
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to the establishment of SciClone US by Mr. Thomas E. Moore and Mr. Nelson M. Schneider in California, the United States in May 1990, focusing on the business of acquisition and development of pharmaceuticals which it intended to market on a worldwide basis. In 1992, SPIL was established in the Cayman Islands and became the primary entity through which we operate our pharmaceuticals business.

Our predecessor and the then holding company of our business, SciClone US, was later listed on NASDAQ in March 1992 and was subsequently delisted in October 2017 pursuant to a privatization exercise. Subsequent to the delisting, we conducted a series of restructuring, whilst the principal business of our Group has still been held by SPIL.

MATERIAL DEVELOPMENT MILESTONES

The following illustrates our material development milestones:

Year	Event
1992	SciClone US was listed on NASDAQ
1993	Zadaxin approved in Italy
1996	Zadaxin approved in China market
2003	Zadaxin played an important role in anti-SARS treatment Zadaxin approved in over 30 countries
2011	Acquired NovaMed and assumed its business partnership with Baxter and Pfizer Expanded into the therapeutic area of oncology Expanded into sales of in-licensed products and promotion products for business partners
2013	New China management team onboard to enhance the multi-national corporation infrastructure and compliance systems
2015	Launched DC Beads, a microbead used in Transarterial Chemo-Embolization (TACE) for liver cancer treatment
2017	Privatization led by GL Capital and joined by CDH Investments, Ascendent Capital Partners, Ocean Falcon Limited and Boying Investments Limited
2018	Expanded cooperation with Baxter and granted exclusive rights to promote its designated products in hospitals in Mainland China
2019	Acquired the commercial rights of Angiomax for Mainland China
2020	Tα1 (Zadaxin) listed for the treatment of severe and critical cases of COVID-19, which was released by NHC and National Administration of Traditional Chinese Medicine, as supported by retrospective clinical case studies of COVID-19 patients accepted by peer-reviewed academic journals Acquired commercial rights of Zometa for Mainland China In-licensed RRx-001 from EpicentRX and PEN-866 from Tarveda

See “Business.”

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MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

As part of the Corporate Reorganization and in preparation for the Listing, our Company was incorporated as an exempted company with limited liability in the Cayman Islands on May 13, 2020 with an authorized share capital of USD50,000 divided into 1,000,000,000 Shares of a par value of USD0.00005 each. See “— Corporate Reorganization.”

Listing of our Predecessor on NASDAQ and the Privatization

Our predecessor and the then holding company of our business, SciClone US, was incorporated as a limited liability company in California, the United States in May 1990. The common stock of SciClone US was later listed on the NASDAQ in March 1992 under trading symbol of SCLN.

Merger

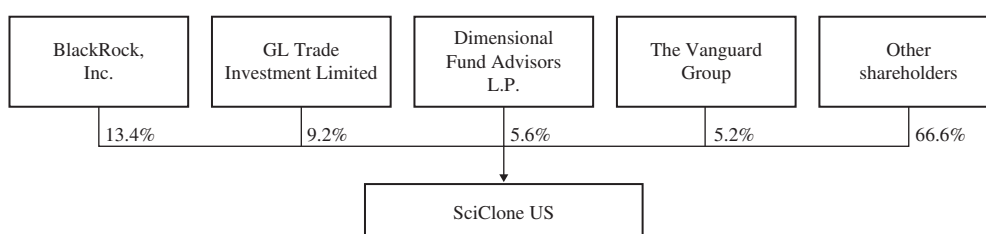
On June 7, 2017, a consortium led by GL Trade Investment L.P. and GL Glee Investment Limited which are under common control of Mr. Li Zhenfu, and consisting of entities affiliated with CDH Investments, Ascendent Capital Partners, Bank of China Group Investment Limited and Boying Investment Limited (collectively, the “**Buyer Consortium**”) was formed pursuant to a consortium agreement in order to work exclusively in connection with the acquisition and privatization of SciClone US. At the time of privatization, SciClone US considered that its long-term future and strategic path forward could best be realized as part of a corporate entity based in and managed from China, and believed that the Buyer Consortium, led by GL Capital Group which is a Greater China healthcare-focused, value-driven investment management group, was best positioned to, among others, invest the necessary resources to further serve the Group’s customers and provide high quality medicines to Chinese patients. On the same date, Silver Biotech Investment Limited (“**Silver Biotech**”) and Silver Delaware Investment Limited (“**Merger Sub**”), which were formed by the Buyer Consortium, entered into certain merger agreement with SciClone US to acquire all of the outstanding shares of common stock of SciClone US for a cash consideration of USD11.18 for each share of SciClone US’s common stock (“**Merger Consideration**”). Pursuant to the merger agreement, the Buyer Consortium would acquire all of the outstanding shares of common stock of SciClone US and the Merger Sub would be merged with and into SciClone US, with SciClone US continuing as the surviving corporation and subsidiary of Silver Biotech (the “**Merger**”). Prior to entering into the merger agreement, GL Trade Investment Limited⁽¹⁾ held approximately 9.2% of the total shares of common stock of SciClone US, and none of the other members of the Buyer Consortium held any share of SciClone US. The Merger was financed through a combination of equity financing provided by the Buyer Consortium, and debt financing arranged by the bank. The Merger Consideration of USD11.18 per share represents a premium of approximately 11% to the

⁽¹⁾ GL Trade Investment Limited was wholly owned by GL China Opportunities Fund L.P., a limited partnership registered in Cayman Islands whose general partner was GL Capital Management GP L.P., a limited partnership registered in Cayman Islands, whose general partner was GL Capital Management GP Limited, which was held by GL Partners Capital Management Ltd as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. was a company incorporated in the Netherlands and was wholly owned by Assicurazioni Generali S.p.A., a company listed on the Italian Stock Exchange. GL Partners Capital Management Ltd was a limited liability company incorporated in the Cayman Islands and was controlled by Mr. Li Zhenfu as to 70% and an independent third party as to 30%.

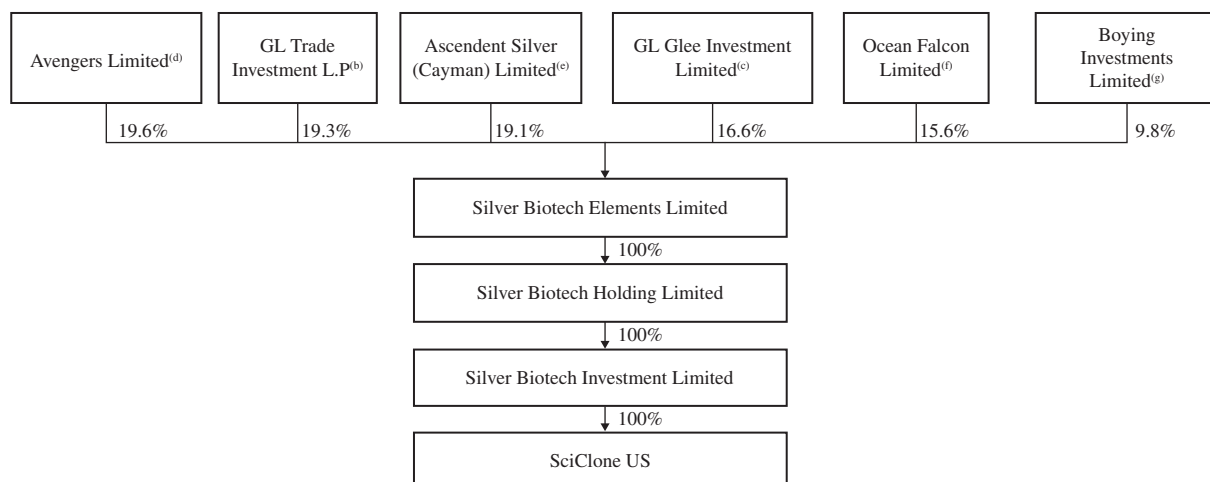
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closing price of the common stock of SciClone US on June 7, 2017, being the last trading day prior to the public announcement of the execution of the merger agreement and a premium of approximately 16% over the ten-day volume-weighted average closing stock price of the common stock of SciClone US as of June 7, 2017. After the Merger, the primary entity through which we operate our pharmaceuticals business has still been SPIL. The then market capitalization of SciClone US, calculated with reference to the Merger Consideration, the total number of the issued and outstanding shares of common stock of SciClone US and shares of common stock of SciClone US issuable, and the stock options with the weighted average exercise price of USD7.22 per share as of July 25, 2017, was approximately USD607 million.

The chart below sets forth the shareholding structure of SciClone US immediately prior to the privatization:



The chart below sets forth the shareholding structure of SciClone US immediately upon completion of the privatization:



Notes: See “—2. Restructuring of Subsidiaries”

The estimated market capitalization of our Company based on low-end Offer Price, assuming the Over-allotment Option is not exercised, represents a premium of 147.8% to the then market capitalization of SciClone US at privatization, which is due to the growth of our corporate value demonstrated by:

- our significant growth in revenue and profit since 2017: our revenue increased from RMB1,213.0 million in 2017 to RMB1,708.1 million in 2019, representing a growth rate

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of 40.8%, whilst our profit increased from RMB19.6 million in 2017 to RMB614.6 million in 2019, representing a growth rate of 3,035.7%; and

- diversified products and pipelines: we have developed a high-quality portfolio of marketed products, including proprietary product of Zadaxin, in-licensed products of Angiomax and Zometa, and promotion products for our business partners of Pfizer and Baxer, and have built a pipeline of in-licensed early- to late-stage drug candidates which includes Oravig, Vibativ, RRx-001, Naxitamab, Omburtamab, PEN-866, PT-112 and ABTL-0812. See “Business” for further information.

The principal reason of the privatization, among other reasons, was to enable stockholder of SciClone US to achieve substantial cash value and premium to SciClone US’s then trading price. On October 13, 2017, the privatization was completed and SciClone US became a subsidiary of Silver Biotech and the common stock of SciClone US ceased to be listed on NASDAQ. Prior to the privatization, SciClone US was the management center for its global businesses. Subsequent to the delisting, we conducted a series of restructuring and the principal business of our Group had been held by SPIL. We intend to voluntarily wind up SciClone US upon expected completion of transfer of intellectual properties held by SciClone US to our Group around the end of the year 2021.

Having considered the existing equity market conditions of Hong Kong and the familiarity of investors in Hong Kong with the business of our Group, our Directors consider the Hong Kong Stock Exchange to be the appropriate listing venue of our business and an opportunity to leverage on the public equity market of Hong Kong to expand our business.

Our Directors confirm that, to the best of their knowledge and in respect of our Group’s business:

- (a) save as disclosed in the section headed “Business — Legal and Compliance — Legal Proceedings — SEC FCPA Investigation and Settlement” in this prospectus, during the period it was listed on NASDAQ, SciClone US:
 - (i) did not have any non-compliance in all material respects under the applicable U.S. securities laws and regulations and NASDAQ rules and regulations;
 - (ii) had not been subject to any disciplinary action by relevant U.S. regulators; and
- (b) there were no matters in relation to the prior listing of NASDAQ, privatization and delisting of SciClone US that need to be brought to the attention of potential investors of our Company and the Stock Exchange.

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OUR MAJOR SUBSIDIARIES AND OPERATING ENTITIES

We conduct our business principally through the following subsidiaries which made material contribution to our results of operations during the Track Record Period:

<u>Name of major subsidiaries</u>	<u>Principal business activities</u>	<u>Date of establishment and commencement of business</u>
SPIL	Sales and manufacturing of pharmaceutical products, business development activities and investment holding	November 16, 1992
SciClone Pharmaceuticals International China Holding Ltd. (“ SPIL China ”)	Sales of pharmaceutical products	September 19, 2005
SciClone Pharmaceuticals (China) Co., Ltd. (“ SciClone China ”)	Provision of (i) marketing and consulting services, (ii) general and administration support service, (iii) new drug registration procedures services to our Group, and (iv) R&D services to our Group	October 15, 2014
SciClone Pharmaceuticals (Jiangsu) Co., Ltd. (“ SciClone Jiangsu ”)	Distribution of pharmaceutical products and provision of general and administration support service and marketing and consulting services to SciClone China	September 24, 2015

SPIL

In November 1992, SPIL was incorporated as an exempted company with limited liability and a then wholly-owned subsidiary of SciClone US. After the Corporate Reorganization, SPIL became our wholly-owned subsidiary.

SPIL China

SPIL China was incorporated as a wholly owned subsidiary of SPIL on September 19, 2005.

SciClone China

SciClone China was established as a wholly owned subsidiary of SciClone Pharmaceuticals Hong Kong Limited, an indirect wholly-owned subsidiary of our Company, on October 15, 2014.

SciClone Jiangsu

SciClone Jiangsu was established as a wholly owned subsidiary of SciClone China on September 24, 2015.

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SEC INVESTIGATION AND SETTLEMENT

See “Business — Legal and Compliance — SEC FCPA Investigation and Settlement” for information regarding investigation by, and settlement with, SEC involving SciClone US.

CORPORATE REORGANIZATION

In May 2020, we commenced the Corporate Reorganization in preparation for the Listing, whereupon our Company became the holding company and the listing vehicle of our Group.

1. Establishment of New Holding Structure

After we contemplated the Listing, our Company was incorporated in the Cayman Islands as an exempted company on May 13, 2020 as an administrative step in preparation for the Listing. Upon incorporation, one Share of a par value of USD0.00005 was transferred from the incorporator to GL Glee Investment Limited for the purpose of handling Corporate Reorganization and secretarial matters.

2. Restructuring of Subsidiaries

As part of the Corporate Reorganization to transfer the business under SciClone US to our Company, our following subsidiaries are transferred from Silver New Cayman Holding Limited, SciClone US or its shareholder to our Company or SPIL:

<u>Name of company (Place of incorporation)</u>	<u>Percentage of equity interest held by us</u>	<u>Principal business activities</u>	<u>Status of the transfer as of the Latest Practicable Date</u>
1. Sciclone Pharmaceuticals Italy S.r.l. (Italy)	100%	License holding company	On April 6, 2020, the sole manager of SciClone US passed the resolutions, pursuant to which SciClone US transferred to SPIL the entire equity interest of Sciclone Pharmaceuticals Italy S.r.l. at cost. As of the Latest Practicable Date, the transfer of the equity interest has been completed. ⁽¹⁾
2. Sciclone Pharmaceuticals Limited (Hong Kong)	100%	Supply Chain and quality assurance service	On June 18, 2020, the sole shareholder of Silver Biotech Investment Limited passed the resolutions, pursuant to which Silver Biotech Investment Limited transferred to SPIL the entire equity interest of Sciclone Pharmaceuticals Limited at nil consideration. ⁽²⁾ As of the Latest Practicable Date, the transfer of the equity interest has been completed.

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<u>Name of company (Place of incorporation)</u>	<u>Percentage of equity interest held by us</u>	<u>Principal business activities</u>	<u>Status of the transfer as of the Latest Practicable Date</u>
3. SciClone Pharmaceuticals Management Limited (formerly known as SciClone Pharmaceuticals Holding Limited) (Hong Kong)	100%	Management service	On June 18, 2020, the sole shareholder of Silver Biotech Investment Limited passed the resolutions, pursuant to which Silver Biotech Investment Limited transferred to SPIL the entire equity interest of SciClone Pharmaceuticals Management Limited (formerly known as SciClone Pharmaceuticals Holding Limited) at nil consideration. ⁽¹⁾ As of the Latest Practicable Date, the transfer of the equity interest has been completed.
4. SPIL (Cayman)	100%	Sales and manufacturing of pharmaceutical products, business development activities and investment holding	<p>On June 18, 2020, Silver Biotech Holding Limited, the then sole shareholder of SPIL, made a distribution in specie of the entire equity interests of SPIL in favour of Silver Biotech Elements Limited (“SBE”).</p> <p>On June 24, 2020, the shareholders of SBE passed resolutions, pursuant to which SBE transferred to our Company the entire equity interests of SPIL, the consideration of which would be settled by the issue by our Company of certain Shares at par value of USD0.00005 each in our Company to shareholders of Silver Biotech Elements Limited in proportion to their shareholding in Silver Biotech Elements Limited.⁽³⁾ As of the Latest Practicable Date, the transfer of the equity interest and the issue of our Shares have been completed. See the section immediately follows for the allotment of Shares as consideration for the transfer of SPIL.</p>

Notes:

- (1) As of April 6, 2020, each of SciClone US and SPIL was wholly owned by Silver Biotech Holding Limited.
- (2) As of June 18, 2020, each of Silver Biotech Investment Limited and SPIL was wholly owned by Silver Biotech Holding Limited.

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- (3) In consideration for the transfer of the entire shareholding of SPIL to our Company, our Company allotted an aggregate of 543,135,509 Shares to the following persons at par value on June 24, 2020.

Name	Number of Shares	Amount of issued share capital subscribed ^(a)	Approximate % of shareholding in our Company after the allotment
GL Trade Investment L.P. ^(b)	104,968,370	USD5,248.4185	19.33%
GL Glee Investment Limited ^(c)	90,135,689	USD4,506.7845	16.60%
Avengers Limited ^(d)	106,536,790	USD5,326.8395	19.61%
Ascendent Silver (Cayman) Limited ^(e)	103,497,710	USD5,174.8855	19.06%
Ocean Falcon Limited ^(f)	84,523,130	USD4,226.1565	15.56%
Boying Investments Limited ^(g)	53,473,820	USD2,673.6910	9.84%

Notes:

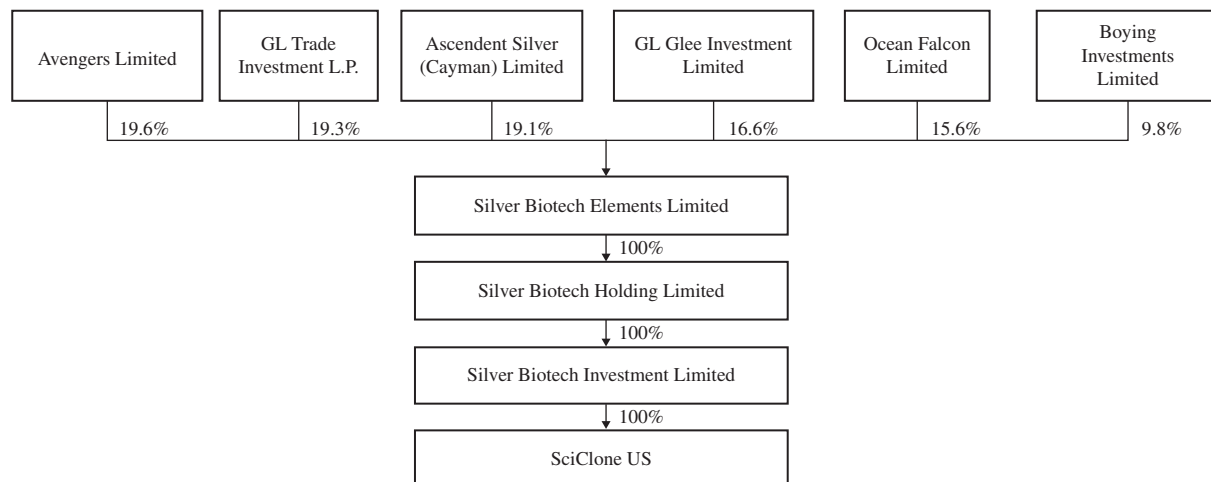
- (a) Calculated based on the par value of our Shares times the number of Shares as subscribed by the relevant shareholders.
- (b) GL Trade Investment L.P. was an exempted limited partnership registered in Canada on March 25, 2015. Its general partner was GL Capital Management GP II B.C. I Ltd., a company incorporated in Canada which was wholly owned by GL Capital Management Ltd, which was held by GL Partners Capital Management Ltd as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. was a company incorporated in Netherlands and was wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Ltd was a limited liability company incorporated in the Cayman Islands and was controlled by Mr. Li Zhenfu, a non-executive director of our Company and the founder, president and chief executive officer of GL Capital Group as to 70% and an independent third party as to 30%.
- (c) GL Glee Investment Limited was a limited liability company incorporated in the Cayman Islands on March 10, 2011 and was wholly owned by GL China Opportunities Fund L.P., a limited partnership registered in Cayman Islands whose general partner was GL Capital Management GP L.P., a limited partnership registered in Cayman Islands, whose general partner was GL Capital Management GP Limited, which was held by GL Partners Capital Management Ltd as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. was a company incorporated in Netherlands and was wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Ltd was a limited liability company incorporated in the Cayman Islands and was controlled by Mr. Li Zhenfu as to 70% and an independent third party as to 30%.
- (d) Avengers Limited was a limited liability company incorporated in the Cayman Islands and was wholly owned by CDH Fund V, L.P., a limited partnership registered in the Cayman Islands. Its general partner was CDH V Holdings Company Limited, a limited liability company incorporated in the Cayman Islands which was held by China Diamond Holdings V Limited as to 80%, a limited liability company incorporated in the Birtish Virgin Islands which in turns was wholly owned by China Diamond Holdings Company Limited, a limited liability company incorporated in Birtish Virgin Islands which was indirectly held by Mr.Wu Shangzhi as to 33.2%.
- (e) Ascendent Silver (Cayman) Limited was a limited liability company incorporated in the Cayman Islands and was wholly owned by Ascendent Capital Partners II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands whose general partner was Ascendent Capital Partners II GP, L.P., an exempted limited partnership registered under the laws of the Cayman Islands whose general partner was Ascendent Capital Partners II GP Limited, a limited liability company incorporated in the Cayman Islands and was wholly owned by Mr. Meng Liang.
- (f) Ocean Falcon Limited was a limited company incorporated in Hong Kong on March 15, 2017 and was wholly owned by Bank of China Group Investment Limited, a limited company incorporated in Hong Kong which in turn was wholly owned by Bank of China Limited, a joint stock company established in the PRC with limited liability

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which in turn was held by Central Huijin Investment Ltd. as to 64.02%, a limited liability company established in the PRC which in turn was wholly owned by China Investment Corporation, a limited liability company which was wholly owned by the State Council of the People’s Republic of China.

- (g) Boying Investments Limited was a limited liability company incorporated in the British Virgin Islands and was wholly owned by Mr. Zhu Weihang, an Independent Third Party.

Upon completion of the restructuring above, SciClone US did not have any business operation. Set out below is a summary of the shareholding structure of SciClone US as at the Latest Practicable Date.



3. Allotment of Shares pursuant to the Executive Investment Plan

In order to (i) aligning interests of certain management and our Company with shared risks and benefits, (ii) creating a joint endeavor to perform strategies and promote businesses of our Company, and (iii) therefore adding value to sustained development of our Company, on June 24, 2018, we have established an executive investment plan (the “Executive Investment Plan”) to enable the following certain management personnel of our Group to subscribe for our Shares: (i) 19 management personnel, including Mr. Zhao Hong, our executive Director, chief executive officer and president, subscribed through Convergence International Holdings Ltd. (“**Convergence**”). Convergence was wholly owned by Beijing Convergence Management Consulting LLP (Limited Partnership) (北京諾盛衡康管理諮詢合夥企業(有限合夥)), “Beijing Convergence”), which was in turn owned by its general partner, Juli Information Consulting (Beijing) Co., Ltd. (炬力信息諮詢(北京)有限公司, “Juli Information”), as to 0.000003957%, and its limited partner, Zhoushan Kangnuo Equity Investment Partnership Enterprise (Limited Partnership) (舟山康諾股權投資合夥企業(有限合夥), “Zhoushan Kangnuo”), as to 99.999996043%. As of the Latest Practicable Date, Mr. Zhao Hong was interested in 32.44% equity interests in Juli Information and 40.96% partnership interests in Zhoushan Kangnuo, and none of other management personnel is interested in more than 10% partnership interests in Zhoushan Kangnuo. On April 3, 2020, Beijing Convergence, as subscriber, entered into an investment agreement with our Company, GL Trade Investment L.P. and GL Glee Investment Limited, pursuant to which the subscriber agreed to subscribe 11,979,690 Shares at the consideration of USD3,630,800, and our Company issued and allotted such number of Shares to Convergence on August 7, 2020; and (ii) Zang Ying Qin, who was our then management, subscribed

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through her wholly-owned entity, Corto Co., Ltd. (“Corto”). On December 1, 2019, Zang Ying Qin, as subscriber, entered into an investment agreement with our Company, GL Trade Investment L.P. and GL Glee Investment Limited, pursuant to which the subscriber agreed to subscribe 84,600 Shares at the consideration of USD26,636 and our Company issued and allotted such number of Shares to Corto on August 7, 2020. The total consideration of USD3,657,436 was fully settled by August 7, 2020. The above subscribers shall be subject to the same lock-up period of GL Trade Investment L.P. and GL Glee Investment Limited under the Listing Rule. The subscribers were not granted any special rights under their respective investment agreements.

The stock-based compensation expenses in relation to the Executive Investment Plan with the amount of RMB5.3 million, RMB2.9 million, RMB2.9 million and nil were recorded in the consolidated financial statements of the Group during the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2019 and 2020, respectively.

4. Allotment of Shares pursuant to Post-IPO RSU Plan

On February 10, 2021, the Company issued and allotted an aggregate of 6,689,963 Shares to Maples Trustee Services (Cayman) Limited as trustee of a trust with the intent that such number of Shares would ultimately be held by SCLN ESOP Management Limited. On February 11, 2021, such number of Shares were directed to SCLN ESOP Management Limited for the purpose of holding Shares under the Post-IPO RSU Plan on trust for and on behalf of grantees to be determined after the Listing. As of the Latest Practicable Date, our Company had not identified any grantee under the Post-IPO RSU Plan. See “Appendix V — Statutory and General Information — D. Share Plans — 3. Post-IPO RSU Plan”.

SHAREHOLDING STRUCTURE IMMEDIATELY BEFORE THE LISTING

Set out below is a summary of the shareholding structure of our Company immediately prior to the completion of the Global Offering:

<u>Shareholders</u>	<u>Number of Shares held</u>	<u>Approximate percentage of shareholding of our Company</u>
GL Trade Investment L.P. ⁽¹⁾	104,968,370	18.68%
GL Glee Investment Limited ⁽²⁾	90,135,690	16.04%
Avengers Limited ⁽³⁾	106,536,790	18.96%
Ascendent Silver (Cayman) Limited ⁽⁴⁾	103,497,710	18.42%
Ocean Falcon Limited ⁽⁵⁾	84,523,130	15.04%
Boying Investments Limited ⁽⁶⁾	53,473,820	9.52%
Convergence International Holdings Ltd. ⁽⁷⁾	11,979,690	2.13%
Corto Co., Ltd. ⁽⁸⁾	84,600	0.02%
RSU Holding Entity ⁽⁹⁾	6,689,963	1.19%

Notes:

As of the Latest Practicable Date,

- (1) GL Trade Investment L.P. was an exempted limited partnership registered in Canada on March 25, 2015. Its general partner was GL Capital Management GP II B.C. I Ltd., a company incorporated in Canada which was wholly owned by GL Capital Management Ltd, which was held by GL Partners Capital Management Ltd as to 51% and Lion River I N.V.

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as to 49%. Lion River I N.V. was a company incorporated in Netherlands and was wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Ltd, one of the holding entities within GL Capital Group, was a limited liability company incorporated in the Cayman Islands and was controlled by Mr. Li Zhenfu, a non-executive director of our Company and the founder, president and chief executive officer of GL Capital Group as to 70% and an Independent Third Party as to 30%.

- (2) GL Glee Investment Limited was a limited liability company incorporated in the Cayman Islands on March 10, 2011 and was wholly owned by GL China Opportunities Fund L.P., a limited partnership registered in Cayman Islands whose general partner was GL Capital Management GP L.P., a limited partnership registered in Cayman Islands, whose general partner was GL Capital Management GP Limited, which was held by GL Partners Capital Management Ltd as to 51% and Lion River I N.V. as to 49%. Lion River I N.V. was a company incorporated in Netherlands and was wholly owned by Assicurazioni Generali S.p.A, a company listed on Italian Stock Exchange. GL Partners Capital Management Ltd, one of the holding entities within GL Capital Group, was a limited liability company incorporated in the Cayman Islands and was controlled by Mr. Li Zhenfu as to 70% and an independent third party as to 30%.
- (3) Avengers Limited was a limited liability company incorporated in the Cayman Islands and was wholly owned by CDH Fund V, L.P., a limited partnership registered in the Cayman Islands. Its general partner was CDH V Holdings Company Limited, a limited liability company incorporated in the Cayman Islands which was held by China Diamond Holdings V Limited as to 80%, a limited liability company incorporated in the British Virgin Islands which in turn was wholly owned by China Diamond Holdings Company Limited, a limited liability company incorporated in British Virgin Islands which in turn was indirectly held by Mr. Wu Shangzhi, a founder and the chairman of China Diamond Holdings Company Limited, as to 33.2% and nine Independent Third Parties as to 66.8%.
- (4) Ascendent Silver (Cayman) Limited was a limited liability company incorporated in the Cayman Islands and was wholly owned by Ascendent Capital Partners II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands whose general partner was Ascendent Capital Partners II GP, L.P., an exempted limited partnership registered under the laws of the Cayman Islands whose general partner was Ascendent Capital Partners II GP Limited, a limited liability company incorporated in the Cayman Islands and was wholly owned by Mr. Meng Liang, the founding managing partner of Ascendent Capital Partners.
- (5) Ocean Falcon Limited was a limited company incorporated in Hong Kong on March 15, 2017 and was wholly owned by Bank of China Group Investment Limited, a limited company incorporated in Hong Kong which in turn was wholly owned by Bank of China Limited, a joint stock company established in the PRC with limited liability which in turn was held by Central Huijin Investment Ltd. as to 64.02%, a limited liability company established in the PRC which in turn was wholly owned by China Investment Corporation, a limited liability company which was wholly owned by the State Council of the People's Republic of China.
- (6) Boying Investments Limited was a limited liability company incorporated in the British Virgin Islands and was wholly owned by Mr. Zhu Weihang, the chairman of Guangdong Pearl Investment Holding Group Co., Ltd. (廣東珠江投資控股集團有限公司) and an Independent Third Party.
- (7) Convergence was a limited liability company incorporated in the British Virgin Islands and was wholly owned by Beijing Convergence.
- (8) Corto was a limited liability company incorporated in the British Virgin Islands and was wholly owned by Zang Ying Qin.
- (9) SCLN ESOP Management Limited was a limited company incorporated in the British Virgin Islands on October 12, 2020, and was wholly owned by Maples Trustee Services (Cayman) Limited in its capacity as trustee of a trust upon the terms of such trust for the purpose of holding our Shares under the Post-IPO RSU Plan on trust for and on behalf of grantees to be determined after the Listing.

PUBLIC FLOAT

Upon the Listing, our Shares held by GL Trade Investment L.P., GL Glee Investment Limited, Ocean Falcon Limited, Avengers Limited, Ascendent Silver (Cayman) Limited, Convergence and

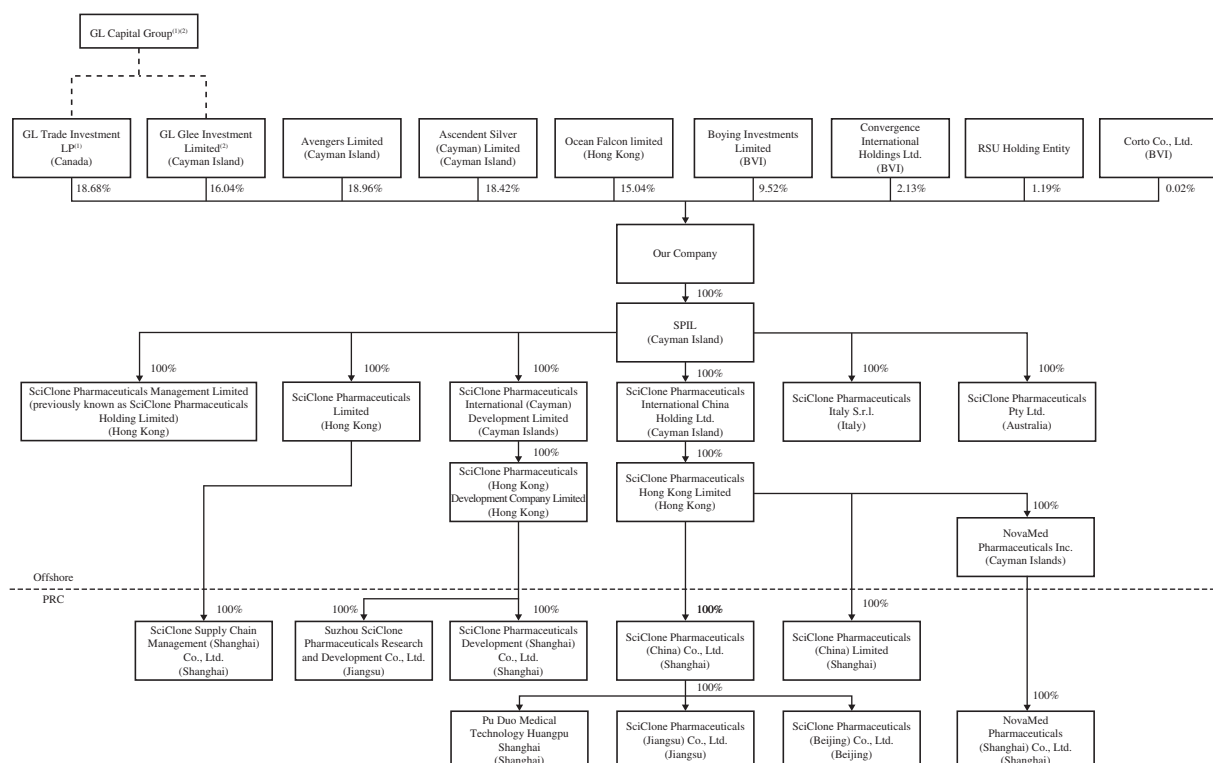
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RSU Holding Entity will not be counted towards the public float of our Company. Save for our Shares held by such Shareholders, our Shares held by other existing Shareholders will be counted towards the public float.

Taking into account our Shares held by the existing Shareholders of our Company and our Shares to be issued to other public shareholders pursuant to the Global Offering, our Directors are of the view that our Company will be able to satisfy the public float requirement under Rule 8.08 of the Listing Rules.

GROUP STRUCTURE IMMEDIATELY BEFORE THE LISTING

Set out below is a summary of the corporate structure of our Company immediately prior to the completion of the Global Offering:

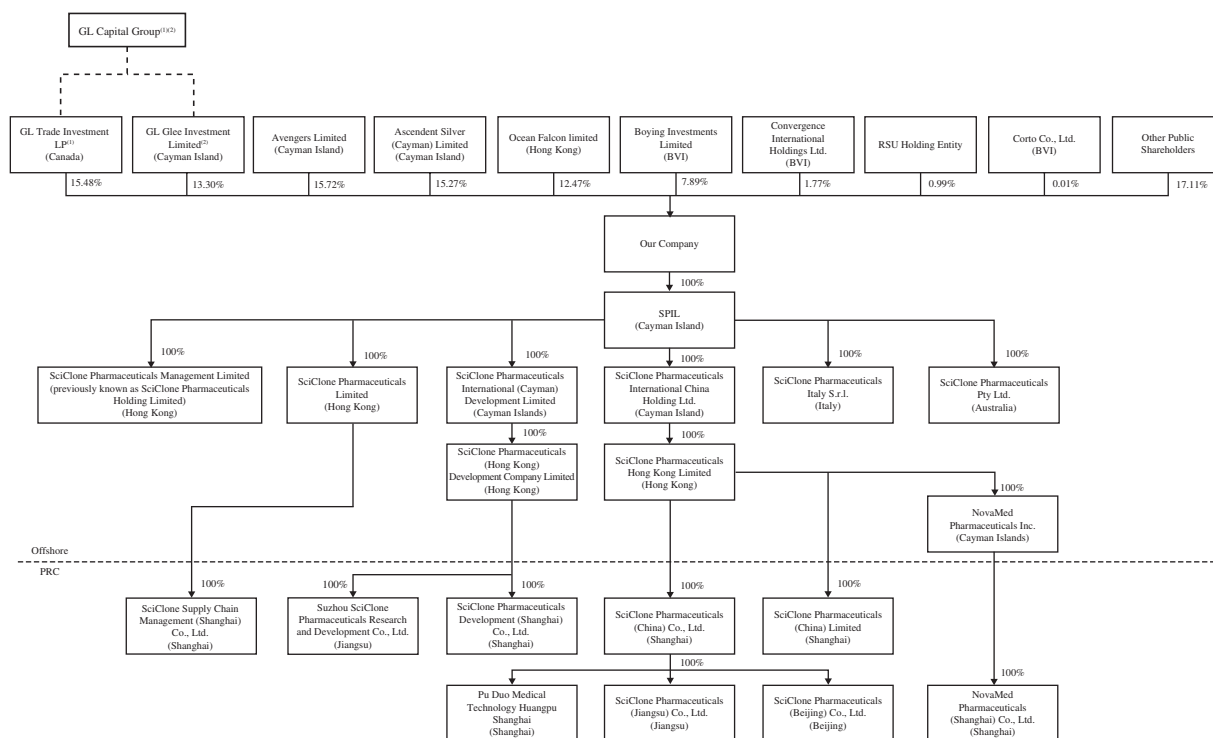


Note: See notes on preceding page.

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GROUP STRUCTURE UPON THE LISTING

The following chart sets forth our Group’s corporate and shareholding structure upon completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Option Incentive Plan are not exercised):



Note: See “— Group Structure immediately before the Listing.”

SAFE REGISTRATION

Pursuant to the Circular 37, promulgated by SAFE and which became effective on July 14, 2014, a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing. The Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of or any significant changes with respect to the special purpose vehicle. Pursuant to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), 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 of the Latest Practicable Date, none of the direct shareholders of our Company is a PRC resident individual or is subject to the Circular 37.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

M&A RULES

Pursuant to the M&A Rules, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes the increased registered capital in a domestic enterprise thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise (the “**Regulated Activities**”). The M&A Rules, among other things, further purport to require that an offshore special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange.

Given that none of the incorporation of our PRC subsidiaries involved the Regulated Activities described under the M&A Rules, as advised by our PRC Legal Advisor, the Listing of our Company does not require approvals from CSRC and MOFCOM. However, there is uncertainty as to how the M&A Rules will be interpreted or implemented and we cannot assure you that relevant PRC governmental authorities, including CSRC, would reach the same conclusion as our PRC Legal Advisor.