the stock code of 002399. As of the Latest Practicable Date, our Company had not received any notice from the Shenzhen Stock Exchange alleging any material non-compliance incidents on the part of our Company. Save as otherwise disclosed in this document, the Company confirms that since the date of listing of A Shares on the Shenzhen Stock Exchange, the Company has been operating in compliance with the applicable listing rules of the Shenzhen Stock Exchange in all material respects and there is no matter that should be brought to the attention of the Hong Kong Stock Exchange.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

BUSINESS DEVELOPMENT MILESTONES

The following table shows various milestones in the history of our business development:

- | | |
|------|---|
| 2003 | <ul style="list-style-type: none">● In October, we obtained our first Good Manufacturing Practice (GMP) certificate for Pharmaceutical Products in the PRC for heparin. |
| 2005 | <ul style="list-style-type: none">● In June, our manufacturing facility in Nanshan, Shenzhen, first passed the inspection certified by the FDA in the United States.● In August, we received the first NMPA approval for our LMWH (enoxaparin sodium) product to enter the PRC market. |
| 2007 | <ul style="list-style-type: none">● In September, GS Pharma injected US\$4,917,600 in our Company and our Company was converted into a sino-foreign joint venture company.● In December, our Company was converted into a foreign invested joint-stock limited company and renamed as Shenzhen Hepalink Pharmaceutical Co. Ltd. (深圳市海普瑞藥業股份有限公司). |
| 2008 | <ul style="list-style-type: none">● In February, we obtained our first Certificate of Suitability to the monographs of the European Pharmacopeia (CEP) in Europe for heparin sodium. |
| 2010 | <ul style="list-style-type: none">● In May, our A Shares became listed on the Shenzhen Stock Exchange. |
| 2014 | <ul style="list-style-type: none">● In April, we acquired SPL in the United States, which enabled us to enter into the field of development and manufacture of large molecule pharmaceutical products, including pancreatic enzyme products. |
| 2015 | <ul style="list-style-type: none">● In July, we began investing in Resverlogix in Canada for the research and development of clinical stage cardiovascular drugs.● In October, we acquired Cytovance in the United States to provide CDMO services and other businesses. |
| 2018 | <ul style="list-style-type: none">● In February, we began investing in Curemark in the United States to research and develop drugs for the treatment of neurological disorders using pancreatic enzyme preparations.● In February, we formed a joint venture with Aridis Pharmaceutical Inc., a research and development company in the United States, to promote the development of drugs (AR-301 and AR-101) in the PRC.● In May, we acquired 100% equity interest of Topknow to expand our business operations to include the manufacture and sale of enoxaparin sodium injection. |
| 2019 | <ul style="list-style-type: none">● In July, we obtained NMPA approval for a phase III clinical trial of AR-301 in China as part of its global MRCT. |

MAJOR SHAREHOLDING CHANGE AND INCREASE IN THE SHARE CAPITAL OF OUR COMPANY

1. Share capital injection in November 1998

In November 1998, Mr. Li, Ms. Li, Yuanzheng Investment and Mr. Shan agreed to inject capital in an aggregate amount of RMB18 million to the share capital of Shenzhen Hepalink Industrial

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Development Company Limited. Upon completion of the capital injection, Mr. Li, Ms. Li, Yuanzheng Investment, and Mr. Shan held 35%, 30%, 30% and 5% of the equity interests of Shenzhen Hepalink Industrial Development Company Limited, respectively and our share capital was increased to RMB20 million.

2. Transfer of equity interests held by our founders to Topknow in November 2000

On November 14, 2000, Mr. Li, Ms. Li and Mr. Shan entered into an equity transfer agreement, pursuant to which each of them transferred their respective 35%, 30% and 5% equity interests in Shenzhen Hepalink Industrial Development Company Limited to Topknow at a consideration of RMB 7 million, RMB 6 million and RMB 1 million, respectively. The consideration was determined with reference to the registered share capital of Shenzhen Hepalink Industrial Development Company Limited. Upon the completion of the equity transfer in December 2000, Topknow and Yuanzheng Investment held 70% and 30% of the equity interest of Shenzhen Hepalink Industrial Development Company Limited, respectively.

3. Transfer of equity interests held by Yuanzheng Investment in June 2007

On June 12, 2007, Yuanzheng Investment, Topknow and Mr. Li entered into an equity transfer investment, pursuant to which Yuanzheng Investment agreed to transfer 18.93% and 4% equity interests of Shenzhen Hepalink Pharmaceutical Company Limited to Topknow and Mr. Li respectively. The consideration was determined after taking into account the Company's net asset value, term of investment and the profitability of the Company. Upon the completion of the equity transfer in June 2007, Topknow and Mr. Li held 96% and 4% equity interests of Shenzhen Hepalink Pharmaceutical Company Limited, respectively.

4. Transfer of equity interests held by Topknow in August 2007

On August 12, 2007, Topknow entered into an equity transfer agreement, pursuant to which Topknow agreed to transfer 96% equity interest in Shenzhen Hepalink Pharmaceutical Company Limited to: (i) Leren Technology, (ii) Jintiantu, (iii) Shuidi Shichuan and (iv) Feilaishi at a total consideration of RMB 26.8 million. The consideration was determined with reference to the registered share capital of Shenzhen Hepalink Pharmaceutical Company Limited. On the same date, Mr. Li entered an equity transfer agreement to transfer 4% of the equity interest of Shenzhen Hepalink Pharmaceutical Company Limited to Yingshi Information at a consideration of RMB1.12 million. The consideration was determined with reference to the assets appraisal value of Shenzhen Hepalink Pharmaceutical Company Limited. Upon the completion of the above equity transfer in September 2007, Leren Technology, Jintiantu, Shuidi Shichuan, Feilaishi and Yingshi Information held 46.92%, 40.48%, 4.6%, 4% and 4% equity interest in Shenzhen Hepalink Pharmaceutical Company Limited, respectively.

5. Capital injection by GS Pharma in September 2007

On September 3, 2007, Shenzhen Hepalink Pharmaceutical Company Limited and its then shareholders entered into a share capital increase and shareholding change agreement, pursuant to which GS Pharma agreed to inject US\$4,917,600 to the share capital of Shenzhen Hepalink Pharmaceutical Company Limited. The consideration for the capital injection was determined with reference to then net asset value of Shenzhen Hepalink Pharmaceutical Company Limited. Upon completion of the capital injection by GS Pharma in September 2007, Shenzhen Hepalink

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Pharmaceutical Company Limited was converted into a sino-foreign joint venture company. Leren Technology, Jintiantu, GS Pharma, Shuidi Shichuan, Feilaishi and Yingshi Information held 41.05%, 35.42%, 12.50%, 4.03%, 3.50% and 3.50% equity interest in Shenzhen Hepalink Pharmaceutical Company Limited, respectively.

6. Restructuring and increase in the share capital in 2007

In December 2007, upon approval by the Ministry of Commerce, Shenzhen Hepalink Pharmaceutical Company Limited was converted into a foreign invested joint-stock limited company with a registered capital of RMB90 million and was renamed as Shenzhen Hepalink Pharmaceutical Co., Ltd. (深圳市海普瑞藥業股份有限公司).

7. Increase in the share capital in 2009

In June 2009, upon approval at a shareholders’ general meeting, we further increased our registered capital to RMB360 million through capitalization of capital reserves.

8. A Shares Offering and Listing on the Shenzhen Stock Exchange in 2010

As approved by the CSRC, our Company completed the IPO of our A Shares which were issued at an offer price of RMB148.00 per A Share under the A Share Offering, and our A Shares have been listed on the Shenzhen Stock Exchange under the stock code of 002399 since May 6, 2010. Our Company raised net proceeds of approximately RMB5.7 billion from the A Shares Offering after deducting underwriting commission of approximately RMB218.0 million and offering related expenses. Following completion of our A Shares offering in May 6, 2010, our registered share capital was further increased to RMB400,100,000.

The shareholding structure of our Company immediately after the A Shares Offering was as follows:

<u>Name of the Shareholder</u>	<u>Number of A Shares held</u>	<u>Approximate percentage of Shareholding (%)</u>
Leren Technology	147,780,000	36.94
Jintiantu	127,512,000	31.87
GS Pharma	45,000,000	11.25
Shuidi Shichuan	14,508,000	3.63
Feilaishi	12,600,000	3.15
Yingshi Information	12,600,000	3.15
Other A Shares Shareholders	40,100,000	10.02
Total	400,100,000	100%

9. Increase in share capital in 2011

In July 2011, upon approval at a shareholders’ general meeting, we increased our registered capital to RMB800,200,000 through capitalization of capital reserves.

10. Reduction in share capital in April 2016

In April 2016, the Company completed the repurchase of 20,698,935 A Shares, pursuant to a shareholders’ resolution dated August 27, 2015 authorizing the Company to repurchase Shares of up to RMB 1 billion, thus our registered capital decreased to RMB779,501,065.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

11. Increase in share capital in June 2016

In June 2016, upon approval at a shareholders’ general meeting, we increased our registered capital to RMB1,247,201,704 through capitalization of capital reserves. The shareholding structure of our Company immediately after the increase in share capital up to the Latest Practicable Date was as follows:

<u>Name of the Shareholder</u>	<u>Number of A Shares held</u>	<u>Approximate percentage of Shareholding (%)</u>
Leren Technology	474,029,899	38.01
Jintiantu	408,041,280	32.72
Shuidi Shichuan	46,425,600	3.72
Feilaishi	40,320,000	3.23
Other A Shares Shareholders	278,384,925	22.32
Total	1,247,201,704	100%

MAJOR ACQUISITIONS AND DISPOSALS

Since our establishment, our Group has made strategic investments and acquisitions that are intended to further our strategic objectives. Our Group has also streamlined our business through disposals of certain subsidiaries or equity interests.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Major Acquisitions

The following table sets forth details of our major acquisitions in recent years:

<u>Date of completion</u>	<u>Equity interests acquired</u>	<u>Principal business activities of the target</u>	<u>Transferor</u>	<u>Amount of consideration</u>
April 2014	Acquisition of 100% equity interest of SPL	Development, manufacture and sales of pharmaceutical products in the US	American Capital, Ltd., and other shareholders of SPL, all of which are Independent Third Parties	US\$330,370,000 ⁽¹⁾
October 2015	Acquisition of 100% equity interest of Cytovance	CDMO services	GPP I-Cytovance, LLP and other shareholders of Cytovance, all of which are Independent Third Parties	US\$207,155,857.43 ⁽²⁾
May 2018	Acquisition of 100% equity interest in Topknow	Research and development, manufacture and distribution of LMWH pharmaceutical products	Our Controlling Shareholders, Mr. Shan, Shuidi Shichuan and other shareholders of Topknow who are Independent Third Parties	RMB2,400,000,000
July 2015 through March 2019	Subscription of an aggregate of 81,713,191 shares of Resverlogix	Research and development of clinical stage cardiovascular drugs	NA	CAD124,830,900 and US\$15,000,000 ⁽³⁾
February 2018 through March 2020	Subscription of 172,157 common units of Curemark	Research and development of drugs for pancreatic enzyme preparations	NA	US\$59,657,000 ⁽⁴⁾

Notes:

- (1) The amount of consideration comprises: (i) a cash consideration of US\$205,228,500, representing the total enterprise value of SPL as at the date of completion; (ii) repayment of loans to SPL’s creditors in the amount of US\$123,122,318.55; and (iii) transaction fees of US\$2,021,800 incurred by SPL.
- (2) The amount of consideration was equivalent to Cytovance’s total enterprise value of US\$205,680,000 as at the date of the acquisition agreement, with adjustments made for Cytovance’s working capital, indebtedness and transaction expenses incurred as at the date of completion.
- (3) The amount of consideration is equivalent to the aggregate subscription price, determined by reference to Resverlogix’s share price on the Toronto Stock Exchange at the time of subscription. Between July 2015 and March 2019, the Company subscribed for shares of Resverlogix in five tranches, comprising: (i) 13,270,000 shares at CAD2.67 per share in July 2015; (ii) 1,333,333 shares at CAD1.80 per share in June 2017; (iii) 60,416,667 shares at CAD1.44 per share in October 2017; (iv) 2,213,398 shares at CAD3.00 per share in January 2019; and (v) 4,479,793 shares at CAD3.00 per share in March 2019.
- (4) The amount of consideration comprises a cash consideration of US\$8,000,000 (equivalent to US\$346.52 per common unit purchased, which was equivalent to the price of shares subscribed by other investors of Curemark in 2017) and the provision of pancreatin products and preparation services to Curemark of US\$51,657,000 pursuant to terms of the manufacturing and supply agreement between Curemark and SPL. For details, please refer to “Note 20. Equity Investments Designated at Fair Value through Other Comprehensive Income” in “Appendix I—Accountants’ Report”.

The consideration of the above acquisitions was determined after arm’s length negotiations among the parties with reference to the valuation of the entities and the past and future earning

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

capacity of the entities. The above transactions have been properly and legally completed and settled and the approvals from the relevant authorities have been obtained.

Further Information in respect of the Acquisition of SPL

SPL is a limited liability company incorporated in the State of Delaware, US, on July 13, 2006. It is principally engaged in the research, development, manufacture and sale of pharmaceutical products in the US, including heparin sodium API. Prior to our acquisition of SPL, SPL was our competitor for the manufacture and sale of heparin sodium API in the US. In 2012, we began negotiations on a possible acquisition of SPL with SPL’s largest shareholder, American Capital, Ltd. (“**American Capital**”). In considering such opportunity, our Directors believed that the acquisition would enable the Company to (i) improve its market competitiveness and capability, (ii) extend its global reach, (iii) strengthen its supply chain, and (iv) enhance its research and development capability. In December 2013, we entered into a stock purchase agreement with American Capital and other shareholders of SPL to acquire all of SPL’s shares. Completion of the acquisition took place in April 2014 and SPL became our wholly-owned subsidiary upon completion.

Further Information in respect of the Acquisition of Cytovance

Cytovance is a limited liability company incorporated in the State of Delaware, US, on March 11, 2011. It is principally engaged in the provision of CDMO services. In 2015, with a view of expanding SPL’s drug development capability, our Directors approached the shareholders of Cytovance to explore the opportunity of acquiring Cytovance. Our Directors believed that such acquisition would enable the Company to (i) enter the CDMO platform quickly, (ii) improve its research and development capability, and (iii) gain access to Cytovance’s clients, which include small and mid-sized drug development companies. In August 2015, we entered into a stock purchase agreement with the shareholders of Cytovance to acquire all of Cytovance’s shares. Completion of the acquisition took place in October 2015 and Cytovance became our wholly-owned subsidiary upon completion.

Since our acquisitions of SPL and Cytovance, our Group has operated a fast-growing CDMO business, specializing in the development and manufacture of large molecule pharmaceutical products. For details, see “Business—Our CDMO Business”. Save as disclosed above, to the best knowledge of our Directors, there were and are no past or present relationships between any selling shareholder of SPL or Cytovance and our Company, subsidiaries, Shareholders, Directors, senior management or respective associates.

Further Information in respect of the Acquisition of Topknow

Topknow is a limited liability company established by Mr. Li, Ms. Li and Mr. Shan in China on June 7, 2000. It is principally engaged in the research and development, manufacture and distribution of heparin pharmaceutical products, in particular enoxaparin sodium injection products. Topknow has been controlled by Mr. Li and Ms. Li since its incorporation. As of January 1, 2017, its directors consisted of Mr. Li, Ms. Li, Mr. Shan, Dr. Li Jianke and Ms. Liu Wanlin. Ms. Liu Wanlin resigned as a director of Topknow in February 2018 and was replaced by Mr. Hui Yue Yat. Both Dr. Li Jianke and Mr. Hui Yue Yat ceased to be directors of Topknow from April 2018.

Prior to our acquisition of Topknow, our Group has been supplying heparin sodium API to Topknow and its subsidiaries in the ordinary course of business. Heparin sodium API is the principal

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

raw material which Topknow requires for the manufacture of its enoxaparin sodium injection products. During the process of applying for the listing of our A Shares on the Shenzhen Stock Exchange in 2010, in order to eliminate future related party transactions between our Group and Topknow, Mr. Li and Ms. Li undertook to the Company to inject the entire equity interests of Topknow to our Group upon satisfaction of certain conditions. After such conditions were met, in February 2018, we entered into an equity transfer agreement with the shareholders of Topknow to acquire Topknow’s entire equity interests for a cash consideration of RMB2,400,000,000 (the “**Acquisition**”).

The salient terms of the equity transfer agreement for the Acquisition are set out in the table below:

Date of Agreement:	February 11, 2018
Parties:	(1) Buyer: our Company (the “ Buyer ”); and (2) Vendors: all shareholders of Topknow, comprising our Controlling Shareholders, Mr. Shan, Shuidi Shichuan and other shareholders of Topknow, who are Independent Third Parties (collectively, the “ Vendors ”).
Acquired interest:	100% equity interest in Topknow
Consideration:	RMB2,400,000,000
Basis of determination of the consideration:	The parties agree to adopt an independent valuation report dated September 11, 2017, which valued Topknow’s total enterprise value as RMB2,422,022,600 as of March 31, 2017. Although such valuation was much higher than Topknow’s net asset value at the time, the valuer was of the view that the premium was justified, taking into account Topknow’s intrinsic value (such as its industry status, experienced management team and R&D capabilities), as well as the growing market demand for Topknow’s core product, enoxaparin finished doses, which would provide Topknow with continued profitability and development prospects.
Payment terms:	<ol style="list-style-type: none">1. The Buyer shall pay the total consideration in cash.2. Each Vendor shall receive an amount of consideration in proportion to their respective equity interest in Topknow.3. The Buyer shall settle payment with each Vendor by the dates stipulated in the agreement as follows:<ol style="list-style-type: none">(i) in respect of Vendors who are Independent Third Parties, within one month of completion, or within five working days after foreign exchange clearance has been obtained, as applicable; and(ii) in respect of Vendors comprising our Controlling Shareholders, Mr. Shan and Shuidi Shichuan, a deposit by June 30, 2018, and the remaining balance within one month after the Buyer has announced Topknow’s financial performance for the year ended December 31, 2018.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Completion terms: Completion shall take place upon obtaining approvals from the relevant authorities in respect of the change in Topknow’s shareholders.

Other material terms: To ensure that the Acquisition would not have a material adverse impact on our Shareholders’ interest, certain Vendors shall provide a guarantee of Topknow’s net profit for the three years ending December 31, 2018, 2019 and 2020. For details, see “Profit Guarantee of Topknow” below.

Profit Guarantee of Topknow

Pursuant to the equity transfer agreement, our Controlling Shareholders, along with Mr. Shan and Shuidi Shichuan (together, the “**Obligors**”), entered into a supplemental agreement with our Company and guaranteed that if Topknow’s net profit (after deducting non-recurring gains and losses) falls below RMB190,600,000, RMB286,800,000 and RMB340,800,000, respectively, for the years ended December 31, 2018, 2019 and 2020, each of them shall be jointly and severally liable to compensate our Company up to the amount of consideration they received from the Acquisition (the “**Profit Guarantee**”).

The Profit Guarantee was determined by reference to Topknow’s historical and forecasted financial performance, as determined by the independent valuer at the time of the Acquisition. The table below sets forth Topknow’s historical and forecasted financial performance by revenue, gross profit and net profit for the periods indicated below at the relevant time:

	Historical performance			Forecasted performance			
	Year ended December 31,		Three months ended March 31,	Nine months from April 1, 2017 up to December 31,	Year ending December 31,		
	2015	2016	2017		2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Revenue	207,113	304,882	81,204	410,852	1,201,635 ⁽¹⁾	1,617,169	1,850,561
Gross Profit	30,181	54,627	8,229	5,563	226,931 ⁽¹⁾	337,064	401,466
Net profit	30,469	49,849	4,900	5,365	190,548 ⁽¹⁾	286,728	340,790

Note:

(1) The increase in Topknow’s forecasted revenue, gross profit and net profit for 2018 onwards as compared to previous years was due to the fact that Topknow obtained marketing approvals for Inhixa and Neoparin in 2016 and was expected to generate significant revenue from the European market after it launched and commercialized Neoparin in Poland at the end of 2016, and Inhixa in various markets including Italy, Germany, UK and Spain from the third quarter of 2017. For details about Inhixa and Neoparin, see “Business—Our Pharmaceutical Products”. The independent valuer considered Topknow’s forecasted financial performance to be reasonable, taking into account (i) Topknow’s entry into the European market, which is the largest market of enoxaparin finished doses worldwide, (ii) the growing trend for the global enoxaparin finished dose market, and (iii) Topknow’s business plans and pipeline products. For more industry related information, please refer to the section headed “Industry Overview—Enoxaparin Finished Dose Market—Market Size.”

According to the terms of the Profit Guarantee, the amount of compensation for not meeting the guaranteed net profit for each year shall be calculated according to the formula:

$$\text{Amount of compensation for the year} = \frac{\left(\begin{array}{l} \text{Aggregate amount of guaranteed net profit as of the end of the year} \\ - \text{Aggregate amount of realized net profit as of the end of the year} \end{array} \right)}{\text{Aggregate amount of guaranteed net profit for the guaranteed period}} \times \begin{array}{l} \text{Consideration received by the} \\ \text{relevant Obligor from the} \\ \text{Acquisition} \end{array} - \text{Accumulative compensation paid in previous years (if any)}$$

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The compensation will be paid on an annual basis. If the amount of compensation calculated above is less than 0, the value will be taken as 0 and the compensation paid in the previous year will not be reversed. In the event that compensation shall be paid, each of the Obligors shall pay the compensation in proportion to their respective consideration received from the Acquisition and the Obligors shall be jointly liable for the compensation. The total compensation for the three years ending December 31, 2020 shall be capped at RMB1,854,720,000, equivalent to the total amount of cash consideration received by the Obligors from the Acquisition.

According to the terms of the Profit Guarantee, the Company shall engage a qualified accountant to perform the above calculation as part of its annual audit for each respective year. The results of such calculation will be disclosed to our Shareholders by way of an announcement or in the Company’s annual report. In the event that the Obligors are required to pay compensation, the Company will notify them in writing within 5 working days of such disclosure and the Obligors shall settle the payment by cash to a designated bank account of the Company within 10 working days upon receiving such notice. Further, at the end of the year ending December 31, 2020, the Company shall engage a qualified accountant to conduct an asset impairment test on the assets of Topknow which were priced based on the valuation through income method. If Topknow’s asset impairment loss is greater than the total amount of compensation paid by the Obligors, each of the Obligors shall in addition be jointly and severally liable to compensate the Company for the difference with their own funds. The Company will update its shareholders on Topknow’s audited financial results and any compensation to be received from the Obligors for the year ending December 31, 2020 by way of an announcement on or around the same time as it publishes its financial results for that year.

The Profit Guarantee does not represent the anticipated level of future profits of Topknow and should not be considered in any way as an indication of the projected profit of Topknow or the Company for the relevant years. The compensation from the Obligors (if any) will not constitute a new connected transaction of the Company upon [REDACTED] because it is made pursuant to a pre-existing agreement. For the year ended December 31, 2018, Topknow recorded a net profit of RMB198,111,000 and thus met the guaranteed net profit for the year. For the year ended December 31, 2019, Topknow recorded a net profit of RMB167,944,000 and thus was RMB118,856,000 short of meeting the guaranteed net profit for the year. The Company calculated the amount of compensation in accordance with the formula disclosed above and recognized other receivables from the Obligors of RMB252,399,000, with the corresponding entry recognized in other reserves. Such amount has been fully settled since May 6, 2020. Accordingly, Topknow’s profit shortfall for the year ended December 31, 2019 did not have any impact on the revenue and profits of the Group for the year. For details, please refer to “Consolidated Statement of Changes in Equity” and “Note 46. Related Party Transactions” in “Appendix I—Accountants’ Report”.

As both the Company and Topknow are ultimately controlled by Mr. Li and Ms. Li, the Acquisition constitutes a business combination under common control. Accordingly, the consolidated financial statements of the Company were prepared as if Topknow had been combined throughout the Track Record Period. For details, please refer to “Note 40. Business Combination” in “Appendix I—Accountants’ Report”.

Further Information in respect of our Share Subscription in Resverlogix

Resverlogix is a company incorporated in Alberta, Canada, on August 17, 2000. Since 2005, its shares have been listed on the Toronto Stock Exchange (TSX: RVX). It is a clinical-stage

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

biopharmaceutical company focused on developing drugs for cardiovascular diseases. Its leading drug candidate, RVX-208, has completed phase III clinical trials, for which we have exclusive development and commercial rights in Greater China. For details, see “Business—Our Innovative Drug Business—Pipeline Drugs of Our Portfolio Companies—RVX-208”. In 2015, our founders were introduced to Resverlogix by an independent financial advisory company. Following completion of due diligence work by our Company, between July 2015 and March 2019, we subscribed for an aggregate of 81,713,191 shares in Resverlogix for a total consideration of CAD124,830,900 and US\$15,000,000, respectively. As a result, Resverlogix became our associate company in which we held a 38.60% equity interest as of the Latest Practicable Date.

Further Information in respect of our Share Subscription in Curemark

Curemark is a limited liability company incorporated in the State of Delaware, US. It is a clinical-stage biopharmaceutical company focused on developing novel therapies for the treatment of neurological disorders. Its leading drug candidate is CM-AT, which is in Phase III clinical trials for autism. Curemark is our customer. Since January 2018, our subsidiary, SPL, has been supplying pancreatin API, the principal raw material required for the preparation of CM-AT, to Curemark in the ordinary course of business. Between February 2018 and March 2020, we subscribed for an aggregate of 172,157 shares in Curemark for a total consideration of US\$59,657,000, comprising a cash consideration of US\$8,000,000 and the provision of pancreatin products and preparation services to Curemark of US\$51,657,000. As a result, Curemark became our investee company in which we held a 3.51% equity interest as of the Latest Practicable Date.

For details of our interest in Resverlogix and Curemark, see also “Financial Information—Selected Items Regarding Our Investments”. Save as disclosed above, to the best knowledge of our Directors, there were and are no past or present relationships between Resverlogix or Curemark and our Company, subsidiaries, Shareholders, Directors, senior management or respective associates.

Major Disposal

The following table sets forth details of our major disposal (the “Disposal”) during the Track Record Period:

<u>Date of completion</u>	<u>Equity interests disposed</u>	<u>Principal business activities of the target</u>	<u>Transferee</u>	<u>Amount of consideration</u>
June 2018	85% equity interest in Hepatunn	Manufacture, sales, import and export of small-volume injections and creams	Pangu Chenchen	RMB34,000,000

Further Information in respect of the Disposal of Hepatunn

Hepatunn is a limited liability company established in China on December 7, 2010. It is principally engaged in the manufacture and sales of small-volume injections and creams. Prior to the Disposal, its core products consisted of standard heparin sodium injections. Our Company held 85% equity interest in Hepatunn as its major shareholder and the remaining 15% equity interest was held by Independent Third Parties as to 5% or less each.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Prior to the Disposal, our Company supplied heparin sodium API to Hepatunn for its manufacture of heparin sodium injections. Hepatunn generated revenue from the sales of heparin sodium injections to distributors in China, which accounted for 2.5% and 1.3% of our Group’s total revenue in 2017 and 2018, respectively. Since the Company’s acquisition of Topknow in May 2018, the Directors wanted to concentrate the Company’s business and resources on the production of enoxaparin sodium injections, and eliminate the potential competition between Topknow’s production of enoxaparin sodium injections and Hepatunn’s production of standard heparin sodium injections. Further, as the market for standard heparin sodium injections has become increasingly competitive in the PRC in recent years, the price of Hepatunn’s core products, especially standard heparin sodium injections, has continuously declined. Thus, Hepatunn has experienced continuous losses in recent years. As the business for enoxaparin sodium injections is more profitable than standard heparin sodium injections, to improve our Group’s financial performance and to focus our resources on the manufacture and sales of our core product, enoxaparin sodium injections, our Directors decided to dispose of our 85% equity interest in Hepatunn in June 2018.

The salient terms of the equity transfer agreement for the Disposal are set out in the table below:

Date of Agreement:	June 6, 2018
Parties:	(1) Vendor: our Company (the “ Vendor ”); and (2) Buyer: Pangu Chenchen ⁽¹⁾ (the “ Buyer ”).
Disposed interest:	85% equity interest in Hepatunn
Consideration:	RMB34,000,000
Basis of determination of the consideration:	The consideration of the Disposal was determined after arm’s length negotiations among the parties primarily with reference to the Company’s investment amount in Hepatunn. Hepatunn’s registered share capital at the time of the Disposal was RMB40,000,000. As such, the consideration was calculated as RMB34,000,000, accounting for the Company’s 85% equity interest in Hepatunn. In determining the consideration, the parties also took into account other factors (such as Hepatunn’s existing customers, distribution channels, licenses, intellectual property rights, goodwill and growth potential) which may be of value to the Buyer. No independent valuation was performed in relation to the Disposal.
Payment terms:	The consideration shall be paid in two equal instalments: (i) within seven days of signing the equity transfer agreement; and (ii) within 30 days after completion.
Completion terms:	Completion shall take place upon obtaining approvals from the relevant authorities in respect of the change in Hepatunn’s shareholders and the fulfillment of pre-completion terms. The completion date shall not be later than July 10, 2018.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Pre-completion terms: During the period between signing and completion, the Vendor shall:

- (i) maintain Hepatunn’s normal business operations; and
- (ii) not dispose of any assets of Hepatunn.

Note:

(1) With a view to dispose of Hepatunn, the Company was introduced to Pangu Chenchen by Hepatunn’s general manager in 2018. Pangu Chenchen is a limited partnership incorporated in the PRC on April 27, 2018. To the best knowledge of our Directors, it is a special purpose vehicle incorporated solely for the purpose of acquiring Hepatunn. At the time of the Disposal, its holders consisted of two business partners, Ms. Li Xianghong and Mr. Bian Xiaowei. Pangu Chenchen is principally engaged in the business of management consulting, brand management, market strategic planning, technical development and consulting services in the fields of biotechnology and medical technology, among other activities. Each of Pangu Chenchen and its respective holders is an Independent Third Party. Save as disclosed above, to the best knowledge of our Directors, there were and are no past or present relationships between Pangu Chenchen, any of its holders or associates, on the one hand, and our Company, subsidiaries, Shareholders, Directors, senior management or respective associates, on the other hand.

The Disposal was carried out in compliance with the applicable PRC laws and regulations and the listing rules of the Shenzhen Stock Exchange and no independent valuation was required under such laws, regulations or listing rules given the size and type of the transaction. Since July 2018, the Disposal has been properly and legally completed and settled and the approvals from the relevant authorities have been obtained.

After the Disposal, our Company has continued to supply heparin sodium API by way of purchase orders from Hepatunn, while our relationship with distributors who distributed Hepatunn’s heparin sodium injections terminated. Since the Disposal, Hepatunn has continued to sell heparin sodium injections, as well as other products such as oxytocin and vitamin injections, independently from our Company.

Our PRC legal advisor has confirmed that Hepatunn did not have any non-compliance incidents during the Track Record Period and prior to the Disposal which would have a material adverse impact on our Group’s operations as a whole. To the best knowledge of our Directors, Hepatunn was not subject to any material litigation or investigation by regulatory authorities during the Track Record Period and prior to the Disposal.

Deconsolidation of HighTide

Background

HighTide is a limited liability company incorporated in the Cayman Islands on February 28, 2018. Its principal operating subsidiary, Shenzhen Hightide Biopharmaceutical Ltd. (“**Shenzhen HighTide**”), was incorporated in the PRC in November 2011 and has been engaged in the research and development of pharmaceutical products since November 2011. Together with its subsidiaries, HighTide is a global clinical-stage pre-revenue biopharmaceutical company focused on discovering and developing novel drugs to treat chronic liver diseases, gastrointestinal diseases and metabolic disorders. HighTide’s leading drug candidate, HTD1801, is a first-in-class oral small molecule drug candidate. The phase II clinical trial for the usage of HTD1801 in treating PSC is currently ongoing and the phase II clinical trial for the treatment of NASH has been completed. For details about HTD1801, see “Business—Our Innovative Drug Business—Pipeline Drugs of Our Portfolio Companies—HighTide’s HTD1801”.

HighTide was our former subsidiary. In 2011, our Company was introduced to Dr. Liu Liping (“**Dr. Liu**”), one of HighTide’s founders, through an acquaintance of Mr. Shan. Dr. Liu has

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

approximately 20 years of drug research and development experience, including positions in several biotech companies prior to founding HighTide. Dr. Liu presented an opportunity for our Company to invest in the business of HighTide, which our Directors considered to be in line with our strategic objectives at the time. Thus, we decided to collaborate with Dr. Liu to establish Shenzhen HighTide. As part of reorganization, HighTide was incorporated in February 2018 and became the ultimate holding company of Shenzhen HighTide in September 2018. We have held a majority interest in HighTide since its incorporation and up to its deconsolidation from the Group on March 25, 2019, as disclosed in detail below. As of the Latest Practicable Date, we are HighTide’s largest shareholder. Great Mantra Group Limited (“**Great Mantra**”), a wholly-owned subsidiary of Dr. Liu, is the second largest shareholder of HighTide.

The Deconsolidation

Since March 25, 2019, HighTide has been deconsolidated from the Group (the “**Deconsolidation**”). The circumstances that led to the Deconsolidation are as follows:

- (i) On September 25, 2018, to raise funds for working capital, HighTide entered into a share purchase agreement to issue 3,033,334 Series B-1 preferred shares to new investors for an amount of US\$13,000,000 (the “**Series B-1 Issuance**”). Such investors were ZT Global Energy Investment Fund I LP (“**ZT**”), Green Pine Growth Fund I LP (“**GP**”), and Greaty Investment Limited (“**Greaty**”, together with ZT, GP, the “**Series B-1 Investors**”), all of which are Independent Third Parties, primarily focused on investment holding.
- (ii) On December 29, 2018, to raise further funds for working capital, HighTide entered into a share purchase agreement to issue 2,100,000 Series B-2 preferred shares to new investors for an amount of US\$9,000,000 (the “**Series B-2 Issuance**”). Such investors were Blue Ocean Healthcare Project I. Ltd. (“**Blue Ocean**”) and Orient Champion Investment Limited (“**Orient Champion**”), both of which are Independent Third Parties, primarily focused on investment holding.
- (iii) Upon completion of the Series B-1 Issuance and the issuance of Series B-2 shares to Blue Ocean, the Company’s shareholding in HighTide was diluted from 59.54% to 53.81%.
- (iv) As a condition to the obligations of the investors of the Series B-1 Issuance to complete the issuance, HighTide is required to reserve a total of 4,200,000 ordinary shares for issuance to officers, directors, employees, consultants or service providers of HighTide. Pursuant to the terms of the share purchase agreement for the Series B-2 Issuance, HighTide is also required to adopt an employee stock option plan or other similar plans within one year after completion of the Series B-2 Issuance, and represent and warrant that 4,200,000 ordinary shares have been reserved for such issuance. On March 25, 2019, HighTide issued 4,200,000 ordinary shares at a consideration of US\$420 to Wisdom Spring Group Limited (“**Wisdom Spring**”), an Independent Third Party, to hold such shares on trust for the restricted share unit (“**RSU**”) scheme to be adopted by HighTide (the “**RSU Scheme**”). As a result, the Company’s shareholding in HighTide was diluted from 53.81% to 48.74%. Detailed terms and participants of the RSU Scheme are subject to deliberation and approval by HighTide’s board and no RSUs under the RSU Scheme have been granted as of the Latest Practicable Date. Pursuant to the trust deed, Wisdom Spring shall hold its shares on trust for future grantees of the RSU Scheme. Wisdom Spring has appointed Dr. Liu as its sole and exclusive attorney in fact and has given Dr. Liu

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

irrevocable proxy rights to exercise voting rights attached to the shares underlying the RSU Scheme.

- (v) On March 25, 2019, Ms. Yu Li (“**Ms. Yu**”) was also appointed by Great Mantra as an additional director of HighTide. In light of the Series B-1 Issuance and Series B-2 Issuance, HighTide’s shareholders had entered into a shareholders’ agreement to amend HighTide’s memorandum and articles (“**M&A**”) to authorize our Company and Great Mantra, as HighTide’s two largest shareholders, to appoint two directors each to HighTide’s board, which may consist of a maximum of four directors. Prior to Ms. Yu’s appointment, HighTide’s board had comprised three members, namely Mr. Li, Mr. Bu and Dr. Liu. After Ms. Yu’s appointment, Great Mantra and our Company have equal board representation. Pursuant to HighTide’s M&A, matters shall be decided by majority vote in board meetings, and the chairman, who shall be elected by HighTide’s directors collectively, does not have a casting vote. As of the Latest Practicable Date, the chairman of the board of HighTide has yet to be appointed. As Mr. Li and Mr. Bu no longer have sufficient representation to pass board resolutions in line with the threshold above, our Company lost majority control over HighTide’s board.
- (vi) As a result of our shareholding dilution and loss of board control described in paragraphs (iv) and (v) above, HighTide was deconsolidated from the Group on March 25, 2019.
- (vii) On August 12, 2019, our shareholding in HighTide was further diluted to 47.02% as a result of the completion of the issuance of Series B-2 preferred shares to Orient Champion. On the same day, each of ZT, Greaty, GP, Blue Ocean and Orient Champion (the “**Series B Investors**”) also transferred approximately 9.00% of their shares in HighTide to Wisdom Spring to be held on trust for the RSU Scheme. The transfer was made pursuant to terms of the Series B-1 Issuance and Series B-2 Issuance, which provided that HighTide’s valuation would increase upon HighTide’s Phase 2 clinical trials reaching clinical primary endpoint (the “**Triggering Event**”), and that each Series B Investor’s shareholding ratio would adjust accordingly by dividing the initial purchase price paid over the increased valuation. Any extra shares held by such investors post-valuation would be transferred to the RSU Scheme at nil consideration to recognize the contribution of HighTide’s key management and staff. The Triggering Event took place in August 2019. As such, the Series B Investors transferred their shares to Wisdom Spring in accordance with the agreed terms.
- (viii) On August 12, 2019, HighTide’s shareholders further amended the M&A to increase the maximum number of HighTide’s board to five members, granting the majority shareholders the power to appoint a fifth director by ordinary resolutions. It is intended that an independent/external director will be appointed to the board as the fifth director. As of the Latest Practicable Date, such director has not yet been appointed.

Save as disclosed above, to the best knowledge of our Directors:

- (i) there was and is no past or present relationship between, on the one hand, any of the other shareholders of HighTide and their ultimate beneficial owners (including Dr. Liu, Great Mantra, each Series B Investor, Wisdom Spring, the trustee of the RSU Scheme, and any of their directors or shareholders) and, on the other hand, our Company, subsidiaries, Shareholders, Directors, senior management or respective associates; and

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- (ii) there has been no change to the key management or board composition of HighTide or its subsidiaries as a result of the issuance of additional shares other than the appointment of Ms. Yu as an additional director of HighTide on March 25, 2019 and up to the Latest Practicable Date.

HighTide’s shareholding

The following table sets out the respective shareholding of HighTide’s shareholders for the respective periods from immediately before the Deconsolidation on March 25, 2019 up to the Latest Practicable Date:

Shareholder	Approximate percentage of shareholding in HighTide		
	immediately prior to March 25, 2019	from March 25, 2019 to August 11, 2019	from August 12, 2019 up to the Latest Practicable Date
The Company	53.81%	48.74%	47.02%
Great Mantra	33.45%	30.30%	29.23%
Shenzhen Qianhai Haichuang Fund Partnership (Limited Partnership)	3.12%	2.83%	2.73%
Able Holdings International Limited	0.94%	0.85%	0.82%
ZT	2.89%	2.62%	2.30%
Greaty	2.89%	2.62%	2.30%
GP	1.73%	1.57%	1.38%
Blue Ocean	1.16%	1.05%	0.92%
Wisdom Spring (for the RSU Scheme)	—	9.43%	10.09%
Orient Champion	—	—	3.22%
Total	100.00%	100.00%	100.00%

Reasons for the Deconsolidation

Our Company’s interest in HighTide is a strategic equity investment instead of being part of our Company’s core business operations. HighTide is and has always operated independently of our Company. While we participate in the major decision makings at the shareholders and board levels of HighTide, HighTide has its own management team (led by Dr. Liu) which is separate from our management team. To the best knowledge of our Directors, other than having board representation on HighTide and its subsidiaries, none of HighTide’s senior management was appointed by, or otherwise related to, our Group since the establishment of HighTide up to the Latest Practicable Date.

Our Company had decided not to participate in the Series B-1 Issuance and Series B-2 Issuance (which resulted in dilution of our Company’s shareholding in HighTide and thus the Deconsolidation) based on a holistic commercial decision by the Board. Taking into consideration our Company’s financial position, the capital required to subscribe for additional shares, HighTide’s business prospects and future profitability, the potential risks and capital involved in the development of HTD1801, our Directors considered that it was not in the best interests of our Company and Shareholders to inject further capital into HighTide by subscribing for new shares at the relevant time. Given the inherent risks associated with investment in a pre-revenue biopharmaceutical company and its continuous need for funding, it is customary for the founding shareholders to reassess their investment at various stages and decide whether to continue to inject capital or to seek funding from other investors. With the progression of HighTide’s business development, our Directors have been assessing and evaluating our

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

investment in HighTide periodically. In future, our Company will continue to assess our investments in HighTide and make decisions in the interests of our Company and Shareholders.

Our PRC legal advisor has confirmed that the PRC entities of HighTide did not have any non-compliance incidents during the Track Record Period which would have a material adverse impact on our Group’s operations as a whole. To the best knowledge of our Directors, HighTide did not have any non-compliance incidents during the Track Record Period which our Directors believe would, individually or in aggregate, have a material operational or financial impact on our Group as a whole, and HighTide was not subject to any material litigation or investigation by any regulatory authorities during the Track Record Period.

The fair value of the remaining 48.74% equity interest of HighTide held by the Group after the Deconsolidation and thus deemed disposal of HighTide on March 25, 2019 was RMB626,706,000 and a remeasurement gain of fair value of RMB573,865,000 was recorded. For details, please refer to “Note 18. Investments in Associates” in “Appendix I—Accountants’ Report”.

OUR PRINCIPAL SUBSIDIARIES

The following chart sets out the detailed information of our principal subsidiaries as of the Latest Practicable Date.

No.	Name of subsidiaries	Place of incorporation	Date of incorporation	Registered/Issued capital	Shareholding of our Company	Main scope of business
1.	Shenzhen Techdow	PRC	June 29, 2004	RMB150,000,000	100%	Production and sales of enoxaparin sodium injection
2.	Shandong Ruisheng	PRC	July 15, 2010	RMB30,000,000	100%	Production and sales of crude heparin
3.	Topknow	PRC	June 7, 2000	RMB230,000,000	100%	Research and development, manufacture and distribution of heparin pharmaceutical products
4.	Hepalink (Hong Kong)	Hong Kong	November 23, 2010	HK\$330,221,445	100%	Trading and import & export
5.	Techdow (Hong Kong)	Hong Kong	May 22, 2013	HK\$233,960,000	100%	Trading and import & export
6.	Hepalink USA	USA	October 25, 2013	10,000 shares	100%	Investment holding
7.	SPL	USA	July 13, 2006	500,000 shares	100%	Investment holding
8.	Scientific Protein Laboratories LLC	USA	January 22, 2004	1,000 shares	100%	Manufacture of heparin and pancreatin API
9.	Mobren Transport	USA	December 23, 1997	1,000 shares	100%	Manufacture of heparin (eluate)
10.	Cytovance	USA	March 11, 2011	1,806,885 shares	100%	CDMO services

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Detailed information of our other subsidiaries is set out in “Note 1. Corporate Information” in “Appendix I—Accountants’ Report” in this document.

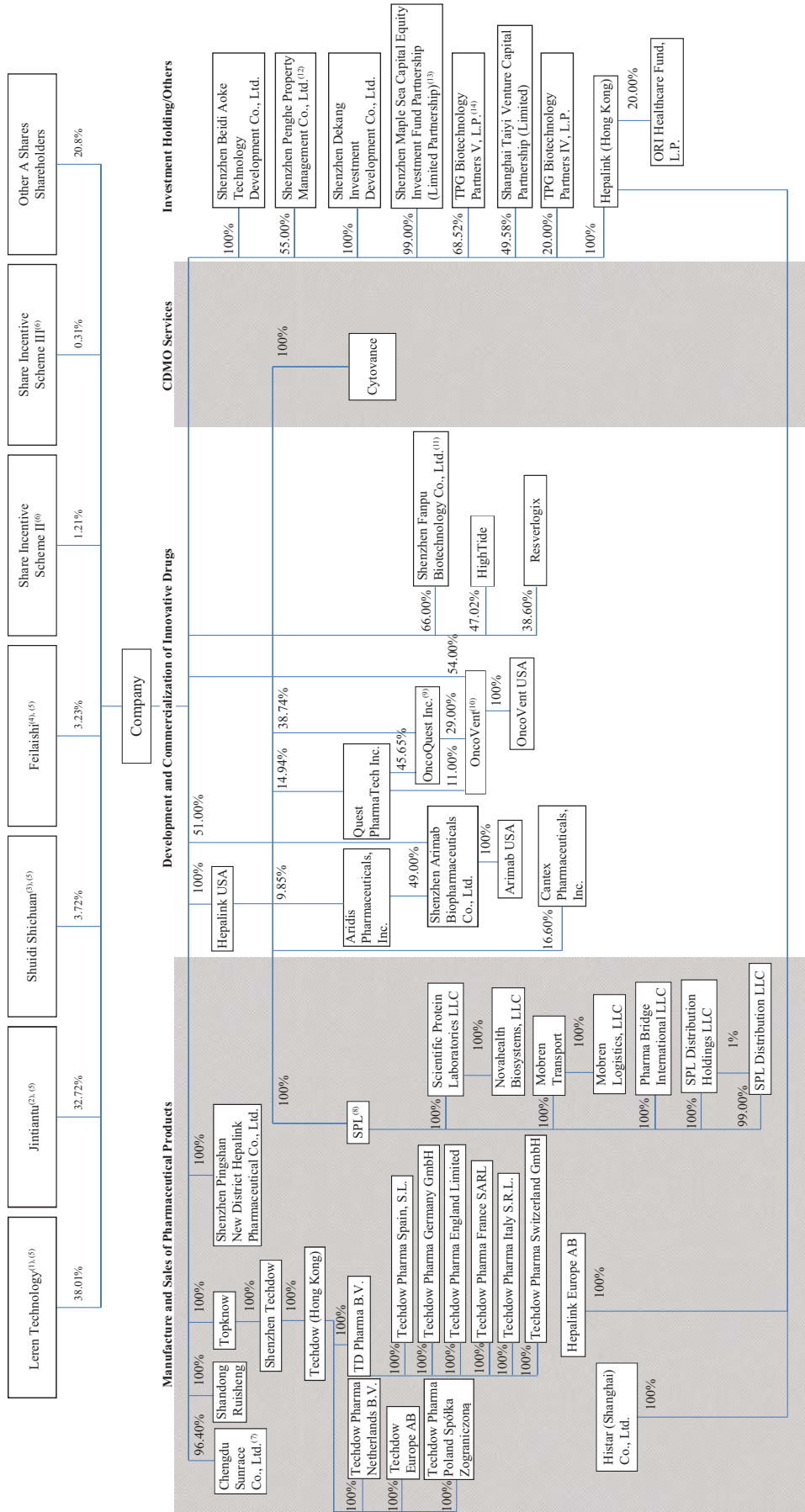
REASONS FOR THE [REDACTED]

Our Company is seeking a **[REDACTED]** on the Hong Kong Stock Exchange in order to raise further capital for the development and expansion of our Company’s business, and to further raise our profile as a business with a global presence and thus, enhance our ability to attract new customers, business partners, strategic investors and key management personnel.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

SHAREHOLDING STRUCTURE PRIOR TO THE [REDACTED]

The following chart sets forth our simplified shareholding structure, subsidiaries and principal investee companies immediately before the [REDACTED]:



Notes:

- (1) Leren Technology is owned as to 99.00% by Mr. Li and 1.00% by Ms. Li, respectively.

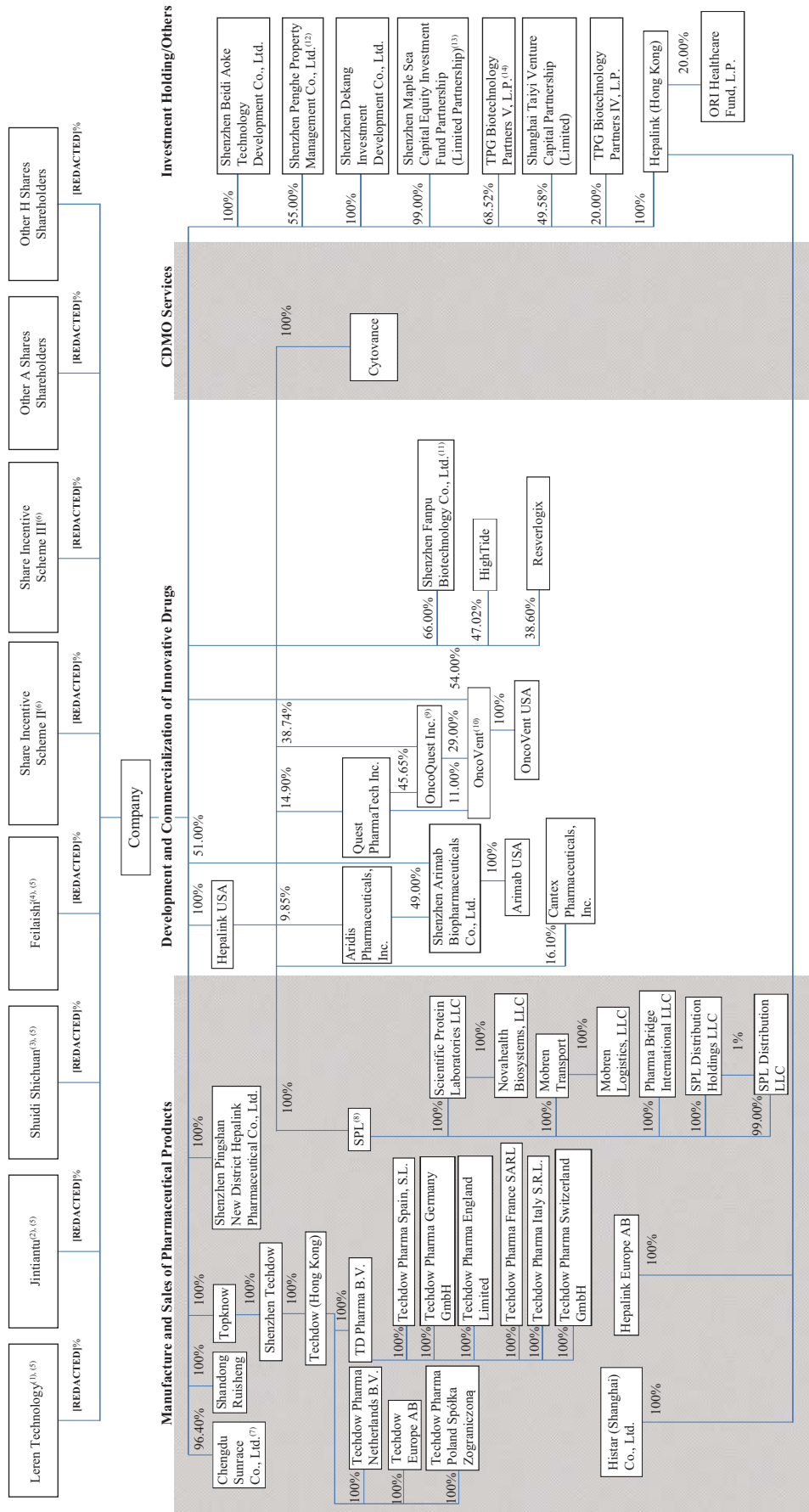
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- (2) Jintiantu is owned as to 99.00% by Ms. Li as a general partner and 1% by Mr. Li as a limited partner, respectively.
- (3) Shuidi Shichuan is owned as to 99.00% by Mr. Shan and 1.00% by Ms. Li, respectively.
- (4) Mr. Li is the sole owner of Feilaishi.
- (5) Mr. Li and Ms. Li are the spouse of each other and Mr. Shan is the brother of Ms. Li.
- (6) Guolian Securities Co., Ltd. and CMS Asset Management Co., Ltd. hold A Shares as asset managers for the benefit of the participants of the Share Incentive Schemes II and III, respectively. For further details on the Schemes, see “Appendix VI—Statutory and General Information”.
- (7) The remaining 3.60% in Chengtu Sunrace Co., Ltd. is held by Mr. Lu Wenxing, an Independent Third Party.
- (8) SPL engages primarily in the manufacture and sale of pharmaceutical products. It also provides CDMO services. For details, see “Business—Our CDMO Business”.
- (9) The remaining 15.60% in OncoQuest Inc. is held by Synergy Alpha Investment Fund as to 6.00% and other private investors as to less than 5% each, all of which are Independent Third Parties.
- (10) The remaining 6.00% equity interest in OncoVent is held by Dierpharma HK Limited, an Independent Third Party.
- (11) The remaining 34.00% in Shenzhen Fanpu Biotechnology Co., Ltd. is held by Mr. Zhou Hongwei and Mr. He Yan as to 30.30% and 3.70%, respectively, both of which are Independent Third Parties.
- (12) The remaining 45.00% in Shenzhen Penghe Property Management Co., Ltd. is held by Yulong Computer Communication Technology (Shenzhen) Co., Ltd. and Shenzhen Xizhiliang Food R&D Center Co., Ltd. as to 35.00% and 10.00%, respectively, both of which are Independent Third Parties.
- (13) The remaining 1.00% in Shenzhen Maple Sea Capital Equity Investment Fund Partnership (Limited Partnership) is held by Beijing Maple Sea Capital Management Center (Limited Partnership), which is owned as to 25.00% by our wholly-owned subsidiary, Shenzhen Dekang Investment Development Co., Ltd.
- (14) Our Company holds 68.52% in TPG Biotechnology Partners V, L.P. and its affiliated partnership as a limited partner. The remaining 31.48% is held by Independent Third Parties as to less than 10% each.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

SHAREHOLDING STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE [REDACTED]

The following chart sets forth our simplified shareholding structure, subsidiaries and principal investee companies immediately following completion of the [REDACTED], assuming the [REDACTED] is not exercised:



Notes:

(1) Leren Technology is owned as to 99.00% by Mr. Li and 1.00% by Ms. Li, respectively.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- (2) Jintiantu is owned as to 99.00% by Ms. Li as a general partner and 1.00% by Mr. Li as a limited partner, respectively.
- (3) Shuidi Shichuan is owned as to 99% by Mr. Shan and 1% by Ms. Li, respectively.
- (4) Mr. Li is the sole owner of Feilaishi.
- (5) Mr. Li and Ms. Li are the spouse of each other and Mr. Shan is the brother of Ms. Li.
- (6) Guolian Securities Co., Ltd. and CMS Asset Management Co., Ltd. hold A Shares as asset managers for the benefit of the participants of the Share Incentive Schemes II and III, respectively. For further details on the Schemes, see “Appendix VI—Statutory and General Information”.
- (7) The remaining 3.60% in Chengtu Sunrace Co., Ltd. is held by Mr. Lu Wenxing, an Independent Third Party.
- (8) SPL engages primarily in the manufacture and sale of pharmaceutical products. For details, see “Business—Our CDMO Business”.
- (9) The remaining 15.60% in OncoQuest Inc. is held by Synergy Alpha Investment Fund as to 6.00% and other private investors as to less than 5% each, all of which are Independent Third Parties.
- (10) The remaining 6.00% equity interest in OncoVent is held by Dierpharma HK Limited, an Independent Third Party.
- (11) The remaining 34.00% in Shenzhen Fanpu Biotechnology Co., Ltd. is held by Mr. Zhou Hongwei and Mr. He Yan as to 30.30% and 3.70%, respectively, both of which are Independent Third Parties.
- (12) The remaining 45.00% in Shenzhen Penghe Property Management Co., Ltd. is held by Yulong Computer Communication Technology (Shenzhen) Co., Ltd. and Shenzhen Xizhiliang Food R&D Center Co., Ltd. as to 35.00% and 10.00%, respectively, both of which are Independent Third Parties.
- (13) The remaining 1% in Shenzhen Maple Sea Capital Equity Investment Fund Partnership (Limited Partnership) is held by Beijing Maple Sea Capital Management Center (Limited Partnership), which is owned as to 25% by our wholly-owned subsidiary, Shenzhen Dekang Investment Development Co., Ltd.
- (14) Our Company holds 68.52% in TPG Biotechnology Partners V, L.P. and its affiliated partnership as a limited partner. The remaining 31.48% is held by Independent Third Parties as to less than 10% each.