
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

Our history dates back to May 1994 when Shanghai Shiliupu Material (Group) Company (上海十六鋪物資(集團)公司, “Shiliupu”), an independent third party, established Shanghai Shape Memory Alloy, our sole operating subsidiary as at the Latest Practicable Date, to carry out the development and application of shape memory alloy.

Considering its assessment of Shanghai Shape Memory Alloy’s techniques and with a view to optimizing its principal business by expanding its product line to capture more market opportunities, Lepu Medical acquired Shanghai Shape Memory Alloy in October 2008 to be its subsidiary to focus on the development of occluders. Leveraging Shanghai Shape Memory Alloy’s techniques and the sales network of the Lepu Medical Group, Shanghai Shape Memory Alloy has been focusing on the research, development, manufacture and commercialization of interventional medical device primarily targeting structural heart diseases. We have also cultivated the most comprehensive product portfolio of heart valve product candidates in China, according to the F&S Report, with 21 major product candidates as of the Latest Practicable Date, to access the enormous market potential treating valvular diseases.

In preparation for the [REDACTED], Lepu Medical and Target Medical established the Company in the PRC on January 29, 2021 as the holding company of Shanghai Shape Memory Alloy. Immediately upon establishment, the Company’s entire equity interest was wholly owned by Lepu Medical, comprising 99% direct equity interest held by Lepu Medical itself and 1% indirect equity interest held by it through its wholly-owned subsidiary, Target Medical.

BUSINESS MILESTONES

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

<u>Year</u>	<u>Milestones</u>
1994	<ul style="list-style-type: none">Shanghai Shape Memory Alloy was established by its then shareholder which is an independent third party in Shanghai in May.
2001	<ul style="list-style-type: none">Utilizing Shanghai Shape Memory Alloy’s occluders, the first “VSD occluder implantation (VSD介入治療)” surgery was successfully operated in China in December.
2003	<ul style="list-style-type: none">The China Food and Drug Administration (now known as the NMPA) granted approvals to Shanghai Shape Memory Alloy in connection with its PDA occluder and ASD occluder for commercial use in April, and VSD occluder for commercial use in December.
2008	<ul style="list-style-type: none">Lepu Medical acquired the entire equity interest of Shanghai Shape Memory Alloy in October.

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Year	Milestones
2009	<ul style="list-style-type: none">Interventional treatment series occluder for defective congenital heart disease (缺損性先天性心臟病介入治療系列封堵器), the then key product of Shanghai Shape Memory Alloy, was awarded “Second Prize of National Science and Technology Progress Award (國家科學技術進步二等獎).”
2012	<ul style="list-style-type: none">The occluder under the trademark of MemoPart™, the then key product of Shanghai Shape Memory Alloy, received CE Mark in August.
2018	<ul style="list-style-type: none">Utilizing Shanghai Shape Memory Alloy’s occluders, the first “fully biodegradable occluder implantation (完全生物可降解封堵器植入術)” surgery in the world was conducted successfully in February.
2020	<ul style="list-style-type: none">Shanghai Shape Memory Alloy’s product “MemoCarna® ASD Occluder III (Oxide Coating) (MemoCarna® 房間隔缺損封堵器III代(氧化膜))” was approved by the NMPA for commercial use in May.Shanghai Shape Memory Alloy’s product “MemoLefort® LAA Closure Occluder I (MemoLefort® 左心耳封堵器I代)” was approved by the NMPA for commercial use in June, extending the targeted diseases of our products to structural heart diseases.Animal tests of transapical mitral valve repair system (經心尖二尖瓣修復系統) were completed in August.
2021	<ul style="list-style-type: none">The Company was established in January.The first implantation at the clinical research stage in the world of the transcatheter implantable aortic valve system (經導管植入式主動脈瓣膜系統) was successfully completed in April, upon which we embarked on the clinical trial stage of our TAVR system.The [REDACTED] were completed in June.

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OUR CORPORATE DEVELOPMENT

Establishment and development of Shanghai Shape Memory Alloy

Shanghai Shape Memory Alloy was initially incorporated under the name of Shanghai Shape Memory Alloy Development Company (上海形狀記憶合金材料發展公司) in the PRC on May 5, 1994 with a registered capital of RMB0.3 million, which was contributed solely by Shiliupu. In April 2000, Shanghai Shape Memory Alloy changed its name to Shanghai Shape Memory Alloy Co., Ltd.* (上海形狀記憶合金材料有限公司).

After a series of capital injections and changes in its shareholding interests, in October 2008, Shanghai Shape Memory Alloy was held by Mr. Xu Jialong (許嘉龍) (“Mr. Xu”), Mr. Gong Shanshi (龔善石) (“Mr. Gong”) and Ms. Zou Mengyun (鄒孟雲) (“Ms. Zou”) as to 34%, 33% and 33%, respectively, with a registered capital of RMB1 million. Each of Mr. Xu, Mr. Gong and Ms. Zou is an independent third party. Shanghai Shape Memory Alloy was principally engaged in the research, development, production and sales of occluders and occluder-related medical devices. Mr. Xu, Mr. Gong and Ms. Zou were also the shareholders of Shanghai Xingji Technology, Industry and Trade Company Limited* (上海形記科工貿有限公司) (“Shanghai Xingji”) holding 37%, 33% and 30% of its shareholding interests, respectively, since the inception of Shanghai Xingji on October 13, 2005. Shanghai Xingji was mainly engaged in trading of the products and medical devices then manufactured by Shanghai Shape Memory Alloy.

On October 22, 2008, with a view to optimizing its principal business by expanding its product line to capture more market opportunities, Lepu Medical acquired the entire equity interest of Shanghai Shape Memory Alloy and Shanghai Xingji from Mr. Xu, Mr. Gong and Ms. Zou at an aggregate consideration of approximately RMB36.83 million and RMB26.17 million, respectively and became their respective sole shareholder. The consideration was determined based on the valuation of the equity interests of Shanghai Shape Memory Alloy and Shanghai Xingji at the time of the transaction according to a valuation report issued by an independent valuer. Lepu Medical acquired Shanghai Shape Memory Alloy and Shanghai Xingji to devote its R&D and production efforts on occluders, which further enriched Lepu Medical’s medical device business segment. With a view to streamlining the group structure, Lepu Medical procured Shanghai Shape Memory Alloy to merge Shanghai Xingji by absorption in May 2011 upon which Shanghai Xingji was deregistered.

In December 2011, December 2012 and December 2013, respectively, Shanghai Shape Memory Alloy obtained further capital injections from Lepu Medical, upon which the registered capital of Shanghai Shape Memory Alloy was eventually increased to RMB100 million.

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Disposal of Ningbo Bingkun

Ningbo Bingkun (through its subsidiaries) is principally engaged in the research, development, production and sales of surgical matching device and minimally invasive surgical-related products for use in open surgeries and laparoscopic surgeries. It was initially acquired by Shanghai Shape Memory Alloy, which served as a shareholding entity designated by Lepu Medical, to be an operating entity of the surgical products segment of Lepu Medical.

Shanghai Shape Memory Alloy disposed of all of its equity interest in Ningbo Bingkun to Lepu Medical in December 2020 (the “Disposal”) at a consideration of RMB1,098 million, which was determined at after arms’ length negotiation with reference to the valuation of Ningbo Bingkun’s equity shares at the time of the Disposal according to a valuation report prepared by an independent professional valuer engaged by Lepu Medical. The valuation was conducted with income approach (收益法) (for the valuation of Ningbo Bingkun’s subsidiaries) and asset-based approach (資產基礎法) (for the valuation of Ningbo Bingkun) on various assumptions, among others, that (1) the assets involved were freely tradeable in a fully competitive market, (2) the operations of the entities involved were sustainable, (3) the assets involved would be utilized in the same way it was used, and (4) there would not be material adverse change in the legal and economic environment that would affect the valuation. Such consideration was settled in January 2021. Shanghai Shape Memory Alloy was historically designated by Lepu Medical to act as a mere holding company of Ningbo Bingkun in September 2015 mainly due to its geographical proximity. Notwithstanding the fact that Shanghai Shape Memory Alloy held 98.05% equity interest in Ningbo Bingkun, the Directors are of the view that there had been a clear delineation between Shanghai Shape Memory Alloy and Ningbo Bingkun historically based on the fact that there was no overlap between the management teams of, or business certificates held by Ningbo Bingkun and Shanghai Shape Memory Alloy. Since it was acquired by Lepu Medical (through Shanghai Shape Memory Alloy) and up till the Disposal, Ningbo Bingkun had been managed directly by Lepu Medical with its business conducted independently from Shanghai Shape Memory Alloy. The Disposal was a step to rationalize the ownership of Ningbo Bingkun by Lepu Medical. More importantly, Ningbo Bingkun, together with several other subsidiaries of Lepu Medical, forms a standalone business subsegment, namely, surgical-related products, which is not in line with our Group’s business.

- In August 2018, Jiangsu Bolangsensi Medical Equipment Co., Ltd. (江蘇博朗森思醫療器械有限公司) (“Bolang”), a subsidiary of Ningbo Bingkun, was ordered to suspend the business operation for rectification of certain aspects of its quality control system. Such rectification was completed shortly after the said order after which Bolang recommenced operation in September of the same year. Bolang had not received any other administrative penalties, nor had it been involved in any litigation, arbitration or other legal proceedings that had a material adverse effect, due to this incident.

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- In April 2018 and July 2018, respectively, Bolang and Changzhou Yiwote Medical Instrument Co., Ltd. (常州伊沃特醫療器械有限公司) (“Yiwote”), a subsidiary of Ningbo Bingkun, were subject to fines of RMB382,600 and RMB375,000, respectively, for producing medical devices which did not fully comply with the relevant requirements. All products involved were recalled by Bolang and Yiwote, as applicable, and there was no alleged incident of adverse effects relating to such products.

Neither Bolang nor Yiwote had received any other administrative penalties, nor had they been involved in any litigation, arbitration or other legal proceedings that had a material adverse effect, due to these incidents.

Save for the immaterial non-compliance incidents above, Ningbo Bingkun and its subsidiaries had not received other administrative penalties due to any violation of PRC laws or regulations, nor had they been involved in any litigation, arbitration or other legal proceedings that had a material adverse effect during the Track Record Period or afterwards prior to the Disposal. Our Directors believe that had the Disposal not taken place, our Group would still be suitable for [REDACTED] under Rule 8.04 of the Listing Rules.

Even though Ningbo Bingkun had never formed a part of our business historically, we are of the view that we have an appropriate internal control system in place to prevent the non-compliance incidents associated with the manufacturing process of the subsidiaries of Ningbo Bingkun from happening in our Group. In particular, we have been rigorously abiding by our practice protocols, which serve to ensure the precision, efficiency and safety of our manufacturing processes. We have established a three-tier quality control system based on (1) domestic medical device laws and regulations, (2) EU medical device laws and regulations as well as (3) the relevant international quality authentication standard to monitor all aspects throughout the product lifecycle. See “Business — Quality Control.”

The net profit of Ningbo Bingkun in each year of 2019, 2020, 2021 and the six months ended June 30, 2022 was above RMB30 million according to its management accounts. Historically, Shanghai Shape Memory Alloy and a subsidiary of Ningbo Bingkun had a series of sale and purchase transactions during the Track Record Period which will continue and constitute continuing connected transactions under Chapter 14A of the Listing Rules upon [REDACTED]. Such potential continuing connected transactions will be entered into in compliance with the requirements under the Listing Rules. See “Connected Transactions — Summary of Our Continuing Connected Transactions — Fully Exempt Continuing Connected Transactions — 1. Purchase of Parts Framework Agreement.”

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Business injection

As further elaborated in “Industry Overview”, the interventional medical device market targeting structural heart diseases consists primarily of three major fields of application, including (1) CHD, (2) cardioembolic stroke and (3) valvular diseases, according to the F&S Report. Prior to the injection of the interventional heart valve business as illustrated below, our occluder product portfolio had covered the first two major fields of application (i.e., CHD and cardioembolic stroke). As part of the Reorganization and with a view to solidifying the Group’s position as the sole platform under the Lepu Medical Group focusing on interventional medical devices primarily targeting structural heart diseases, the interventional heart valve business was injected into Shanghai Shape Memory Alloy, including the products of which primarily target the third major field of application (i.e., valvular diseases), from Lepu Medical pursuant to an asset transfer agreement (including an intellectual property transfer agreement as attached thereto) in January 2021. The aggregate consideration of this transaction was approximately RMB72 million, which was determined after arms’ length negotiation with reference to the net book value of the interventional heart valves related assets and relevant research and development costs. The transaction was closed on April 14, 2021, which was when the transfer of assets involved was all completed and the business injection was therefore considered completed pursuant to the asset transfer agreement. The consideration of the transaction was settled on March 5, 2021.

Among the product candidates under the injected interventional heart valve business, the key research and development work including type inspections and animal tests of certain heart valve product candidates (i.e., the Entrusted Products) had been conducted under the name of Lepu Medical prior to the business injection. See “Business — Our Products — Heart Valve Product Candidates — Entrusted Products” for a summary of the regulatory restrictions under the prevailing PRC laws and regulations pertaining to the Entrusted Products and relevant implications.

As of the Latest Practicable Date, the pre-clinical R&D work for each of the Entrusted Products had been substantially completed and each of the Entrusted Products has entered into clinical trial stage. See “Business — Overview — Our Product Portfolio.”

Our Directors are of the view that the injection of the interventional heart valve business into our Group is beneficial to our Group and the Shareholders as a whole, on the basis that (1) such injection was in line with our focus on interventional medical devices primarily targeting structural heart diseases, and (2) such injection strategically complemented our then existing product portfolio and placed us as the only provider in China with a product portfolio covering all three major fields of application in the interventional medical device market targeting structural heart diseases, according to the F&S Report.

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Incorporation of our Company

Our Company was incorporated as a joint stock limited liability company in the PRC on January 29, 2021 with a registered capital of RMB0.28 billion contributed by Lepu Medical and Target Medical. Immediately upon establishment, the Company’s entire equity interest was wholly owned by Lepu Medical, comprising 99% direct equity interest held by Lepu Medical itself and 1% indirect equity interest held by it through its wholly-owned subsidiary, Target Medical. Lepu Medical paid up its subscribed registered share capital by injection of the 100% equity interests of Shanghai Shape Memory Alloy held by it to the Company, upon which Shanghai Shape Memory Alloy became our wholly-owned subsidiary.

Establishment of Ningbo Jiadu and Ningbo Jiacheng as the shareholding platforms

Both of Ningbo Jiadu and Ningbo Jiacheng were established in February 2021. The general partner of both Ningbo Jiadu and Ningbo Jiacheng is Lepu Growth. As at the Latest Practicable Date, the limited partners of Ningbo Jiadu were 49 employees of our Group, among which 9.67%, 8.38%, 3.55%, 3.55%, 1.93% and 1.93% of the partnership interest were held by Ms. Chen Juan (陳娟), Ms. Zhang Yuxin (張昱昕), Mr. Qin Xue (秦學), Ms. Zhang Xiani (張夏妮), Mr. He Yufeng (何玉鳳) and Qian Weidong (錢衛東), respectively, each of who is an executive Director, senior management of our Company or Supervisor; while the limited partners of Ningbo Jiacheng were 49 employees of the Retained Lepu Medical Group, among which [REDACTED]% of the partnership interest were held by Mr. Zheng Guorui (鄭國銳), who is a non-executive Director (collectively, the “LP Employees”). Lepu Growth will purely execute the daily administrative matters of Ningbo Jiadu and Ningbo Jiacheng pursuant to their respective partnership agreements, in order to carry out the function of Ningbo Jiadu and Ningbo Jiacheng as shareholding platforms. Lepu Growth will vote on behalf of each of Ningbo Jiadu and Ningbo Jiacheng on the Shareholders’ general meetings by following the instruction reached at by its partners holding more than 50% of its paid-up capital by way of a poll.

As provided in the limited partnership agreements of Ningbo Jiadu and Ningbo Jiacheng, the LP Employees are restricted from selling, transferring or disposing of their respective partnership interest for the first 12 months from the [REDACTED]. On the first [REDACTED] after each of the first and second anniversary of the [REDACTED], 15% of the interest owned by each of them will be released. On the first [REDACTED] after the third anniversary of the [REDACTED], the remaining 70% of the interest owned by each of them will be released.

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[REDACTED]

On May 28, 2021, the [REDACTED] and the Company entered into a capital increase agreement, pursuant to which each of the [REDACTED] agreed to invest in our Company by subscription of the increased registered capital of our Company. Details are set forth below:

Name of [REDACTED]	Consideration	Number of Domestic Shares or Unlisted Foreign Shares subscribed for	Date on which consideration was fully settled
Vivo Capital Fund IX	US\$50,000,000	15,527,950 Unlisted Foreign Shares	June 15, 2021
Sequoia Capital China Growth	US\$20,000,000	6,211,180 Unlisted Foreign Shares	June 15, 2021
CDH Supermatrix	US\$10,000,000	3,105,590 Unlisted Foreign Shares	June 15, 2021
Total	US\$80,000,000	24,844,720 Unlisted Foreign Shares	June 15, 2021
Huaihua Haozhi	RMB32,180,000	1,560,798 Domestic Shares	June 15, 2021
SHC	RMB65,000,000	3,152,637 Domestic Shares	June 16, 2021
Total	RMB97,180,000	4,713,435 Domestic Shares	

The below table summarizes the other principal terms of the [REDACTED]:

Date of the share subscription agreements	May 28, 2021
Approximate post-money valuation of our Company	US\$1,045.18 million
Basis of consideration	The valuation of the Company immediately prior to the [REDACTED]
Cost per Share	US\$3.22
[REDACTED] to the [REDACTED] ⁽¹⁾	6.26%

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[REDACTED] period

Pursuant to the applicable PRC law, within the 12 months following the [REDACTED], Shares issued by the Company prior to the [REDACTED] (including those held by the [REDACTED] at the time of the [REDACTED]) are restricted from trading.

[REDACTED] from the
[REDACTED]

Since the completion of the [REDACTED] in June 2021 and as of the Latest Practicable Date, approximately [REDACTED] (representing approximately [REDACTED]) of the proceeds received from the [REDACTED] has been utilized by the Group for purposes including research and development activities, payment of salary of staff, purchase of raw materials consumed in our ordinary course of business, facilities upgrading for research and manufacturing activities. In addition to being continuously used towards such purposes, the remaining proceeds will also be used to support our domestic and overseas sales and marketing activities and as our supplementary working capital.

Strategic benefits of the
[REDACTED] brought to our
Company

At the time of the [REDACTED], our Directors were of the view that (1) our Company could benefit from (i) the additional capital derived from the [REDACTED], and (ii) the knowledge and experience in the healthcare and medical devices sectors (in the cases of Vivo Capital Fund IX, SHC, CDH Supermatrix and Sequoia Capital China Growth); (2) the [REDACTED] demonstrated the [REDACTED] confidence in the operation and development of our Group; and (3) Mr. Fu Shan, one of our non-executive Directors and a representative of Vivo Capital Fund IX, complements our executive Directors to support good corporate governance.

(1) Based on exchange rate of RMB0.8769 to HKD1.00 and RMB6.8821 to US\$1.00, the median rate set by PBOC for foreign exchange transactions prevailing on the settlement date of the [REDACTED], and assuming the [REDACTED] is fixed at HK\$[REDACTED], being the mid-point of the indicative [REDACTED].

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Rights of the [REDACTED]

All the shareholders (including the [REDACTED]) of our Company are bound by the [REDACTED] Shareholders Agreement dated May 28, 2021 which superseded all previous agreements among the contracting parties in respect of the shareholders’ rights in our Company. Pursuant to the [REDACTED] Shareholders Agreement, no special right is expected to be granted to the [REDACTED] or become effective if the [REDACTED] is consummated prior to December 31, 2022.

Information about the [REDACTED]

Vivo Capital Fund IX is an investment fund organized under the laws of Delaware, the United States. The general partner of Vivo Capital Fund IX is Vivo Capital IX, LLC, which is under the management of Vivo Capital LLC. Founded in 1996, Vivo Capital LLC is a global investment firm focused on healthcare with approximately US\$6.4 billion in assets under management as of December 31, 2021, and provides a multi-fund investment platform, covering private equity including buyout, venture capital, and public equity. Funds managed by Vivo Capital LLC invest broadly in healthcare across all fund strategies, including biotechnology, pharmaceuticals, medical devices, and healthcare services, with a focus on the largest healthcare markets. The ultimate beneficial owners of Vivo Capital Fund IX are independent third parties.

Sequoia Capital China Growth is an exempted company with limited liability incorporated under the laws of the Cayman Islands and is a wholly-owned subsidiary of Sequoia Capital China Growth Fund VI, L.P. (“Sequoia Capital China GVI Fund”), which is an investment fund focusing on making equity investments in private companies. The general partner of Sequoia Capital China GVI Fund is SC China Growth VI Management, L.P., whose general partner is SC China Holding Limited, a wholly-owned subsidiary of SNP China Enterprises Limited. Mr. Neil Nanpeng Shen (沈南鵬) is the sole shareholder of SNP China Enterprises Limited. Each of Sequoia Capital China Growth, the abovementioned entities and Mr. Neil Nanpeng Shen is an independent third party.

SHC is principally engaged in equity investment in the pharmaceutical industry in the PRC and is a limited partnership established in the PRC. The general partner of SHC is Shanghai Healthcare Capital Management Co., Ltd. (上海生物醫藥產業股權投資基金管理有限公司), an independent third party. All of the limited partners of SHC are independent third parties and none of them holds more than one-third of the partnership interest in SHC.

CDH Supermatrix is a company limited by shares incorporated under the laws of Hong Kong and is a wholly-owned subsidiary of Aries Rosemary, L.P., the general partner of which is CDH China HF Holdings Company Limited, which is wholly owned by CDH Wealth Management Company Limited (“CDH Wealth Management”). CDH Wealth Management is owned as to 75% by CDH Investment Management Company Limited (“CDH Investment Management”), a member of the CDH Investments group (鼎暉投資), and as to 25% by Advance Faith Investing Limited, a company wholly-owned by Mr. Ying Wei (應偉). The ultimate beneficial owner of CDH Investment Management is Mr. Wu Shangzhi (吳尚志), the chairman of CDH Investments. Each of CDH Supermatrix, the abovementioned entities, Mr. Wu Shangzhi and Mr. Ying Wei is an independent third party.

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Huaihua Haozhi is a limited partnership incorporated in PRC and is principally engaged in enterprise management consultation services, financial consultation services, business information consultation services, advertisement design services, culture and art event planning services, entity marketing planning services, conference organization services, market analysis and research services and exhibition organizing services. The general partner of Huaihua Haozhi is Zhangjiajie Ruicheng Enterprise Management Partnership (Limited Partnership)* (張家界睿成企業管理合夥企業(有限合夥)) (“Zhangjiajie Ruicheng”), which is in turn controlled by Mr. Li Qing (李青) through his capacity as the general partner of Zhangjiajie Ruicheng. Each of Huaihua Haozhi, Zhangjiajie Ruicheng and Mr. Li Qing is an independent third party.

Confirmation from the Sole Sponsor

After reviewing the terms of the [REDACTED] and the [REDACTED] Shareholders Agreement and given that (1) our Directors confirmed that the terms of the [REDACTED] (including the consideration) were determined on arm’s length basis, and (2) there will be more than 120 clear days before the [REDACTED] since the settlement of the considerations for the [REDACTED], the Sole Sponsor has confirmed that the investment by the [REDACTED] is in compliance with the applicable requirements under the Guidance Letter HKEX-GL29-12 issued on January 2012 and updated in March 2017, the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and updated in March 2017 and the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange in October 2012 and updated in March 2017.

PUBLIC FLOAT

Upon completion of the [REDACTED] and the [REDACTED] of Domestic Shares and Unlisted Foreign Shares into H Shares, the Shares held by certain of our Shareholders who are our core connected persons, namely each of Lepu Medical, Target Medical, Ningbo Jiadu and Ningbo Jiacheng, representing an aggregate of approximately [REDACTED]% of our issued Shares (assuming the [REDACTED] is not exercised) will not count towards part of the public float pursuant to Rule 8.24 of the Listing Rules.

Save as provided above, upon completion of the [REDACTED] and the [REDACTED] of Domestic Shares and Unlisted Foreign Shares into H Shares, each of Vivo Capital Fund IX, Sequoia Capital China Growth, SHC, Huaihua Haozhi, and CDH Supermatrix shall not be considered as a core connected person of our Company and accordingly in aggregate approximately [REDACTED]% of our issued Shares (assuming the [REDACTED] is not exercised), being all the Shares held by our [REDACTED], will count towards part of our public float pursuant to Rule 8.24 of the Listing Rules.

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SHAREHOLDING STRUCTURE OF OUR COMPANY AS AT THE [REDACTED]

Insofar as our Directors are aware, immediately following the completion of the [REDACTED] and [REDACTED] of Domestic Shares and Unlisted Foreign Shares into H Shares (assuming the [REDACTED] is not exercised), the following table sets forth the details of the Shares to be held by our Shareholders as at the [REDACTED]:

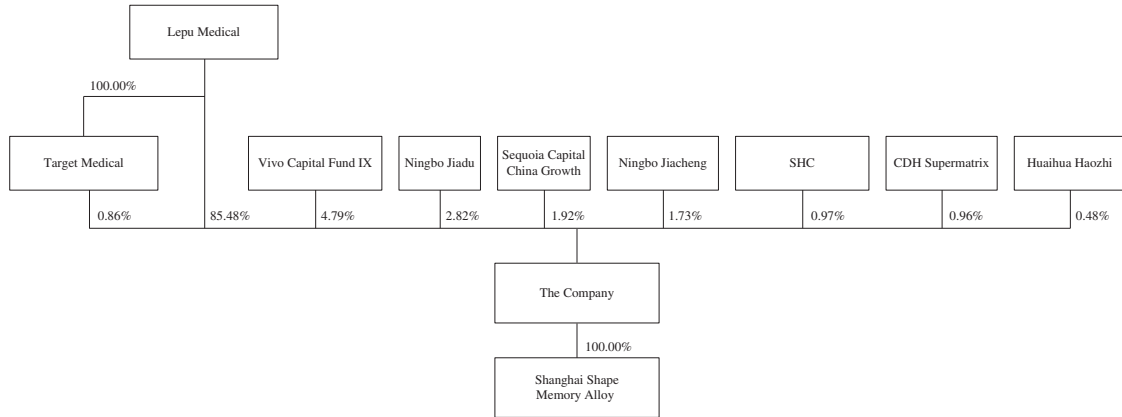
Name of Shareholder	Class of Shares	Number	Percentage in our total issued share capital
Controlling Shareholders			
Lepu Medical ⁽¹⁾	H Shares [REDACTED] from Domestic Shares	277,200,000	[REDACTED]%
Target Medical ⁽¹⁾	H Shares [REDACTED] from Domestic Shares	2,800,000	[REDACTED]%
Shareholding platforms of employees of our Group and the Retained Lepu Medical Group			
Ningbo Jiadu	H Shares [REDACTED] from Domestic Shares	9,136,842	[REDACTED]%
Ningbo Jiacheng	H Shares [REDACTED] from Domestic Shares	5,600,000	[REDACTED]%
[REDACTED] Investors			
Vivo Capital Fund IX	H Shares [REDACTED] from Unlisted Foreign Shares	15,527,950	[REDACTED]%
Sequoia Capital China Growth	H Shares [REDACTED] from Unlisted Foreign Shares	6,211,180	[REDACTED]%
SHC	H Shares [REDACTED] from Domestic Shares	3,152,637	[REDACTED]%
CDH Supermatrix	H Shares [REDACTED] from Unlisted Foreign Shares	3,105,590	[REDACTED]%
Huaihua Haozhi	H Shares [REDACTED] from Domestic Shares	1,560,798	[REDACTED]%
Others			
[REDACTED]	H Shares issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	H Shares	[REDACTED]	100.00%

(1) Immediately following the completion of the [REDACTED] and [REDACTED] of Domestic Shares and Unlisted Foreign Shares into H Shares (assuming the [REDACTED] is not exercised), Lepu Medical held approximately [REDACTED]% of the shareholding interest of our Company, including approximately [REDACTED]% indirect shareholding interest through Target Medical and approximately [REDACTED]% direct shareholding interest. Lepu Medical held the entire share interest in Target Medical and was therefore deemed to be interested in the Shares held by Target Medical under the SFO. According to the Listing Rules of the ChiNext Board of the Shenzhen Stock Exchange (《深圳證券交易所創業板股票上市規則》) where Lepu Medical, our Controlling Shareholder, is listed, an actual controller refers to an individual or entity that can control a company by way of investment relationship, contracts or other arrangements. As Dr. Pu is able to control Lepu Medical and exert substantial influence over it, we regard Dr. Pu as our Controlling Shareholder. Lepu Medical, Dr. Pu and Target Medical are considered as a group of Controlling Shareholders of our Company and he was therefore deemed to be interested in the Shares held by Lepu Medical under the SFO.

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OUR STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

The following diagram illustrates the corporate and shareholding structure of our Company immediately prior to the completion of the [REDACTED]:



OUR STRUCTURE IMMEDIATELY FOLLOWING THE [REDACTED]

The following diagram illustrates the corporate and shareholding structure of our Company immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised):

