
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OUR HISTORY

Overview

Our history can be traced back to 1995 when Jiangsu Simcere, a principal operating subsidiary of our Group, was established in the PRC. Mr. Ren, our founder and one of our Controlling Shareholders, joined Jiangsu Simcere at the time of its establishment as the general manager to oversee its daily operations.

Since the establishment of Jiangsu Simcere, through several milestone acquisitions, we rapidly grew into a well-known pharmaceutical group in China, and Simcere Investments, our then offshore holding company, became listed on the NYSE in April 2007 (the “**NYSE Listing**”), which was later taken private in December 2013 by a consortium led by Mr. Ren.

After the privatization, we continued to develop our business with a defined focus and are engaged in the R&D, production and commercialization of pharmaceuticals and currently are primarily focused on generic pharmaceuticals. Our Company was incorporated as a private company limited by shares in Hong Kong on November 30, 2015, and as a result of the Reorganization, our Company became the offshore holding company of the current business of our Group.

Key Milestones

The following table sets forth the key milestones of our Group:

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| 1995 | <ul style="list-style-type: none">• Jiangsu Simcere, one of our principal operating subsidiaries, was established primarily engaging in the sales, marketing and distribution of pharmaceuticals. |
| 2001 | <ul style="list-style-type: none">• We acquired a controlling interest in Hainan Simcere and as a result, acquired manufacturing capabilities of pharmaceuticals.• We started to build our own research and development team. |
| 2003 | <ul style="list-style-type: none">• We acquired the entire equity interest in Simcere Pharmaceutical, which further enriched our product portfolio and production capabilities.• We established our postdoctoral research station (博士後科研工作站). |
| 2006 | <ul style="list-style-type: none">• Assure Ahead, an investment holding company controlled by Hony Capital II, L.P. completed its strategic investment in our Group.• We acquired a controlling interest in Shandong Simcere. |

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- 2007
 - Simcere Investments was listed on the NYSE on April 20, 2007, making it the first bio and chemical pharmaceutical company in China to be listed on the NYSE.
- 2013
 - Simcere Investments completed its privatization and ceased trading on the NYSE.
- 2014
 - We completed our internal restructuring and the spin-off of the BioSciKin Business, thereby further refining our strategic focus.
- 2015
 - The Ministry of Science and Technology of the People’s Republic of China approved our establishment of the National Key Laboratory of Translational Medicine and Innovative Pharmaceuticals (轉化醫學與創新藥物國家重點實驗室).
 - Our Company was incorporated in Hong Kong.
- 2018
 - We established Simcere Shanghai R&D Center.
- 2019
 - We established Simcere Boston R&D Center.

CORPORATE DEVELOPMENT

Early Years

Prior to the NYSE Listing in 2007, we had five principal subsidiaries which made a material contribution to our results of operations at that time, details of which are set out below.

Jiangsu Simcere

Jiangsu Simcere was established as a limited liability company in the PRC on March 28, 1995. At the time of its establishment, Jiangsu Simcere was held as to 51% and 49% by Jiangsu Pharmaceutical Industrial Company (江蘇省醫藥工業公司) and Nanjing Cuccess Pharmaceutical Company Limited (南京臣功製藥有限公司) (“**Nanjing Cuccess**”), respectively, both of which are Independent Third Parties.

Mr. Ren, our founder and one of our Controlling Shareholders, joined Jiangsu Simcere as its general manager at the time of its establishment. On November 15, 1996, Mr. Ren, through his shareholding vehicle, acquired approximately 4.73% equity interest in Jiangsu Simcere from Nanjing Cuccess for a consideration of RMB131,520 determined after arm’s length negotiations between the parties.

From 1998 to early 1999, several equity transfers and capital increases in Jiangsu Simcere took place among the existing shareholders and certain new shareholders. By January 1999, Jiangsu Simcere was held as to approximately 38.91% by Hainan Simcere, another of our principal subsidiaries in the PRC, and approximately 8.79% by Mr. Ren’s shareholding vehicle,

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with the rest of the equity interest held by the labor union of Jiangsu Sincere and other shareholders, all of which are Independent Third Parties. After that, the shareholding structure of Jiangsu Sincere was further restructured through a series of equity transfers and capital increases in preparation for the NYSE Listing, and by July 2006, Jiangsu Sincere became a directly wholly-owned subsidiary of Hainan Sincere.

Hainan Sincere

Hainan Sincere was established as a limited liability company in the PRC on April 28, 1993. At the time of its establishment, Mr. Ren was one of its minority shareholders and served as its deputy general manager.

On April 13, 2001, Jiangsu Sincere acquired approximately 7.98% equity interest in Hainan Sincere through capital increase, upon completion of which, Hainan Sincere was held by Hainan Sincere Investments Group Co., Ltd. (海南先聲投資集團有限公司) (“**Hainan Sincere Investments**”), Jiangsu Sincere and Mr. Ren as to approximately 59.36%, 7.98% and 4.47%, respectively, with the rest of the 28.19% equity interest held by Independent Third Parties. About the same time, Jiangsu Sincere, together with Nanjing Sincere Pharmaceutical Co., Ltd. (南京先聲製藥有限公司) (“**Nanjing Sincere**”) and Jiangsu Sincere Hanhe Pharmaceutical Co., Ltd. (江蘇先聲漢合製藥有限公司) (“**Sincere Hanhe**”), acquired an aggregate of 50.01% equity interest in Hainan Sincere Investments, the company holding 59.36% equity interest in Hainan Sincere at the time, for a total consideration of RMB16,003,360 determined based on arm’s length negotiation among the parties. Both Nanjing Sincere and Sincere Hanhe were then controlled by Jiangsu Sincere, therefore Jiangsu Sincere became an indirect controller of Hainan Sincere after the abovementioned transactions, which enabled our Group to obtain manufacturing capabilities of pharmaceutical products.

On February 19, 2004, Jiangsu Sincere transferred its 7.98% interest in Hainan Sincere to Hainan Yiyuan Technology Co., Ltd. (海南益源科技有限公司) (“**Hainan Yiyuan**”), a company controlled by Mr. Ren and certain then management members of our Group, for a consideration of RMB6,480,000 determined after arm’s length negotiation between the parties. From 2004 to early 2006, Hainan Sincere Investments completed a series of acquisitions of equity interest in Hainan Sincere from its other existing shareholders, and by February 2006, Hainan Sincere was held by Hainan Sincere Investments and Hainan Yiyuan as to 98% and 2%, respectively.

In preparation for the NYSE Listing, in March 2006, SGG, our then offshore holding company, acquired the entire equity interest in Hainan Sincere from Hainan Sincere Investments and Hainan Yiyuan for a total consideration of RMB134,425,200 determined with reference to a valuation report issued by an independent professional valuer regarding the net asset value of Hainan Sincere as of March 31, 2005.

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Sincere Pharmaceutical

Sincere Pharmaceutical was established as a limited liability company in the PRC on September 10, 1998. In 2003, Jiangsu Sincere and Hainan Sincere acquired the entire equity interest in Sincere Pharmaceutical from its then shareholders, all of which were Independent Third Parties, for a total consideration of RMB11,000,000 based on arm's length negotiation among the parties, and Sincere Pharmaceutical became a wholly-owned subsidiary of our Group. The acquisition of Sincere Pharmaceutical further enriched our product portfolio and enhanced our manufacturing capabilities.

In preparation for the NYSE Listing, in March 2006, SGG, our then offshore holding company, acquired the entire equity interest in Sincere Pharmaceutical from Hainan Sincere and Jiangsu Sincere for a total consideration of RMB33,290,100 determined with reference to a valuation report issued by an independent professional valuer regarding the net asset value of Sincere Pharmaceutical as of March 31, 2005.

Shandong Sincere

Shandong Sincere was established as a limited liability company in the PRC on June 30, 1999. On September 30, 2006, Hainan Sincere and SGG acquired an aggregate of 80.07% equity interest in Shandong Sincere from certain of its then shareholders, all of which were Independent Third Parties, for a total consideration of approximately RMB196.6 million based on arm's length negotiation among the parties. Upon completion, Shandong Sincere became a non-wholly-owned subsidiary of our Group, with the rest of its 19.93% equity interest held by Independent Third Parties. The acquisition of Shandong Sincere allowed us to obtain the exclusive right to the manufacture and sales of Endostar (recombinant human endostatin injection), our category I innovative biologic drug, and to enter into the field of biological pharmaceuticals.

Shanghai Sincere

Shanghai Sincere was established as a limited liability company in the PRC on July 20, 2000. Hainan Sincere acquired 90% equity interest in Shanghai Sincere from Hainan Sincere Haifu Pharmaceutical Co., Ltd. (海南先聲海富醫藥有限公司) (“**Hainan Sincere Haifu**”) on August 21, 2003, and further acquired the remaining 10% equity interest in Shanghai Sincere from an Independent Third Party on July 13, 2006. The total consideration for the aforementioned acquisitions was RMB5,000,000, which was determined after arm's length negotiation among the parties. Upon completion, Shanghai Sincere became a directly wholly-owned subsidiary of Hainan Sincere. The acquisition of Shanghai Sincere enabled us to expand our sales and distribution network.

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Strategic Investment by Financial Investor

In preparation for the NYSE Listing, we underwent a series of offshore and onshore corporate restructuring, and as a result, SGG became the offshore holding company of our operating subsidiaries in March 2006.

On March 28, 2006, SGG issued 15,500 ordinary shares to Assure Ahead Investments Limited (“**Assure Ahead**”), a strategic financial investor, for a consideration of approximately USD26.4 million, which was determined after arm’s length negotiation between the parties with reference to the financial performance of our Group at the time and was fully settled on March 28, 2006. For further details, see “– Pre-IPO Investments.” Upon completion, SGG was held by New Good Management Limited (“**New Good Management**”) and Assure Ahead as to 69% and 31%, respectively. At the time, New Good Management was held by Mr. Ren, Mr. Ren Weidong and 13 individuals who were then management members of our Group or Independent Third Parties as to 35.7%, 4.50% and 59.80%, respectively. Assure Ahead was an investment holding company controlled by Hony Capital II, L.P. (together with its related parties, “**Hony Capital**”).

Prior Listing on the NYSE

In anticipation of the NYSE Listing, Simcere Investments, which was then owned by New Good Management and Assure Ahead, issued an aggregate of 100,000,000 ordinary shares to New Good Management and Assure Ahead on September 29, 2006 in exchange for all of the issued ordinary shares of SGG held by them. As a result, SGG became a wholly-owned subsidiary of Simcere Investments, and Simcere Investments became the listing vehicle and the offshore holding company of our operating subsidiaries at the time.

In order to improve our management, corporate governance and brand awareness as well as to expand our financial resources, we decided to apply for listing on the NYSE and the American depository shares (“**ADSs**”) of Simcere Investments were listed on the NYSE on April 20, 2007.

Further Corporate Development during the Listing on the NYSE

Simcere Investments remained listed on the NYSE from April 20, 2007 to December 23, 2013, during which period we utilized the financial resources available to us to further enrich our product portfolio and expand our distribution network.

Acquisition of Wuhu Simcere

Wuhu Simcere was established as a limited liability company in the PRC on September 19, 2008. On December 31, 2008, Simcere Pharmaceutical acquired 70% equity interest in Wuhu Simcere from its then shareholder, an Independent Third Party, for a consideration of RMB25,900,000 determined after arm’s length negotiation between the parties. Upon completion, Wuhu Simcere became a non-wholly-owned subsidiary of Simcere Pharmaceutical.

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Acquisition of the Remaining Equity Interest in Shandong Simcere

Prior to the NYSE Listing, Shandong Simcere was a non-wholly-owned subsidiary of our Group held by Hainan Simcere and SGG as to 80.07% in aggregate. In August 2007 and September 2009, Hainan Simcere and SGG further acquired the remaining 19.93% equity interest in Shandong Simcere from its then shareholders, all of which were Independent Third Parties, for a total consideration of approximately RMB57.0 million determined after arm's length negotiation among the parties. Upon completion, Shandong Simcere became a wholly-owned subsidiary of our Group and was held as to 75% and 25% by Hainan Simcere and SGG, respectively.

Cooperation with Merck Sharp & Dohme

In order to meet the increasing demands in China's healthcare industry and to make quality pharmaceuticals for treating cardiovascular disease more accessible, Shanghai Simcere carried out a series of business cooperation with Merck Sharp & Dohme China Holding Co., Ltd. (默沙東(中國)投資有限公司) ("**MSD China**") and certain related corporate restructuring on July 11, 2012, by which MSD China acquired a majority stake in Shanghai Simcere through capital increase. Upon completion, Shanghai Simcere was held by MSD China and Hainan Simcere as to 51% and 49%, respectively, and ceased to be a subsidiary of our Group.

Investments by New Financial Investors

During Simcere Investments' listing on the NYSE, King View purchased 11,820,000 shares of Simcere Investments from New Good Management for a consideration of USD60,282,000, and Fosun Industrial purchased an aggregate of 8,898,088 shares of Simcere Investments from the secondary market. For further details, please see "– Pre-IPO Investments."

On June 25, 2008, Assure Ahead transferred 1,612,694 shares of Simcere Investments to Right Lane Limited ("**Right Lane**"), one of the shareholders of Assure Ahead and an Independent Third Party.

Privatization and De-listing from the NYSE

Immediately prior to the privatization, approximately 77.58% in aggregate of the outstanding issued shares of Simcere Investments were held by Mr. Ren, New Good Management, Mr. Liu Hongquan (劉洪泉), Assure Ahead, Right Lane, King View and Fosun Industrial (the "**Rollover Shareholders**").

In order to allow our Group to better adjust our strategy, and considering the generally low trading liquidity of the ADSs of Simcere Investments on the NYSE, on March 11, 2013, Mr. Ren, New Good Management, Assure Ahead and its affiliates (the "**Buyer Group**") issued a preliminary non-binding proposal to Simcere Investments to purchase all of the outstanding shares of Simcere Investments that are not beneficially owned by the Buyer Group for a cash

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consideration equal to USD4.78 per share or USD9.56 per ADS (the “**Privatization Proposal**”). The final consideration agreed in the Merger Agreement (as defined below) was equal to USD4.83 per share or USD9.66 per ADS, representing (i) a premium of 21.4% to the closing price of USD7.96 per ADS of Simcere Investments on March 8, 2013 (being the last trading day prior to the date on which the Privatization Proposal was announced), and (ii) a premium of 23.1% to the volume-weighted average closing price of USD7.85 per ADS of Simcere Investments during the 30 trading days prior to March 8, 2013. Upon privatization, based on the consideration of USD4.83 per share, the market capitalization of Simcere Investments was USD539.2 million. The offer price of the NYSE Listing was USD14.50 per ADS, representing a premium of 50.1% to the consideration of USD9.66 per ADS as agreed in the Merger Agreement (as defined below), mainly because (i) we were not considered appealing by investors on the secondary market in the United States given our small scale of business at the time of the privatization; and (ii) the ADSs of Simcere Investments had low trading liquidity on the NYSE.

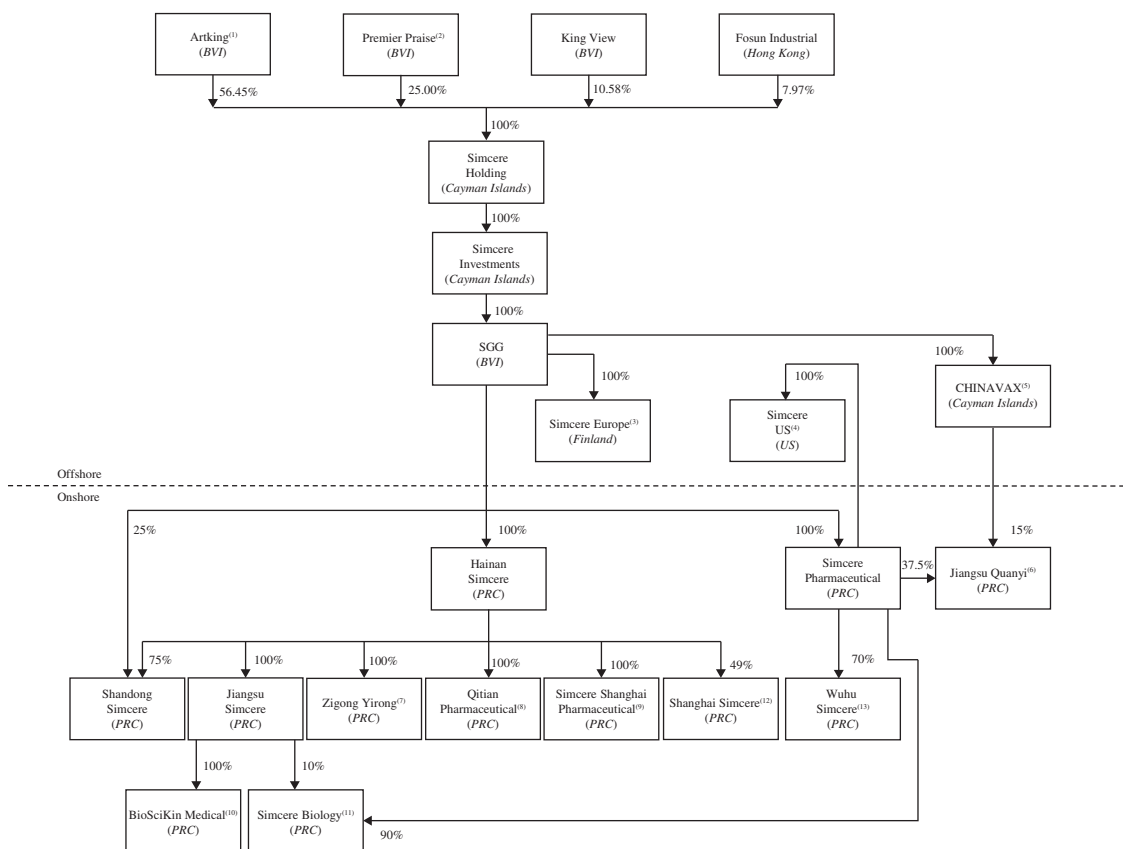
On August 28, 2013, Simcere Investments, Simcere Holding, a company held by certain Rollover Shareholders for the purpose of the Rollover Arrangement (as defined below), and its wholly-owned subsidiary Simcere Acquisition Limited (the “**Merger Subsidiary**”) entered into an agreement and plan of merger (the “**Merger Agreement**”), pursuant to which each of the issued and outstanding shares of Simcere Investments, other than (a) the shares held by Simcere Investments’ wholly-owned subsidiaries; (b) shares beneficially owned by Simcere Holding and the Merger Subsidiary; (c) an aggregate of 86,622,470 shares beneficially owned by the Rollover Shareholders; and (d) shares owned by shareholders of Simcere Investments who had validly exercised and had not effectively withdrawn or lost their dissenter rights under the Cayman Companies Law, shall be cancelled in exchange for the right to received an amount in cash equal to US\$4.83 per share, and the Merger Subsidiary would be merged into Simcere Investments (the “**Merger**”), with Simcere Investments surviving the Merger and becoming a directly wholly-owned subsidiary of Simcere Holding. In addition, on August 28, 2013, the Rollover Shareholders entered into a contribution agreement with Simcere Holding (the “**Contribution Agreement**”), pursuant to which they agreed to roll over their respective shares in Simcere Investments to Simcere Holding immediately prior to the effective time of the Merger such that the shares of Simcere Investments owned by the Rollover Shareholders would all be cancelled in exchange for new shares in Simcere Holding to be issued to them or their affiliates (the “**Rollover Arrangement**”).

On December 23, 2013, upon completion of the Merger, Simcere Investments became a directly wholly-owned subsidiary of Simcere Holding and the Rollover Shareholders or their affiliates became shareholders of Simcere Holding with shareholding percentage in proportion to their previous shareholdings in Simcere Investments.

The privatization was financed by debt financing from a commercial bank to Simcere Holding, self-owned cash of Simcere Investments and its subsidiaries and equity commitment by the Rollover Shareholders through contributing the shares of Simcere Investments held by them to Simcere Holding.

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Immediately following the privatization and the de-listing from the NYSE, the then shareholding structure of our Group is set out as below:



Notes:

- (1) Artking was the nominee for Mr. Ren, New Good Management and Mr. Liu Hongquan for the purpose of the Rollover Arrangement. Immediately following the privatization of Sincere Investments, Artking was wholly-owned by New Good Management, which was in turn controlled by Mr. Ren, Excel Advance Group Limited (a company controlled by Mr. Ren Yong, son of Mr. Ren), Mr. Ren Weidong (brother of Mr. Ren), and Ms. Peng Suqin (mother of Mr. Ren Yong). The remaining equity interest of New Good Management was then held by current employees and ex-employees of the Group.
- (2) Premier Praise was the nominee for Assure Ahead and Right Lane for the purpose of the Rollover Arrangement, and was wholly owned by Hony Capital.
- (3) Sincere Europe was incorporated in Finland on September 14, 2007. Sincere Europe was not a principal subsidiary of our Group then.
- (4) Sincere US was incorporated in the State of Delaware, United States on January 5, 2011. Sincere US was not a principal subsidiary of our Group then.
- (5) CHINAVAX was incorporated in the Cayman Islands as an exempted company on July 28, 2006, and became a wholly-owned subsidiary of our Group in November 2009. We acquired CHINAVAX for the purpose of acquiring indirect equity interest in Jiangsu Quanyi. CHINAVAX was not a principal subsidiary of our Group then and was de-registered on March 31, 2020.
- (6) Jiangsu Quanyi was established as a limited liability company in the PRC on April 11, 1995 and became a non-wholly-owned subsidiary of our Group in November 2009, with the remaining 47.5% equity interest held by Independent Third Parties. Jiangsu Quanyi was not a principal subsidiary of our Group then.

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- (7) Zigong Yirong was established as a limited liability company in the PRC on September 2, 2005 and became a wholly-owned subsidiary of our Group in July 2006. Zigong Yirong was not a principal subsidiary of our Group then.
- (8) Qitian Pharmaceutical is a limited liability company established in the PRC on December 6, 1998 and became a subsidiary of our Group in December 2001. Qitian Pharmaceutical was not a principal subsidiary of our Group then.
- (9) Sincere Shanghai Pharmaceutical was spun off from Shanghai Sincere and established as a limited liability company in the PRC on December 16, 2011. Sincere Shanghai Pharmaceutical was not a principal subsidiary of our Group then.
- (10) BioSciKin Medical is a limited liability company established in the PRC on June 6, 2013. BioSciKin Medical was a wholly-owned subsidiary of Jiangsu Sincere at the time of establishment and was later transferred to Hainan Sincere on May 5, 2014. BioSciKin Medical was not a principal subsidiary of our Group then.
- (11) Sincere Biology was established as a limited liability company in the PRC on March 14, 2012. Sincere Biology was not a principal subsidiary of our Group then.
- (12) The remaining 51% equity interest in Shanghai Sincere was held by MSD China. Shanghai Sincere was not our subsidiary at the time but later became our subsidiary in February 2016.
- (13) The remaining 30% equity interest in Wuhu Sincere was held by an Independent Third Party.
- (14) Certain of our subsidiaries at the time had no or minimum business operations, and were subsequently de-registered or no longer with our Group as a result of our subsequent restructuring, and therefore are not included in this chart.

Our Directors confirm that Sincere Investments had been in compliance with all applicable U.S. securities laws and regulations as well as rules and regulations of the NYSE in all material respects, and had not been subject to any disciplinary action by the relevant regulators or any material litigation in this respect, during the period when it was listed on the NYSE and up to its de-listing therefrom or in connection with the de-listing.

Subsequent Development following the De-listing from the NYSE

Acquisition of the Remaining Equity Interest in Wuhu Sincere

On January 16, 2014, Sincere Pharmaceutical acquired the remaining 30% equity interest in Wuhu Sincere from Anhui Zhongren Technology Co., Ltd. (安徽中人科技有限責任公司) (“**Zhongren Technology**”), an Independent Third Party, for a consideration of RMB80,000,000, which was determined with reference to (i) the then paid-up registered capital of Wuhu Sincere, (ii) the principal amount of a loan of RMB10,000,000 lent by Jiangsu Sincere to Zhongren Technology in support of the research and development of Zhongren Technology, and (iii) the refund of a development fee of RMB3,000,000 payable by Zhongren Technology to Wuhu Sincere upon the termination of a technology development contract between them. Upon completion, Wuhu Sincere became a directly wholly-owned subsidiary of Sincere Pharmaceutical.

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Share Transfer of Simcere Holding

On May 22, 2014, Artking and Premier Praise transferred to Palace Investments 1,116,722 shares and 2,851,184 shares of Simcere Holding, for a consideration of approximately USD3,908,239 and USD9,978,473, respectively, which were determined after arm's length negotiation and settled on April 7, 2014. For further details, see “– Pre-IPO Investments.”

Disposal of Jiangsu Quanyi

As Jiangsu Quanyi engages in the research and development of preventive vaccines, its business is materially different from that of our Group. Therefore, to further streamline our business, Simcere Pharmaceutical and CHINAVAX disposed of their entire equity interest in Jiangsu Quanyi to an Independent Third Party in June 2014 for a total consideration of RMB23,953,650 determined after arm's length negotiation among the parties.

Incorporation of SPHL

SPHL was incorporated as an exempted company with limited liability in the Cayman Islands on August 15, 2014 and was wholly owned by SGG at the time of its incorporation. In December 2014, SPHL allotted and issued 41,999 shares to SGG in exchange for the equity interest held by SGG in our PRC operating subsidiaries. Upon completion of such allotment of shares, SPHL became the offshore holding company of the business of our Group at the time.

Spin-off of BioSciKin Business

In 2014 and 2015, we excluded from our Group certain subsidiaries that had different development strategies or did not carry out any actual business operations (the “**BioSciKin Business**”), so as to better focus on our core business, details of which are set out below.

Company	Original shareholder	New shareholder	Consideration	Principal business	Date of exclusion ⁽²⁾
Nanjing BioSciKin Technology	Simcere Pharmaceutical	SGG	N/A, Nanjing BioSciKin Technology was spun off from Simcere Pharmaceutical and established as wholly owned by SGG	Property lease and management	September 10, 2014
Hainan BioSciKin	Hainan Simcere	SGG	N/A, Hainan BioSciKin was spun off from Hainan Simcere and established as wholly owned by SGG	Property lease and management	September 29, 2014

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Company	Original shareholder	New shareholder	Consideration	Principal business	Date of exclusion ⁽²⁾
Simcere Shanghai Pharmaceutical ⁽¹⁾	Hainan Simcere	Hainan BioSciKin	N/A, Simcere Shanghai Pharmaceutical became a subsidiary of Hainan BioSciKin as part of the spin-off arrangement of Hainan BioSciKin	Property lease and management	May 7, 2015
BioSciKin Medical	Hainan Simcere	Hainan BioSciKin	N/A, BioSciKin Medical became a subsidiary of Hainan BioSciKin as part of the spin-off arrangement of Hainan BioSciKin	Property development and investment in the healthcare industry ⁽³⁾	August 26, 2015
Simcere Biology	Simcere Pharmaceutical and Jiangsu Simcere	BioSciKin Medical	RMB50,000,000	Simcere Biology did not carry out any actual business operations at the time	October 16, 2015

Note:

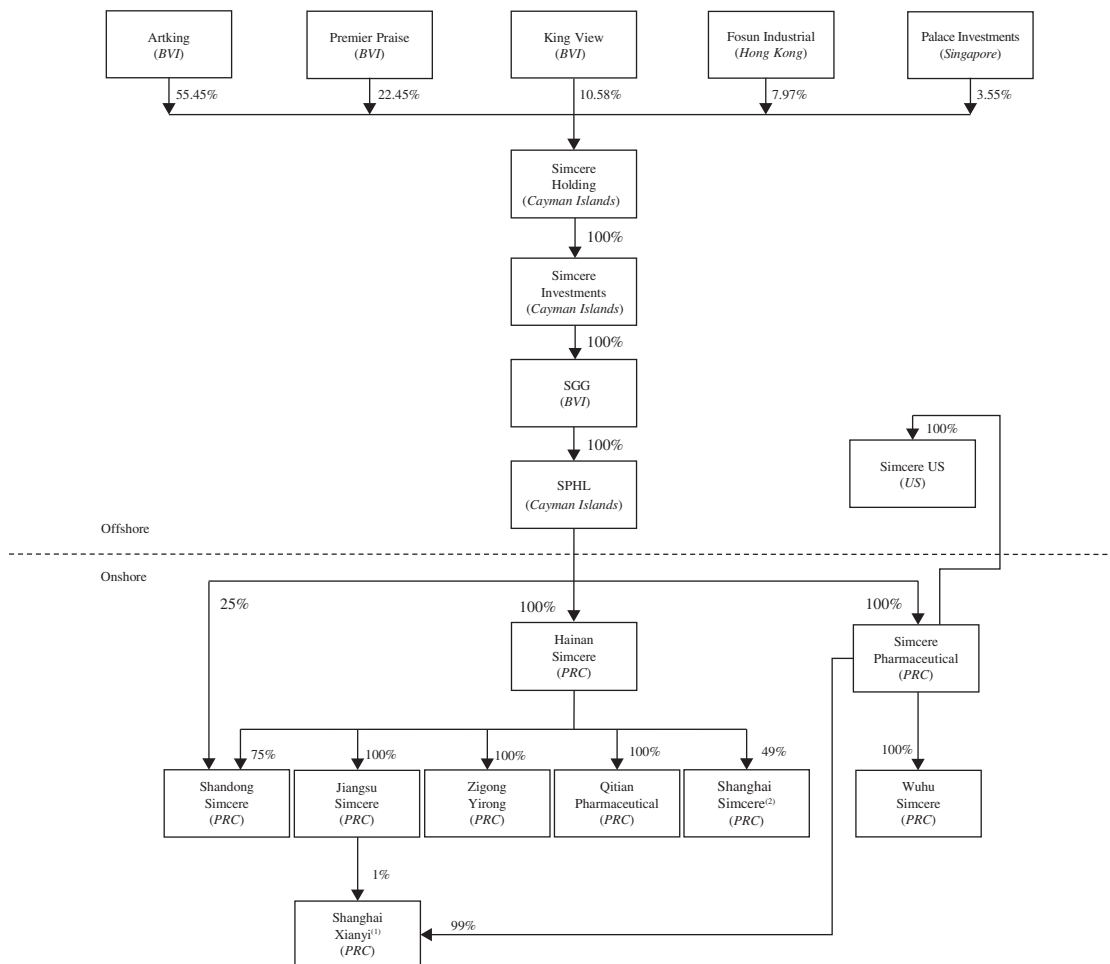
- (1) On January 2, 2019, BioSciKin Medical acquired the entire equity interest in Simcere Shanghai Pharmaceutical from Hainan BioSciKin.
- (2) The date of exclusion refers to the date of completing requisite filing procedures with the relevant local counterparts of the SAMR.
- (3) As to the equity interest held by BioSciKin Medical in companies engaging in the pharmaceutical related area, it was later transferred to our Group during the Reorganization, details of which are set out in “– Reorganization – Onshore Reorganization – Acquisition of Subsidiaries from BioSciKin Medical.”

REORGANIZATION

Our Directors consider Hong Kong to be a suitable place for listing as they believe that, with our businesses and operations being primarily located, managed and conducted in the PRC, a listing in Hong Kong will not only provide us with access to international capital markets where we could attract investors with a deep understanding of the Chinese pharmaceutical industry, but also provide better synergy for us in terms of improving our brand awareness and raising our corporate profile. In preparation for the Global Offering and the Listing, we underwent a corporate reorganization, details of which are set out as below.

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The following chart sets forth the corporate and shareholding structure of our Group immediately prior to the Reorganization:



Notes:

- (1) Shanghai Xianyi was established as a limited partnership in the PRC on November 20, 2015 and has been our subsidiary since its establishment. Shanghai Xianyi is not a principal subsidiary of our Group.
- (2) The remaining 51% equity interest in Shanghai Sincere was held by MSD China. Shanghai Sincere was not our subsidiary at the time but later became our subsidiary in February 2016.
- (3) Certain of our subsidiaries at the time had no or minimum business operations, and were subsequently de-registered or are no longer with our Group as a result of our subsequent restructuring, and therefore were not included in this chart.

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Onshore Reorganization

Acquisition of the Remaining Equity Interest in Shanghai Simcere

In order to obtain full control over Shanghai Simcere's sales and distribution network of pharmaceutical products, Hainan Simcere acquired the remaining 51% equity interest in Shanghai Simcere from MSD China for a consideration of RMB10,200,000, which was determined based on arm's length negotiation between the parties and fully settled on March 6, 2017. Upon completion of such acquisition, Shanghai Simcere became a directly wholly-owned subsidiary of Hainan Simcere.

Transfer of Equity Interest in Shandong Simcere

On January 26, 2017, SPHL and Hainan Simcere entered into an equity transfer agreement, pursuant to which SPHL agreed to transfer its 25% equity interest in Shandong Simcere to Hainan Simcere, for a consideration of RMB93,000,000 determined with reference to a valuation report issued by an independent professional valuer regarding the net asset value of Shandong Simcere as of December 31, 2016. Upon completion, Shandong Simcere became a directly wholly-owned subsidiary of Hainan Simcere.

Transfer of Equity Interest in Simcere Pharmaceutical

On June 26, 2017, SPHL and our Company entered into an equity transfer agreement, pursuant to which SPHL agreed to transfer the entire equity interest in Simcere Pharmaceutical to our Company, in exchange for our Company allotting and issuing 19,999 Shares to SPHL. Upon completion, Simcere Pharmaceutical became a directly wholly-owned subsidiary of our Company. For details of establishment information of our Company, see “– Reorganization – Offshore Reorganization – Establishment of Our Company.”

Establishment and Capital Increase of Simcere Technology

Simcere Technology was established as a limited liability company in the PRC on August 14, 2017. At the time of its establishment, Simcere Technology was a directly wholly-owned subsidiary of our Company. For details of establishment information of our Company, see “– Reorganization – Offshore Reorganization – Establishment of Our Company.”

On December 4, 2017, our Company further contributed to the registered capital of Simcere Technology using the entire equity interest in Simcere Pharmaceutical and 88.92% equity interest in Hainan Simcere directly held by our Company then. For details of our Company's original acquisition of interest in Simcere Pharmaceutical and Hainan Simcere, see “– Reorganization – Offshore Reorganization – Allotment of Shares by Our Company in Connection with the Onshore Reorganization.” Upon completion of such capital increase, Simcere Technology remained a directly wholly-owned subsidiary of our Company but became the sole shareholder of Simcere Pharmaceutical and held 88.92% equity interest in Hainan Simcere.

Shareholding Changes in Hainan Sincere

Investment by CDB Development Fund

In order to obtain additional financing to support the business growth of Hainan Sincere, CDB Development Fund, SPHL and Hainan Sincere entered into an investment agreement on October 21, 2015 (the “**Investment Agreement**”), pursuant to which CDB Development Fund agreed to contribute RMB100.5 million to Hainan Sincere, among which RMB24,500,000 was recorded as the registered capital with the remaining funds allocated to the capital reserve. Upon completion of such capital increase on March 8, 2016, Hainan Sincere was held by SPHL and CDB Development Fund as to 88.92% and 11.08%, respectively.

Set out below are the salient terms of the Investment Agreement:

- (i) *Redemption Right.* CDB Development Fund is entitled to a redemption right, pursuant to which CDB Development Fund can require SPHL, the then direct shareholder of Hainan Sincere, to repurchase the equity interest held by CDB Development Fund in Hainan Sincere by instalments at a price equal to the consideration paid by CDB Development Fund at the time of its investment;
- (ii) *Redemption Timetable.* SPHL shall repurchase the equity interest held by CDB Development Fund in Hainan Sincere from March 20, 2019 to October 22, 2025, during which period SPHL shall repurchase 1.54% of the equity interest in Hainan Sincere in each year from 2019 to 2024, and repurchase the remaining 1.84% equity interest in Hainan Sincere on October 22, 2025. Notwithstanding the specified timetable, SPHL is entitled to repurchase the equity interest held by CDB Development Fund at its volition, provided that it shall notify CDB Development Fund in writing one month prior to the intended repurchase;
- (iii) *Annual Interest.* CDB Development Fund is entitled to an annual interest of 1.2% of its initial investment amount for its investment in Hainan Sincere, which shall be paid by Hainan Sincere as dividends;
- (iv) *Special Rights.* CDB Development Fund is entitled to certain special rights under the Investment Agreement, including liquidation preference, right of first refusal, co-sale rights, as well as pre-emptive rights and information rights that are in line with the shareholders’ rights as stipulated under the PRC Company Law; and
- (v) *Special Resolutions.* Certain events require the passing by a majority of not less than 2/3 of votes cast by shareholders of Hainan Sincere at its general meetings, including among others (a) amending the articles of association, increasing or decreasing the registered capital, merger, division, dissolution or otherwise altering the form of Hainan Sincere; (b) establishing any subsidiary of Hainan Sincere; and (c) other events that may have material adverse effects on the rights of CDB Development Fund under the Investment Agreement.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Pursuant to the shareholders resolution of Hainan Simcere on November 24, 2017, Simcere Pharmaceutical, the current shareholder of Hainan Simcere, will supersede SPHL to fulfill its repurchase obligation under the Investment Agreement. Mr. Ren (together with certain of his close associates) has provided guarantees to CDB Development Fund in respect of such repurchase obligation of SPHL under the Investment Agreement. See “Relationship with Our Controlling Shareholders – Independence from Our Controlling Shareholders – Financial Independence” for further details. As of the Latest Practicable Date, we had paid RMB28 million to CDB Development Fund, which consists of RMB14 million paid on March 20, 2019 and RMB14 million paid on March 20, 2020 for the repurchase of 1.54% and 1.54% of the equity interest in Hainan Simcere held by CDB Development Fund, respectively, and the outstanding amount to be repurchased is equal to RMB72.5 million.

The investment of CDB Development Fund in Hainan Simcere is recognized as a borrowing of our Group in our financial statements under HKAS 32 with the attributable equity interest of Hainan Simcere regarded as being held by our Company as to 100%, and the RMB28 million we paid for the repurchase of 3.08% of the equity interest in Hainan Simcere is recognized as repayment of such borrowing. According to HKAS 32, an instrument is classified as a financial liability if it is a contractual obligation to deliver cash or other financial assets. Pursuant to the Investment Agreement, our Group is obliged to repurchase the equity interest held by CDB Development Fund in Hainan Simcere in accordance with the schedule stated in the Investment Agreement and our Group does not have an unconditional right to avoid delivering cash to settle our obligation. Therefore, the investment made by CDB Development Fund in Hainan Simcere meets the definition of financial liabilities and the investment made by CDB Development Fund in Hainan Simcere is recognized as a borrowing of our Group in our consolidated financial statements.

Subsequent Transfers of Equity Interest in Hainan Simcere

In late 2017, members of our Group underwent the below internal restructuring steps, each of which relates to the 88.92% equity interest in Hainan Simcere held by our Group.

Transferor	Transferee	Consideration	Date of the equity transfer
SPHL	The Company	20,000 Shares of the Company	September 28, 2017
The Company	Simcere Technology	Equity interest in Simcere Technology attributable to its registered capital in the amount of USD22,358,900	November 15, 2017
Simcere Technology	Simcere Pharmaceutical	Equity interest in Simcere Pharmaceutical attributable to its registered capital in the amount of RMB147,143,920	December 15, 2017

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The consideration for each of the above-mentioned transactions was determined with reference to a valuation report issued by an independent professional valuer regarding the net asset value of Hainan Simcere as of December 31, 2016, and had been fully settled as of the Latest Practicable Date. Upon completion of such equity transfers, Hainan Simcere was held by Simcere Pharmaceutical and CDB Development Fund as to 88.92% and 11.08%, respectively.

Disposal of Qitian Pharmaceutical

During the Track Record Period, Hainan Simcere engaged in the production of diosmectite at the site of Qitian Pharmaceutical in Sanya, the PRC, where Qitian Pharmaceutical provided ore processing services to Hainan Simcere. Diosmectite is a type of active pharmaceutical ingredients starting material used in the production process of our pharmaceutical products. In order to optimize our business operations, we decided to relocate our pharmaceutical factory in Sanya to Haikou and therefore ceased the operation of Qitian Pharmaceutical in March 2020. On April 10, 2020, Hainan Simcere entered into an equity transfer agreement with Hainan BioSciKin, pursuant to which Hainan Simcere agreed to dispose of the entire equity interest in Qitian Pharmaceutical to Hainan BioSciKin at nil consideration. Such consideration was determined with reference to the valuation of Qitian Pharmaceutical conducted by Hainan Lixin Changjiang Assets Appraisal Firm (海南立信長江資產評估事務所), an independent professional valuer, based on its net asset value as of December 31, 2019. Our PRC Legal Advisors are of the view that the abovementioned equity transfer at nil consideration is not in violation of relevant PRC laws and regulations. Qitian Pharmaceutical recorded revenue of RMB163,082 and a loss of RMB 468,696.36 from January 1, 2020 to April 29, 2020, being the date of completion of such disposal, respectively. Our Group recorded a net gain of RMB1.6 million arising from the disposal of Qitian Pharmaceutical, being the difference between the consideration received and the net liabilities of Qitian Pharmaceutical as of April 29, 2020.

Upon the completion of such transfer on April 29, 2020, Qitian Pharmaceutical became a wholly-owned subsidiary of Hainan BioSciKin and no longer engages in any business that competes or is likely to compete with the business of our Group.

Acquisition of Subsidiaries from BioSciKin Medical

In order for us to further develop our capabilities in the biological pharmaceuticals related area, we acquired certain readily available companies that had research and development capacity from BioSciKin Medical, details of which are set out below.

Simcere Biological Pharmaceutical

Simcere Biological Pharmaceutical was established as a limited liability company in the PRC on July 10, 2017, and was wholly owned by Nanjing BioSciKin Pharmaceutical Industrial Co., Ltd. (南京百家匯醫藥產業有限公司) (“**Nanjing BioSciKin Pharmaceutical**”), a wholly-owned subsidiary of BioSciKin Medical, at the time of its establishment.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

On August 27, 2018, Simcere Pharmaceutical and Nanjing BioSciKin Pharmaceutical entered into an equity transfer agreement, pursuant to which Simcere Pharmaceutical agreed to acquire the entire equity interest in Simcere Biological Pharmaceutical for a consideration of RMB50,000,000, which was determined after arm's length negotiation with reference to the then paid-up registered capital of Simcere Biological Pharmaceutical and was fully settled on December 7, 2018.

Simcere Biology

On February 28, 2017, Shandong Simcere and BioSciKin Medical entered into an equity transfer agreement, pursuant to which Shandong Simcere agreed to acquire the entire equity interest in Simcere Biology from BioSciKin Medical for a consideration of approximately RMB3,176,465, which was determined after arm's length negotiation with reference to the asset value of Simcere Biology and was fully settled on December 29, 2017.

Simcere Shanghai Pharmaceutical

On June 10, 2019, Simcere Pharmaceutical and BioSciKin Medical entered into an equity transfer agreement, pursuant to which Simcere Pharmaceutical agreed to acquire the entire equity interest in Simcere Shanghai Pharmaceutical for a consideration of RMB464,600,000, which was determined after arm's length negotiation with reference to a valuation report issued by an independent professional valuer regarding the assessed value of Simcere Shanghai Pharmaceutical as of March 31, 2019 and was fully settled on July 30, 2019.

Nanjing BioSciKin

Nanjing BioSciKin was established as a limited liability company in the PRC on December 13, 2018 and was wholly owned by BioSciKin Medical at the time of its establishment. On June 27, 2019, Simcere Pharmaceutical entered into an equity transfer agreement, pursuant to which Simcere Pharmaceutical agreed to acquire the entire equity interest in Nanjing BioSciKin at nil consideration, which was determined with reference to the then paid-up registered capital of Nanjing BioSciKin. Our PRC Legal Advisors are of the view that the abovementioned equity transfer at nil consideration is not in violation of relevant PRC laws and regulations.

Capital Increase in BCY Pharm

BCY Pharm was established as a limited liability company in the PRC on October 28, 2011. On July 15, 2019, Nanjing BioSciKin acquired from BioSciKin Medical a 33% equity interest in BCY Pharm for a consideration of RMB33,429,000, which was determined based on the arm's length negotiation between the parties with reference to a valuation report issued by an independent valuer regarding the market value of BCY Pharm's equity interest and was fully settled on September 18, 2019.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

On April 30, 2020, Nanjing BioSciKin entered into a capital increase agreement with the other shareholders of BCY Pharm, all of which were Independent Third Parties, pursuant to which Nanjing BioSciKin agreed to contribute RMB40,000,000 to BCY Pharm, among which RMB7,000,000 was recorded as the registered capital with the rest of the funds allocated to the capital reserve. Such consideration was determined based on the arm's length negotiation among the parties with reference to the pre-money valuation of BCY Pharm dated May 16, 2019. The capital increase was completed on May 13, 2020 in accordance with the terms of the capital increase agreement, and upon completion, BCY Pharm was held as to approximately 52.14% by Nanjing BioSciKin.

Contractual Arrangements

In April 2020, in order for us to operate in the business of R&D of CAR T-cell therapy and TCR T-cell therapy, certain of our subsidiaries were incorporated, established or acquired, which include (i) Simgene Group, which was incorporated as an exempted company with limited liability under the laws of the Cayman Islands on April 9, 2020 and was a directly wholly-owned subsidiary of our Company; (ii) Simcere Industrial, which was acquired by Simgene Group from SPHL for a consideration of HKD1.0, which was determined after arm's lengths negotiation and was fully settled on April 21, 2020; (iii) Shanghai Xianbo, which was established as a limited liability company in the PRC on April 22, 2020 and was held by Mr. Ren and Mr. Zhu Zhenfei as to 95% and 5%, respectively; and (iv) Shanghai Xianjing, which was established as a limited liability company in the PRC on April 23, 2020 and was a directly wholly-owned subsidiary of Simcere Industrial.

We subsequently entered into the Contractual Arrangements with Shanghai Xianbo and its registered shareholders on April 30, 2020. For further details, see "Contractual Arrangements."

Offshore Reorganization

Establishment of Our Company

On November 30, 2015, our Company was incorporated as a private company limited by shares in Hong Kong and was wholly-owned by SPHL.

Adoption of the Pre-IPO Share Incentive Scheme

On July 31, 2014, SPHL, our then offshore holding company of our business, adopted a share incentive scheme with a view to recognizing the contributions of our employees and to incentivize them to further promote our development (the "**Pre-IPO Share Incentive Scheme**"). In connection with the Pre-IPO Share Incentive Scheme, Excel Management executed a declaration of trust as the trustee on December 10, 2015 in order to hold shares of SPHL for the benefit of participants of the Pre-IPO Share Incentive Scheme.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

On July 8, 2016, SPHL allotted and issued 5,583,613 shares to Artking, and immediately thereafter, Artking transferred such 5,583,613 shares of SPHL to Excel Management. Such 5,583,613 shares of SPHL held by Excel Management was for the purpose of the Pre-IPO Share Incentive Scheme.

After our Company became the offshore holding company of our business, on June 21, 2019, our Company allotted and issued 54,719,407 Shares to Excel Management to enable it to directly hold Shares of our Company and maintain its total shareholding interest in our Group at the same proportionate level. For further details, see “– Reorganization – Offshore Reorganization – Allotment of Shares by Our Company to the Shareholders.”

On April 4, 2020, Excel Management allotted and issued an aggregate of 111,572,260 shares to Assure Good, Great Good, Next Good and Promise Good, being the holding vehicles for the participants of the Pre-IPO Share Incentive Scheme. On the same date, Estera Services (Bermuda) Limited, the trustee of the Excel Management Trust, transferred all the equity interest it held in Excel Management, being 100,000 shares, to Promise Good.

As of the Latest Practicable Date, all the restricted shares under the Pre-IPO Share Incentive Scheme have been granted, and the equity interest in our Company under the Pre-IPO Share Incentive Scheme is indirectly held by the participants of the Pre-IPO Share Incentive Scheme through Excel Management and its holding companies, namely Assure Good, Great Good, Next Good and Promise Good. See “Appendix V – Statutory and General Information – D. Pre-IPO Share Incentive Scheme” for further details.

Allotment of Shares by Our Company in Connection with the Onshore Reorganization

On December 31, 2017, our Company issued and allotted 39,999 ordinary Shares to SPHL, among which 19,999 ordinary Shares were consideration in exchange for the entire equity interest in Simcere Pharmaceutical directly held by SPHL then, and 20,000 ordinary Shares were consideration for the 88.92% equity interest in Hainan Simcere directly held by SPHL then. For details, see “– Reorganization – Onshore Reorganization – Transfer of Equity Interest in Simcere Pharmaceutical” and “– Reorganization – Onshore Reorganization – Shareholding Changes in Hainan Simcere – Subsequent Transfers of Equity Interest in Hainan Simcere.”

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Allotment of Shares by SPHL

On July 20, 2016, SPHL allotted and issued an aggregate of 105,036,842 shares to SGG, Artking, Palace Investments and Premier Praise. On August 22, 2016, SPHL allotted and issued an aggregate of 6,215,426 shares to King View and Fosun Industrial. The abovementioned allotment and issuance of shares were to enable each of Palace Investments, Premier Praise, King View and Fosun Industrial to directly hold shares of SPHL and maintain their total shareholding interest in our Group at the same proportionate level. On October 18, 2018, SGG transferred its entire equity interest in SPHL to Sincere Investments by way of distribution in kind. Upon completion, the then shareholding structure of SPHL is set out as below:

Company name	Number of shares	Percentage of shareholding
Sincere Investments	78,170,588	66.67%
Artking	18,575,817	15.84%
Premier Praise	7,520,065	6.41%
Excel Management	5,583,613	4.76%
King View	3,546,000	3.02%
Fosun Industrial	2,669,426	2.28%
Palace Investments	1,190,372	1.02%
Total	117,255,881	100%

Incorporation and Acquisitions of Overseas Subsidiaries

Incorporation of Sincere UK, Sincere Innovation and Simgene LLC

Sincere UK was incorporated in the United Kingdom on December 20, 2017 and has been a directly wholly-owned subsidiary of our Company since its incorporation.

Sincere Innovation was incorporated in the State of Delaware, the United States on March 22, 2019 and has been a directly wholly-owned subsidiary of Sincere US since its incorporation.

Simgene LLC was incorporated in the Commonwealth of Massachusetts, the United States on April 19, 2019 and has been a directly wholly-owned subsidiary of Sincere US since its incorporation.

Acquisition of Sincere International

Sincere International was incorporated in Hong Kong on June 19, 2014 and was directly wholly owned by SGG at the time of its incorporation. On July 29, 2015, Sincere International issued 100,000,000 ordinary shares to Sincere Pharmaceutical, representing 45.45% of its entire equity interest. Later, in order to integrate the investment resources of Sincere International into our Group, on December 14, 2015, Sincere International repurchased its

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

54.55% equity interest held by SGG for a nominal consideration of HKD1 which was determined based on arm's length negotiation between the parties. Upon completion, Simcere International became a directly wholly-owned subsidiary of Simcere Pharmaceutical.

Acquisition of Simcere Europe

Simcere Europe was incorporated in Finland on September 14, 2007. Since Simcere Europe holds the license that would enable us to market our products in Europe, and to avoid any potential competition between our Group and SGG, on June 20, 2019, we acquired the entire equity interest in Simcere Europe from SGG for a consideration of EUR2,500 determined after arm's length negotiation between the parties with reference to the then paid-up share capital of Simcere Europe.

Share Transfers of Our Shareholders

Share Transfer of Simcere Holding

On October 16, 2018, FFI, a holding vehicle of Mr. Ren, Premier Praise, King View, Fosun Industrial and Palace Investments, entered into a share purchase agreement (the "**2018 Share Purchase Agreement**"), pursuant to which FFI agreed to purchase 19,047,966 shares, 8,442,857 shares and 6,355,777 shares and 2,834,219 shares of Simcere Holding from Premier Praise, King View, Fosun Industrial and Palace Investments, respectively, for a total consideration of approximately RMB2,101,198,227.

On January 10, 2019, FFI and Premier Praise entered into a termination agreement to terminate the 2018 Share Purchase Agreement as between FFI and Premier Praise only, and on May 22, 2019, EGG (another of Mr. Ren's holding vehicles) and Premier Praise entered into a share purchase agreement (the "**2019 Share Purchase Agreement**"), pursuant to which EGG agreed to purchase 19,047,966 shares of Simcere Holding, namely the original number of shares contemplated to be purchased by FFI, from Premier Praise for a consideration of approximately RMB1,091,649,590, which represents the consideration payable for the transfer of shares of Simcere Holding to FFI from Premier Praise under the 2018 Share Purchase Agreement.

The considerations under the 2018 Share Purchase Agreement and the 2019 Share Purchase Agreement were determined after arm's length negotiation among the parties based on the business prospects, results of operation and financial condition of the Group. The consideration under the 2018 Share Purchase Agreement, including the consideration payable to Premier Praise for the transfer of shares of Simcere Holding from Premier Praise to FFI as originally contemplated under the 2018 Share Purchase Agreement, was fully settled by FFI on April 29, 2019 and consequently, the consideration under the 2019 Share Purchase Agreement was in effect fully settled on April 29, 2019.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Upon completion of the above purchases of shares, the then shareholding structure of Simcere Holding is set out as below:

Company name	Number of shares	Percentage of shareholding
Artking	61,919,391	55.45%
EGG	19,047,966	17.05%
FFI	17,632,853	15.79%
Premier Praise	6,018,917	5.39%
King View	3,377,143	3.02%
Fosun Industrial	2,542,311	2.28%
Palace Investments	1,133,687	1.02%
Total	111,672,268	100%

In order to fund the acquisition of shares of Simcere Holding, FFI borrowed USD110,000,000 (the “**Controlling Shareholder’s Borrowing**”) from Industrial Bank Co., Ltd. Hong Kong Branch and CICC Hong Kong Finance (Cayman) Limited (“**CICC Cayman**”), an affiliate of China International Capital Corporation Hong Kong Securities Limited, one of the Joint Sponsors. In connection with the Controlling Shareholder’s Borrowing, Mr. Ren and EGG charged the entire equity interest held in EGG and FFI, respectively, as security interest in favor of CICC Cayman. Both EGG and FFI held equity interest in Simcere Holding and our Company at the relevant time. The Controlling Shareholder’s Borrowing had been repaid and the security interest charged in favor of CICC Cayman had been released as of the Latest Practicable Date through refinancing arrangements provided by an authorized institution (as defined in the Banking Ordinance) (the “**Authorized Institution**”). Under such refinancing arrangement, a portion of Artking’s interest in our Company had been charged as security interest in favor of the Authorized Institution, which was carried out in accordance with the Listing Rules, including, without limitation to, Rule 10.07 in respect of restrictions on disposal of shares by controlling shareholders following a new listing.

Subscription of Shares of FFI

On October 25, 2019, Mr. Ren, FFI, EGG and InnoPharma, entered into a share subscription agreement, pursuant to which InnoPharma agreed to subscribe for 629,527 ordinary shares of FFI for a consideration of approximately USD35,943,014, which was determined after arm’s length negotiation between the parties and was fully settled on October 29, 2019. For further details, see “– Pre-IPO Investments.”

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Allotment of Shares by Our Company to the Shareholders

After our Company became the offshore holding company of our business, on June 21, 2019, our Company issued and allotted an aggregate of 2,345,077,618 new Shares to SPHL, Artking, EGG, FFI, Excel Management, Premier Praise, King View, Fosun Industrial and Palace Investments to enable each of these Shareholders to directly hold Shares of our Company and maintain their total shareholding interest in our Group at the same proportionate level. Upon completion, the then shareholding structure of our Company is set out as below:

Company name	Number of Shares	Percentage of shareholding
SPHL	1,196,009,986	51.00%
Artking	606,810,031	25.88%
EGG	130,669,050	5.57%
FFI	120,961,370	5.16%
Premier Praise	114,986,405	4.90%
King View	57,918,000	2.47%
Excel Management	54,719,407	2.33%
Fosun Industrial	43,600,629	1.86%
Palace Investments	19,442,740	0.83%
Total	2,345,117,618	100%

Share Transfer of Our Company

On April 8, 2020, EGG, CNCB HK and CNCB SPC (acting on behalf of CNCB Capital Opportunity Investment Fund SP (“**CNCB Investment**”)) entered into a share purchase agreement, pursuant to which EGG agreed to transfer 9,263,736 Shares to each of CNCB HK and CNCB SPC (acting on behalf of CNCB Investment), for a total consideration of USD20 million, which was determined after arm’s length negotiation with reference to the relevant investors’ assessment of the business prospects, results of operation and financial condition of our Group and was fully settled on April 15, 2020. For further details, see “– Pre-IPO Investments.”

Compliance

As advised by our PRC Legal Advisors, all required regulatory approvals in relation to the onshore reorganization as described above have been obtained and the procedures involved have been carried out in accordance with the PRC laws and regulations, and our PRC Legal Advisors further confirmed that the equity transfers, disposals and capital contributions in the PRC and the onshore reorganization as described above have been properly and legally completed.

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POST-TRACK RECORD PERIOD ACQUISITION

On December 31, 2018, an investment agreement was entered into among TCRCure Beijing, TCRCure US, the then shareholders of TCRCure Beijing, Simcere Pharmaceutical and three other investors (the “**TCRCure Shareholders**”), pursuant to which Simcere Pharmaceutical agreed to invest in TCRCure Beijing and TCRCure US at an investment amount of RMB50,000,000. Such investment amount was determined after arm’s length negotiation with reference to the business prospects, results of operation and financial condition of TCRCure Beijing and TCRCure US, and was fully settled on February 26, 2019. Later, due to our internal business restructuring, Simcere Pharmaceutical transferred its entire rights and obligations in relation to the TCRCure Companies Acquisition to Shanghai Xianbo. Meanwhile, the TCRCure Companies and their affiliates have been undergoing a series of reorganization. Our investment in TCRCure Beijing was completed on July 6, 2020, whereas the offshore tranche of the TCRCure Companies Acquisition has not been fully completed as of the Latest Practicable Date pending the completion of the reorganization of the TCRCure Companies and their affiliates. Upon completion of such investment, the group of the TCRCure Companies after reorganization will be held by the subsidiary of our Company and other shareholders (who are all Independent Third Parties) as to 6.25% and 93.75% respectively.

The TCRCure Companies primarily engage in the R&D of immuno-oncology cell therapy. The minority investment in the TCRCure Companies facilitates our collaboration with them regarding the R&D of TCR T-cell therapy, which is one of our strategic focuses. According to the unaudited accounts of TCRCure Beijing, its total assets amounted to approximately RMB135.7 million as of December 31, 2019, and it recorded revenue and net loss of approximately RMB0.9 million and RMB53.1 million for the financial year ended December 31, 2019.

We have applied to the Stock Exchange, and the Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in relation to the TCRCure Companies Acquisition. For more details, see “Waivers from Strict Compliance with the Listing Rules – Waiver in Relation to Shareholding Acquired after the Track Record Period.”

PRC LISTING PLAN

We previously considered the possibility of seeking an initial public offering within the PRC (the “**PRC Listing Plan**”). We engaged China International Capital Corporation Limited as the tutoring agency (the “**Tutoring Agency**”) to provide guidance and preliminary compliance advice with regard to the requirements of the CSRC and the relevant stock exchange. The Tutoring Agency made a preliminary tutoring filing (上市輔導備案申請) with the Jiangsu Regulatory Bureau of CSRC (中國證券監督管理委員會江蘇監管局) in July 2019, and such preliminary tutoring filing is an administrative step for listing preparation and did not constitute a formal listing application by itself. Although the listing of offshore incorporated applicants is permitted pursuant to the relevant PRC rules and regulations, relevant supplementary rules and regulations had not been promulgated. Therefore, in early 2020, we

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

decided not to actively pursue the PRC Listing Plan at the current stage after considering a number of factors, including the uncertainty of the applicable rules and regulations, the timing and other commercial considerations.

As of the Latest Practicable Date, we have not determined the size and scope of the contemplated offering in the PRC and have not filed any formal listing application with the CSRC, any stock exchange or any other regulatory authority in the PRC, nor were there any proposed timetable for the PRC Listing Plan. There is no assurance we will conduct an initial public offering within the PRC in the future. To the best of their knowledge, our Directors are not aware of any other matters that need to be brought to the attention of the Stock Exchange and investors in relation to the PRC Listing Plan. Based on their review of the public announcement of the preliminary tutoring filing, the Joint Sponsors are not aware of any information in relation to the PRC Listing Plan that is inconsistent with the disclosure of the description of PRC Listing Plan in this Prospectus.

PRE-IPO INVESTMENTS

Summary of Pre-IPO Investors' Shareholding in Our Company

The following table sets forth a summary of the investments made by each Pre-IPO Investor and subsequent changes to its equity interest held in our Company as part of the Reorganization:

Investor	Investment made by the investor and subsequent changes to its equity interest held in our Company
Premier Praise	<p><i>Shareholding in Sincere Holding:</i> on March 28, 2006, Assure Ahead subscribed for 15,500 shares of SGG. For the purpose of the NYSE Listing, SGG was restructured to become a wholly-owned subsidiary of Sincere Investments, and Assure Ahead's interest in SGG was reflected at the level of Sincere Investments. On June 25, 2008, Assure Ahead transferred 1,612,694 shares of Sincere Investments to Right Lane. In 2013, pursuant to the Rollover Arrangement, Assure Ahead and Right Lane nominated Premier Praise to hold their corresponding equity interest in Sincere Holding. Later on May 22, 2019, Premier Praise transferred 19,047,966 shares of Sincere Holding to EGG.</p> <p><i>Shareholding in SPHL:</i> as part of the offshore reorganization, on July 20, 2016, Premier Praise subscribed for 7,520,065 shares of SPHL in order to maintain its total shareholding interest in our Group at the same proportionate level.</p> <p><i>Shareholding in our Company:</i> as part of the offshore reorganization, on June 21, 2019, Premier Praise subscribed for 114,986,405 Shares of our Company in order to maintain its total shareholding interest in our Group at the same proportionate level.</p>

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Investor	Investment made by the investor and subsequent changes to its equity interest held in our Company
King View	<p><i>Shareholding in Simcere Holding:</i> King View purchased 11,820,000 shares of Simcere Investments from New Good Management on May 12, 2008, and later rolled over its interest in Simcere Investments to Simcere Holding pursuant to the Rollover Arrangement. Later on April 30, 2019, King View transferred 8,442,857 shares of Simcere Holding to FFI.</p> <p><i>Shareholding in SPHL:</i> as part of the offshore reorganization, on August 22, 2016, King View subscribed for 3,546,000 shares of SPHL in order to maintain its total shareholding interest in our Group at the same proportionate level.</p> <p><i>Shareholding in our Company:</i> as part of the offshore reorganization, on June 21, 2019, King View subscribed for 57,918,000 Shares of our Company in order to maintain its total shareholding interest in our Group at the same proportionate level.</p>
Fosun Industrial	<p><i>Shareholding in Simcere Holding:</i> Fosun Industrial purchased 8,898,088 shares of Simcere Investments from the secondary market during Simcere Investments' listing on the NYSE, and later rolled over its interest in Simcere Investments to Simcere Holding pursuant to the Rollover Arrangement. Later on April 30, 2019, Fosun Industrial transferred 6,355,777 shares of Simcere Holding to FFI.</p> <p><i>Shareholding in SPHL:</i> as part of the offshore reorganization, on August 22, 2016, Fosun Industrial subscribed for 2,669,426 shares of SPHL in order to maintain its total shareholding interest in our Group at the same proportionate level.</p> <p><i>Shareholding in our Company:</i> as part of the offshore reorganization, on June 21, 2019, Fosun Industrial subscribed for 43,600,629 Shares of our Company in order to maintain its total shareholding interest in our Group at the same proportionate level.</p>
Palace Investments	<p><i>Shareholding in Simcere Holding:</i> on May 22, 2014, Palace Investments purchased 1,116,722 shares and 2,851,184 shares of Simcere Holding from Artking and Premier Praise, respectively. Later on April 29, 2019, Palace Investments transferred 2,834,219 shares of Simcere Holding to FFI.</p> <p><i>Shareholding in SPHL:</i> as part of the offshore reorganization, on July 20, 2016, Palace Investments subscribed for 1,190,372 shares of SPHL in order to maintain its total shareholding interest in our Group at the same proportionate level.</p> <p><i>Shareholding in our Company:</i> as part of the offshore reorganization, on June 21, 2019, Palace Investments subscribed for 19,442,740 Shares of our Company in order to maintain its total shareholding interest in our Group at the same proportionate level.</p>
InnoPharma	<p><i>Shareholding in FFI:</i> on October 25, 2019, InnoPharma subscribed for 629,527 shares of FFI.</p>
CNCB HK	<p><i>Shareholding in our Company:</i> on April 15, 2020, CNCB HK purchased 9,263,736 Shares of our Company from EGG.</p>
CNCB SPC (acting on behalf of CNCB Investment)	<p><i>Shareholding in our Company:</i> on April 15, 2020, CNCB SPC purchased 9,263,736 Shares of our Company from EGG.</p>

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Principal Terms of the Pre-IPO Investments

The following table sets forth other key particulars of the Pre-IPO Investments:

	Premier Praise	Fosun Industrial	King View	Palace Investments	InnoPharma	CNCB HK	CNCB SPC
Date of relevant agreement with the Pre-IPO Investor	March 28, 2006 ⁽¹⁾	N/A ⁽²⁾	April 26, 2008	April 4, 2014	October 25, 2019	April 8, 2020	April 8, 2020
Date on which the consideration was fully settled	March 28, 2006	N/A ⁽³⁾	May 12, 2008	April 7, 2014	October 29, 2019	April 15, 2020	April 15, 2020
Consideration paid	approximately USD26.4 million	N/A ⁽⁴⁾	approximately USD60.28 million	approximately USD13.89 million	approximately USD35.94 million	USD10 million	USD10 million
Effective cost per share paid by the investors ⁽⁵⁾	USD0.04	N/A	USD0.28	USD0.17	USD0.61	USD1.08	USD1.08
Discount to the maximum Offer Price	97.95%	N/A	84.35%	90.57%	65.60%	38.90%	38.90%
Basis of determination of the consideration ⁽⁶⁾	The consideration was determined through arm's length negotiation among relevant parties, taking into account relevant investor's assessment of value based on the business prospects, results of operation and financial condition of our Group at the time of the relevant investment.						
Valuation of our Company	USD85.2 million	N/A ⁽⁷⁾	USD685.0 million	USD539.2 million	USD1,426.3 million	RMB18.0 billion	RMB18.0 billion
Use of proceeds from the Pre-IPO Investments	The proceeds from the Pre-IPO Investments made by Premier Praise were fully utilized as of the Latest Practicable Date for our acquisitions in the PRC and as general working capital to support our business operations. Other Pre-IPO Investors invested in our Group through the secondary market during the period in which Simcere Investments was listed on the NYSE, or by purchasing shares from existing shareholders of our Group at the time. Therefore our Group did not receive any proceeds from these investors.						
Percentage of direct and indirect shareholding in our Company upon completion of the Pre-IPO Investments and the Reorganization	10.00%	3.80%	5.04%	1.70%	2.52%	0.4%	0.4%

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

	Premier Praise	Fosun Industrial	King View	Palace Investments	InnoPharma	CNCB HK	CNCB SPC
Percentage of direct and indirect shareholding in our Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised)	9.00%	3.41%	4.53%	1.53%	2.27%	0.36%	0.36%

Lock-up The Shares held by the Pre-IPO Investors are subject to a lock-up period of six months after the Listing.

Strategic benefits of the investors brought to our Company Our Directors are of the view that our Company can benefit from the Pre-IPO Investors' commitment to our Company, and their investment demonstrates their confidence in the operation of our Group and serves as an endorsement of our Company's performance, strength and prospects.

Notes:

- (1) The date refers to the time when Assure Ahead made its investment in SGG. For details of the relationship between Assure Ahead and Premier Praise, see “– Pre-IPO Investments – Summary of Pre-IPO Investors' Shareholding in Our Company.”
- (2) Not applicable to Fosun Industrial as it first purchased the shares of Simcere Investments from secondary market during Simcere Investments' listing on the NYSE.
- (3) Fosun Industrial first invested in our Group by multiple purchases from the secondary market during Simcere Investments' listing on the NYSE, and therefore the date on which the consideration was fully settled by Fosun Industrial was not specified.
- (4) Fosun Industrial first invested in our Group by multiple purchases from the secondary market at market price during Simcere Investments' listing on the NYSE, and therefore the total consideration paid by Fosun Industrial was not specified.
- (5) The denominator used in the calculation was the number of the total issued shares of our Company multiplied by the aggregate of direct and indirect shareholding interest held by each of the Pre-IPO Investors upon completion of their respective Pre-IPO Investments in our Group.
- (6) The basis for the consideration does not apply to the investments made by Fosun Industrial as it first invested in our Group by multiple purchases from the secondary market during Simcere Investments' listing on the NYSE.
- (7) Fosun Industrial first invested in our Group by multiple purchases from the secondary market at market price during Simcere Investments' listing on the NYSE, and therefore the valuation of our Company at the time of Fosun Industrial's investments was not specified.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Special Rights Granted to the Pre-IPO Investors

In connection with the Pre-IPO Investments by Premier Praise, King View, Fosun Industrial and Palace Investments in Simcere Holding, certain special rights were granted to these investors with respect to their shareholdings in Simcere Holding, including, among others, information rights, veto rights, tag-along rights, pre-emptive rights and director nomination rights.

In connection with the Pre-IPO Investment by InnoPharma in FFI, certain special rights were granted to InnoPharma with respect to its shareholding in FFI, including, among others, redemption rights, veto rights, rights of first refusal, tag-along rights, pre-emptive rights and director nomination rights.

In connection with the Pre-IPO Investment by CNCB HK and CNCB SPC (acting on behalf of CNCB Investment) in our Company, certain special rights were granted to CNCB HK and CNCB SPC (acting on behalf of CNCB Investment) with respect to their shareholding in our Company, including, among other things, information rights, pre-emptive rights and anti-dilution rights.

The redemption right granted to InnoPharma with respect to its shareholding in FFI will no longer be effective immediately prior to the filing of the application for the Listing, unless such application for the Listing is withdrawn, rejected, returned or lapsed. All the other special rights granted to the Pre-IPO Investors will be automatically terminated upon the Listing.

Information about the Pre-IPO Investors

Premier Praise

Premier Praise was incorporated under the laws of the British Virgin Islands on April 11, 2011 and was nominated by each of Assure Ahead Investments Limited and Right Lane Limited to subscribe for shares of Simcere Holding for the purpose of privatization of Simcere Investments. Premier Praise is held as to 82.22% by Hony Capital Fund V, L.P. The general partner of Hony Capital Fund V, L.P. is Hony Capital Fund V GP, L.P., whose general partner is Hony Capital Fund V GP Limited. Hony Capital Fund V GP Limited is wholly owned by Hony Group Management Limited, 80% equity interest of which is held by Hony Managing Partners Limited, which in turn is wholly owned by Exponential Fortune Group Limited. Exponential Fortune Group Limited is held as to 49% by Mr. Zhao John Huan, our non-executive Director, and as to 51% by two other individuals who are Independent Third Parties, respectively.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Fosun Industrial

Fosun Industrial was incorporated under the laws of Hong Kong on September 22, 2004 and was an investment holding company wholly-owned by Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (“**Fosun Pharma**”), a company listed on both the Shanghai Stock Exchange (Stock Code: 600196.SH) and the Hong Kong Stock Exchange (Stock Code: 2196.HK), an Independent Third Party. Fosun Pharma, together with its subsidiaries, focuses on the manufacture and R&D of pharmaceuticals with its business covering the fields of medical devices and medical diagnosis, healthcare services, as well as pharmaceutical distribution and retail.

King View

King View was an investment vehicle incorporated under the laws of the British Virgin Islands on February 6, 2008 as a special purpose vehicle for investing in our Group and was wholly-owned by Trustbridge Partners II, L.P., a private equity investment fund incorporated in the Cayman Islands whose investors include world renowned college trust funds and sovereign wealth funds. Trustbridge Partners II, L.P. was ultimately controlled by an investment decision committee composed of six individuals who were Independent Third Parties.

Palace Investments

Palace Investments was incorporated under the laws of Singapore on June 20, 2012 and was an investment holding company wholly-owned by PavCap Fund I, an indirectly wholly-owned subsidiary of Temasek Holdings (Private) Limited, which is in turn wholly owned by the Ministry of Finance, Singapore, an Independent Third Party. The strategy of Palace Investments is to make private equity investments that ride on the growth and transformation of Asia economies, with its investments covering different sectors, in particular the innovative technology and healthcare services.

InnoPharma

InnoPharma was incorporated under the laws of British Virgin Islands on July 2, 2019 as a special purpose vehicle for investing in our Group and was wholly-owned by Trustbridge Partners VI, L.P., a private equity investment fund incorporated in the Cayman Islands, whose investors include world renowned college trust funds and sovereign wealth funds. As of the Latest Practicable Date, each of InnoPharma and King View was ultimately controlled by an investment decision committee composed of six individuals who were Independent Third Parties.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CNCB HK

CNCB HK was incorporated as a private company limited by shares in Hong Kong on March 23, 1973 and is the overseas investment and financing platform of China CITIC Bank Corporation Limited (“**CITIC Bank**”) (Stock Code: 998.HK), which is in turn ultimately controlled by CITIC Group (中信集團), a PRC state-owned investment company and an Independent Third Party. CNCB HK and its subsidiaries engage in lending, investment, overseas licensed investment banking business and domestic equity investment fund management business. As of the end of July 2020, CNCB HK has a total asset of USD3 billion.

CNCB SPC

CNCB SPC, acting on behalf of CNCB Investment, was incorporated as an exempted company on November 23, 2017 and registered as a segregated portfolio company under the laws of the Cayman Islands. CNCB SPC is an investment fund with multiple segregated portfolios and its management shares are indirectly wholly-owned by CNCB HK.

Public Float

The Shares directly held by Premier Praise will not be counted towards the public float upon the Listing for the purpose of Rule 8.08 of the Listing Rules, as Premier Praise is a close associate of Mr. Zhao John Huan, our non-executive Director, and therefore is a core connected person of our Company as defined under the Listing Rules.

Save as disclosed above, none of the other Pre-IPO Investors (i) is a core connected person of our Company; (ii) has been financed directly or indirectly by a core connected person of our Company for the subscription of the Shares; or (iii) is accustomed to take instructions from a core connected person of our Company in relation to the acquisition, disposal, voting or other disposition of the Shares registered in its name or otherwise held by it. Therefore, the Shares directly held by the other Pre-IPO Investors (not applicable to InnoPharma as its equity interest in our Company is all indirectly held through FFI) will be counted towards the public float upon the Listing for the purpose of Rule 8.08 of the Listing Rules.

Compliance with Interim Guidance and Guidance Letters

The Joint Sponsors have confirmed that the investments of the Pre-IPO Investors are in compliance with the Interim Guidance on Pre-IPO Investment issued by the Stock Exchange on October 13, 2010 and as updated in March 2017, the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017 and the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange in October 2012 and as updated in March 2017.

CONVERSION INTO A PUBLIC COMPANY

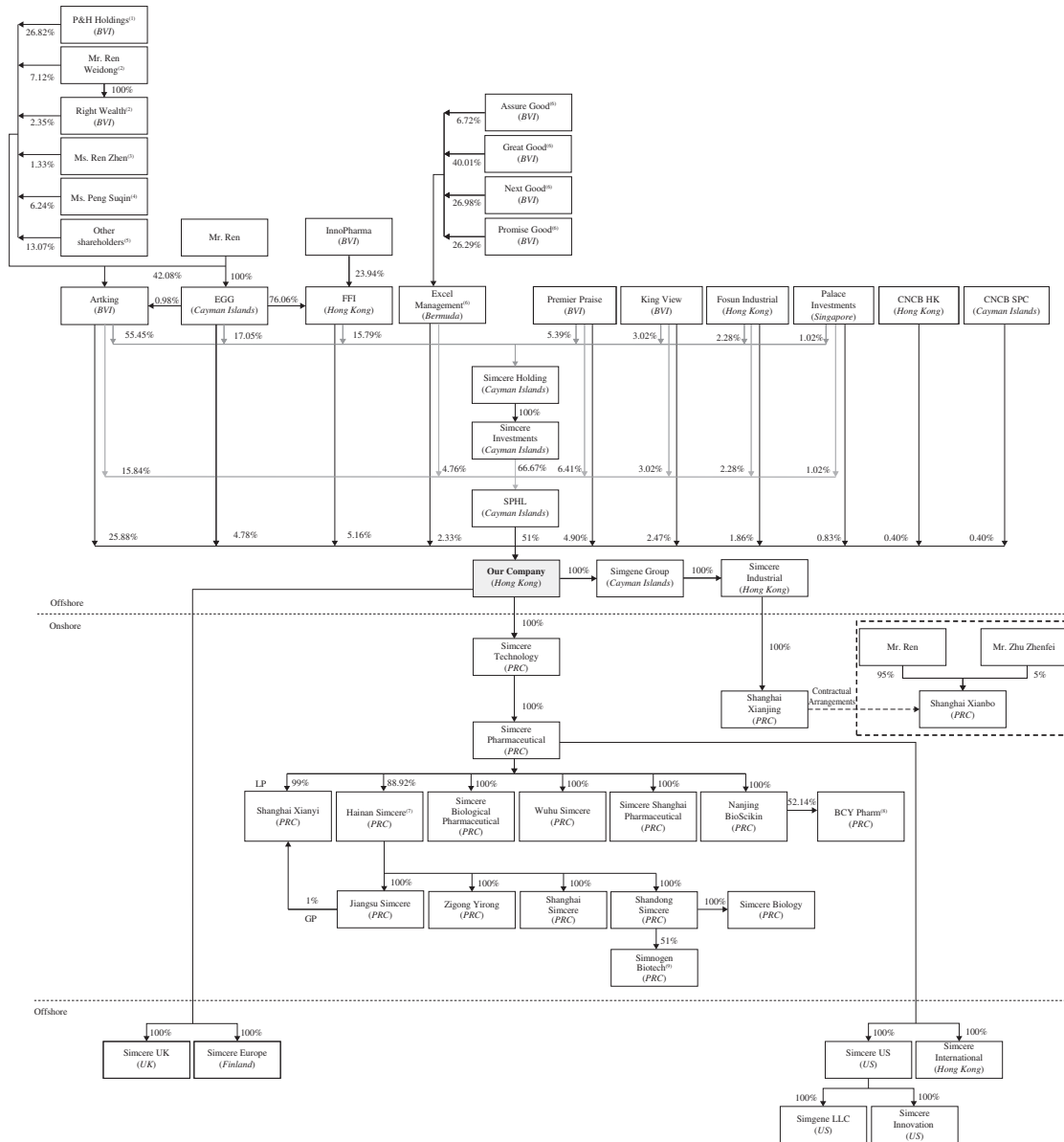
Our Company was converted into a public company with limited liability with effect from the date of the Hong Kong Underwriting Agreement.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Corporate Structure before the Global Offering

The following chart sets forth the shareholding structure of our Group immediately after the Reorganization and before completion of the Global Offering:



Notes:

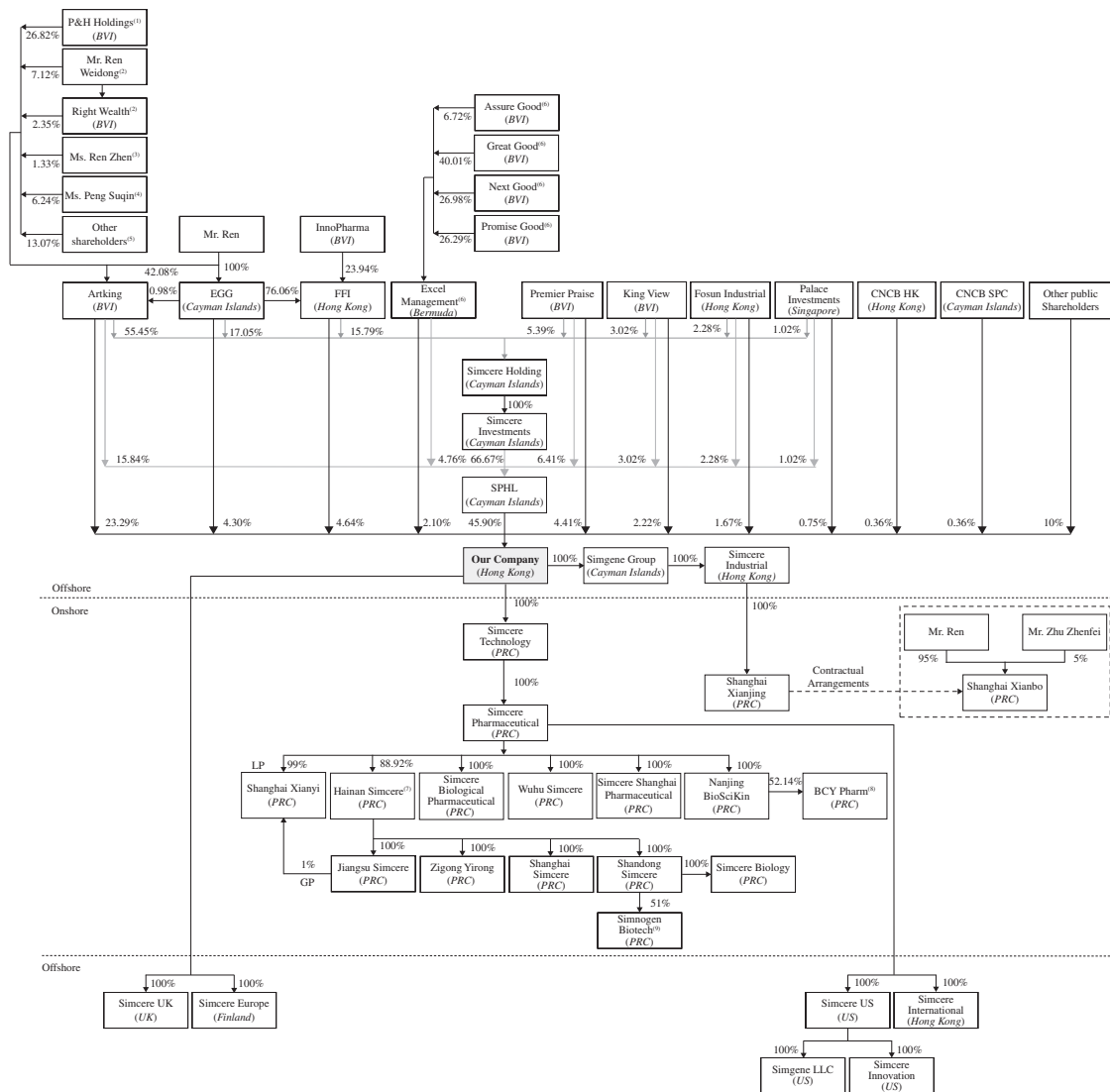
- (1) P&H Holdings was incorporated as a BVI business company in the BVI on December 5, 2018 and is wholly owned by P&H Family Trust. The settlor of the P&H Family Trust is Mr. Ren Yong (son of Mr. Ren), who also serves as one of its protectors together with his spouse, Ms. Li Shimeng.
- (2) Right Wealth was incorporated as a BVI business company in the BVI on December 13, 2011 and is wholly owned by Mr. Ren Weidong, brother of Mr. Ren.
- (3) Ms. Ren Zhen is the sister of Mr. Ren.
- (4) Ms. Peng Suqin is the mother of Mr. Ren Yong.
- (5) Other shareholders include former and current employees of our Group and an Independent Third Party.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- (6) Each of Excel Management, Assure Good, Great Good, Next Good and Promise Good is an employee incentive platform for the purpose of the Pre-IPO Share Incentive Scheme.
- (7) The remaining 11.08% equity interest in Hainan Simcere is held by CDB Development Fund, but the attributable equity interest of Hainan Simcere is regarded as being held by our Company as to 100% as the investment in Hainan Simcere by CDB Development Fund is recognized as a borrowing in our financial statements.
- (8) The remaining 47.86% equity interest in BCY Pharm is held by six individuals and two legal entities established in the PRC, all of which are Independent Third Parties.
- (9) The remaining 49% equity interest in Simnogen Biotech is held by Genexine Co., Ltd, an Independent Third Party, but the financial statements of Simnogen Biotech are not consolidated into that of our Group as our Group does not control its board.

Corporate Structure immediately following the Global Offering

The following charts set forth the shareholding structure of our Group immediately after the Global Offering (assuming the Over-allotment Option is not exercised):



Notes:

- (1)-(9) Please refer to corresponding notes on pages 249 and 250.

PRC REGULATORY REQUIREMENTS

The Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors in the PRC

Pursuant to the M&A Rules, (i) where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls such that it becomes a foreign invested enterprise, the acquisition shall be subject to the examination and approval of the MOFCOM; and (ii) an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interest in the PRC companies in exchange for the shares of offshore companies.

Our PRC Legal Advisors are of the opinion that the prior CSRC and MOFCOM approvals under the M&A Rules is not required as Shandong Simcere is already a sino-foreign joint venture since its establishment in 1996 and did not become a non-foreign invested enterprise through merger or acquisition under the M&A Rules, and both Hainan Simcere and Simcere Pharmaceutical had been converted into a foreign investment enterprise prior to the implementation of the M&A Rules. However, there is uncertainty as to how the M&A Rules will be interpreted or implemented and whether the MOFCOM and other related government authorities would promulgate future PRC laws, regulations or rules contrary to the M&A Rules.

SAFE Registration in the PRC

Pursuant to the SAFE Circular 75, a PRC resident (whether a natural person or a legal person) is required to register with the local counterpart of the SAFE before it establishes or controls an offshore SPV, with assets or equity interest in a PRC company, for the purpose of overseas equity financing. Pursuant to the SAFE Circular 37, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interest to an Overseas SPV that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. 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 restricted 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.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Pursuant to the SAFE Circular 13, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interests in the domestic entity are located.

As advised by our PRC Legal Advisors, the relevant individuals have duly completed the relevant initial registrations in accordance with the SAFE Circular 75, SAFE Circular 37 and SAFE Circular 13 in 2014, 2019 and 2020 accordingly.