
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are a major global medical device manufacturer specialized in interventional instruments for PCI/PTA procedures. Headquartered in Hong Kong, China, we sell products to over 70 countries and regions worldwide, and we are also the only PCI balloon manufacturer headquartered in China that ranked among the top 6 players in all major overseas PCI balloon markets including Japan, Europe and the U.S. In addition to PCI/PTA balloons, we also specialize in coronary stent products and are actively expanding into neuro vascular intervention and structural heart disease areas. Our Group’s history traces back to 2000 when Mr. Teddy CHIEN, our Chairman Emeritus and founder, commenced our cardiovascular interventional medical devices business through OrbusNeich Medical Company Limited (業聚醫療有限公司) (under its former name, Top Charter Investments Limited) (“**ONM HK**”), which primarily engages in the import and distribution of medical devices manufactured by our Group, and subsequently other group companies. As the founder and the then chairman of ONM HK, Mr. Teddy CHIEN was primarily responsible for making key decisions on business strategies and plans of ONM HK. He also injected funds to our Group to meet capital needs when required. Mr. Teddy CHIEN has worked with the medical community over the past 50 years in various capacities at pharmaceutical and medical device companies. Mr. Teddy CHIEN first launched Cordis Neich, an exclusive distributor of medical devices for diagnostics and interventional procedures for Cordis Corporation in Asia. After Cordis Corporation and assets of Cordis Neich were acquired by Johnson & Johnson in 1996, Mr. Teddy CHIEN founded our Group to focus on the development and manufacturing of endovascular interventional devices. Mr. Teddy CHIEN also established the Chien Foundation to provide young interventional cardiologists with financial resources and opportunities for training in enhanced techniques in interventional cardiology, with an overall objective to raise the standard of healthcare for the benefit of the general public in countries in Asia-Pacific region.

Under Mr. Teddy CHIEN’s leadership, in addition to balloons, we further expanded our capacity to the research and development and the manufacturing of stents, as balloons and stents are complementary devices in cardiovascular interventional procedures. In 2005, we acquired Orbus Medical Technologies Inc., which primarily focused on developing and manufacturing of stents. Through the acquisition, we established our manufacturing base and operations in the Netherlands, and expanded our sales network in Europe. Mr. Teddy CHIEN maintained a controlling interest in our Group through Belinfer Corporation until December 2017 when he transferred his entire equity interest in Belinfer Corporation to Mr. David CHIEN, Mr. Teddy CHIEN’s son and the chairman of our Board, an executive Director and the chief executive officer of our Company for family succession planning purpose. On February 1, 2021, Mr. David CHIEN procured Belinfer Corporation to transfer all of its shareholding in Cosmic Ascent Limited (“**COSMIC**”), representing its indirect interest in our Group, to himself. On February 16, 2021, Mr. David CHIEN transferred all of his shareholding in COSMIC to Harmony Tree Limited (“**HART**”), which was jointly owned by Mr. David CHIEN and Ms. Kwai Ching Denise LAU as to 55% and 45%, respectively. Subsequent to the foregoing transfer, HART, Mr. David CHIEN and Ms. Kwai Ching Denise LAU became a group of Controlling Shareholders of our Group.

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HART was incorporated in BVI in September 2020. For family asset planning purpose, in January 2021, Mr. David CHIEN transferred 45% of the equity interest in HART to Ms. Kwai Ching Denise LAU, Mr. David CHIEN’s spouse and an executive Director of our Company. As of the date of this document, Mr. David CHIEN and Ms. Kwai Ching Denise LAU jointly hold a controlling interest of 67.46% in our Group through HART, please refer to the section headed “Relationship with Our Controlling Shareholders” and the paragraph headed “– Capitalization of our Company” for more details.

For the purpose of the [REDACTED], we incorporated our Company in the Cayman Islands on July 22, 2021, which became the holding company of our Group as a result of the Reorganization. Please refer to the paragraph headed “– Pre-[REDACTED] Investments” and “– Reorganization” for further details of our historical financing.

KEY DEVELOPMENT MILESTONES

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

Year	Milestone
2001	Our Group launched our R&D, product development and manufacturing base in Shenzhen, the PRC. Our Group received our first regulatory approval for our balloon catheter from PMDA in September.
2005	Our Group acquired Orbus Medical Technologies Inc. and its subsidiaries for a research and development center in the United States and a manufacturing base in the Netherlands, and expanded our sales network in Europe.
2007	Our first generation “Sapphire” received CE Mark in April, marking the beginning of our Sapphire balloon catheter product family.
2008	Our first generation “ScoreFlex” obtained CE Mark in May.
2016	Mr. David CHIEN became our CEO, resetting the business strategy of our Group. We launched our second generation COMBO Plus dual therapy stent with an advanced delivery system in June.
2017	We commenced selling our balloon products in the United States.
2018	Jade PTA received FDA 510(k) clearance in February.

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Year	Milestone
	<p>Sapphire II Pro received FDA 510(k) clearance in March and became the first 1.0mm diameter balloon in the United States.</p> <p>Teleport, our first microcatheter product, obtained CE Mark and FDA 510(k) clearance in March and November, respectively.</p> <p>We commenced worldwide distribution of coronary artery and peripheral orbital atherectomy products for a United States medical device developer and manufacturer.</p>
2019	<p>Our latest generation Sapphire 3 obtained approval from PMDA in January.</p> <p>ScoreFlex PTA received FDA 510(k) clearance in May.</p> <p>COMBO Plus dual therapy stent obtained approval from PMDA.</p>
2020	<p>Sapphire 3 and Sapphire NC 24 received CE Mark in March.</p> <p>We acquired our distributor in Switzerland in August to actively expand our direct sales network.</p> <p>COMBO dual therapy stent obtained NMPA approval in August.</p> <p>We formed a strategic joint venture with Products & Features International, LDA for the development, manufacturing and distribution of structural heart products in certain countries in Asia Pacific regions in October.</p> <p>Sapphire II Pro OTW version and Jade PTA 14”/18”/35” OTW series were launched in the United States.</p>
2021	<p>We first opened to third party investments and completed two rounds of financing within a few months, raising US\$202.5 million in aggregate from well-known institutional investors and family offices.</p> <p>We expanded our direct sales network and established our direct sales team in Mainland China.</p>
2022	<p>Scoreflex NC was launched in Mainland China and the United States.</p>

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OUR PRINCIPAL SUBSIDIARIES

As of the Latest Practicable Date, we had 28 subsidiaries and one joint venture. The following table sets forth details of (i) the significant intermediate holding company of our Group through which we received two rounds of equity financing and (ii) subsidiaries of our Group which made material contribution to our results of operations during the Track Record Period and up to the Latest Practicable Date (the “**Material Subsidiaries**”):

Name	Place of incorporation	Date of incorporation	Authorized share capital/ Registered capital	Principal business activities
OrbusNeich Medical Group Limited (業聚醫療集團有限公司) (“ ONM Group Ltd. ”)	Cayman Islands	June 8, 2017	US\$600,000	Investment holding
OrbusNeich Medical Company Limited (業聚醫療有限公司) (“ ONM HK ”)	Hong Kong	February 23, 1998	HK\$10,000	Trading, sales and marketing
OrbusNeich Medical (Shenzhen) Company Limited (業聚醫療器械(深圳)有限公司) (“ ONM Shenzhen ”)	PRC	May 29, 2000	US\$5,000,000	Research and development, manufacturing and sales
OrbusNeich Medical K.K. (“ ONM Japan ”)	Japan	September 13, 2001	JPY90,000,000	Trading, sales and marketing
Orbus International B.V. (“ OIBV ”)	Netherlands	March 10, 1999	EUR45,320,279	Trading, sales and marketing
OrbusNeich Medical B.V. (“ ONM BV ”)	Netherlands	July 13, 2006	EUR18,000	Manufacturing

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CORPORATE DEVELOPMENT

The following sets forth the major corporate history and shareholding changes of our Company and our Material Subsidiaries.

Our Company

Incorporation and Initial Issuance of Shares

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on July 22, 2021, with its share capital of US\$50,000 divided into 500,000,000 Shares with par value of US\$0.0001 each and one Ordinary Share issued to the initial subscriber. On the same day, the initial subscriber transferred one Ordinary Share at par value to HART.

Acquisition of COSMIC through Share Swap

On September 28, 2021, HART, our then sole Shareholder, resolved to increase the authorized share capital from US\$50,000 to US\$600,000, which is divided to 6,000,000,000 Shares comprising 5,018,814,933 Ordinary Shares, 234,784,854 Series A Preferred Shares and 746,400,213 Series A-2 Preferred Shares, with par value of US\$0.0001 each.

As part of the Reorganization, pursuant to instruments of transfer dated September 28, 2021, HART, the Initial COSMIC Shareholders and Mr. Kelvin Kai Hang LAU underwent the First Share Swap with our Company pursuant to which COSMIC became a wholly-owned subsidiary of our Company, and HART, the Initial COSMIC Shareholders and Mr. Kelvin Kai Hang LAU became our direct Shareholders. Please refer to the paragraph headed “– Reorganization – Step 1: Share Swap between our Company and COSMIC” for further details.

Acquisition of ONM Group Ltd. through Share Swap

As part of the Reorganization, the Series A Investors and the Series A-2 Investors underwent the Second Share Swap with COSMIC, pursuant to which ONM Group Ltd. became a wholly-owned subsidiary of COSMIC, a direct wholly-owned subsidiary of our Company, and the Series A Investors and the Series A-2 Investors became our direct Shareholders. Please refer to the paragraph headed “– Reorganization – Step 2: Share Swap between our Company and ONM Group Ltd.” for further details.

Please refer to the paragraphs headed “– Capitalization of our Company” and “– Our Structure Immediately Prior to the [REDACTED]” for the shareholding structure of our Company and our corporate structure, respectively, upon completion of the Reorganization and as of the date of this document.

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ONM Group Ltd.

Incorporation and Initial Issuance of Shares

ONM Group Ltd. was incorporated in the Cayman Islands as an exempted company with limited liability on June 8, 2017 with one ordinary share issued to the initial subscriber, an Independent Third Party.

Transfer of shares to the Controlling Shareholders

On the same day, the initial subscriber transferred one ordinary share of ONM Group Ltd. to ONM BVI, which held subsidiaries of our Group through ONM Investment Holdings at the time. The then majority equity interest of ONM BVI was held by Belinfer Corporation, and the then remaining shares of ONM BVI held by other minority shareholders were either redeemed and cancelled by ONM BVI in May and July 2020 or transferred to Belinfer Corporation in June and November 2020 (in respect of the shares held by the Initial COSMIC Shareholders). After the foregoing shareholding changes, ONM BVI became wholly owned by Belinfer Corporation. Belinfer Corporation was wholly owned by Mr. Teddy CHIEN as of June 8, 2017, being the date of incorporation of ONM Group Ltd. and was subsequently transferred to Mr. David CHIEN on December 19, 2017.

In return for ONM BVI’s transfer of the total issued share capital of ONM Investment Holdings to ONM Group Ltd. on April 26, 2019, ONM Group Ltd. allotted and issued one ordinary share to ONM BVI on September 20, 2019, upon which the then subsidiaries in our Group became indirectly wholly owned by ONM Group Ltd., which was in turn wholly owned by ONM BVI.

Transfer of shares between holding entities of the Controlling Shareholders

Pursuant to a sale and purchase agreement dated July 30, 2020, as an intra-group transfer, ONM BVI transferred the total issued share capital of ONM Group Ltd. to COSMIC, which was wholly-owned by Belinfer Corporation and the Initial COSMIC Shareholders before the foregoing sale and purchase agreement was signed, at a consideration of US\$187,827,882.30.

The consideration of the foregoing transfer was settled by COSMIC’s issuance of promissory notes (the “**COSMIC Promissory Notes**”) to the shareholders of ONM BVI (comprising Belinfer Corporation and the Initial COSMIC Shareholders) in proportion to their respective shareholdings in ONM BVI. On July 31, 2020, the COSMIC Promissory Notes were applied to set off the outstanding subscription price of shares of COSMIC held by Belinfer Corporation and the Initial COSMIC Shareholders in full, which was payable by the shareholders of ONM BVI (comprising Belinfer Corporation and the Initial COSMIC Shareholders) for issuance of shares in COSMIC.

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Upon completion of the transfer of shares of ONM Group Ltd. and the settlement of the COSMIC Promissory Notes on July 31, 2020, ONM Group Ltd. became wholly owned by COSMIC, the fully-paid shares of which were held by the then shareholders of ONM BVI (comprising Belinfer Corporation and the Initial COSMIC Shareholders).

Redenomination of share capital

Prior to the following changes in authorized share capital of ONM Group Ltd., the authorized share capital of ONM Group Ltd. was HK\$380,000 divided into 38,000,000 ordinary shares with par value of HK\$0.01 each, and two ordinary shares with par value of HK\$0.01 each were held by COSMIC.

On October 29, 2020, the director and shareholder of ONM Group Ltd. resolved to (i) increase the authorized share capital of ONM Group Ltd. by US\$600,000, (ii) issue 1,878,278,823 ordinary shares of ONM Group Ltd. with par value of US\$0.0001 each to COSMIC, (iii) repurchase two ordinary shares with par value of HK\$0.01 each from COSMIC, and (iv) diminish and cancel the authorized share capital of HK\$380,000. The subscription price of 1,878,278,823 ordinary shares with par value of US\$0.0001 each offsets the repurchase price of two ordinary shares with par value of HK\$0.01 each.

As a result of the foregoing resolutions, the denomination of ONM Group Ltd. was changed from Hong Kong dollars to U.S. dollars. As of October 29, 2020, the authorized share capital of ONM Group Ltd. consists of US\$600,000 divided into 6,000,000,000 ordinary shares with par value of US\$0.0001 each, amongst which 1,878,278,823 ordinary shares were issued to COSMIC.

Series A Financing

Pursuant to a share subscription agreement dated April 23, 2021, CICC Biomedical Fund L.P. (中金啟德(廈門)創新生物醫藥創業投資合夥企業(有限合夥) (formerly known as 中金啟德(廈門)創新生物醫藥股權投資基金合夥企業(有限合夥))) (“**CICC Biomedical Fund**”), Bliss Moment Limited (“**Bliss Moment**”) and Shenzhen Share Zeshan Precision Medical Limited Partnership (深圳市分享擇善精準醫療創業投資合夥企業(有限合夥)) (“**Shenzhen Share Zeshan**”) (collectively the “**Series A Investors**”) subscribed for 100,622,080, 67,081,387 and 67,081,387 series A preferred shares of ONM Group Ltd. at a consideration of US\$15,000,000, US\$10,000,000 and US\$10,000,000, respectively (the “**Series A Financing**”). The consideration was determined after arms’ length negotiation between ONM Group Ltd. and the Series A Investors with reference to the development status of our Group’s products, the scale of business and development prospect of our Group.

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Upon completion of the initial closing and the subsequent closing of Series A Financing on April 27, 2021 and June 18, 2021, respectively, the shareholding structure of ONM Group Ltd. is as follow:

Name of shareholders of ONM Group Ltd.	Class of shares of ONM Group Ltd.	Number of shares of ONM Group Ltd.	Percentage
COSMIC	Ordinary	1,878,278,823	88.89%
CICC Biomedical Fund	Series A preferred	100,622,080	4.76%
Bliss Moment	Series A preferred	67,081,387	3.17%
Shenzhen Share Zeshan	Series A preferred	67,081,387	3.17%
Total		<u>2,113,063,677</u>	<u>100.00%</u>

Issuance of Shares as a result of Injection of ON HV

OrbusNeich P+F Company Limited (“**ON P&F**”) was incorporated on May 15, 2017 as a company within our Group. After an intra-group transfer, OrbusNeich HeartValve Company Limited (“**ON HV**”), an entity wholly owned by COSMIC and accounted for as a subsidiary of our Group, holds one share of ON P&F, representing the then total issued share capital of ON P&F as of September 29, 2020. ON P&F is the sole shareholder of OrbusNeich P&F (Hong Kong) Company Limited (業聚培福(香港)有限公司) (“**ON P&F (HK)**”), which is in turn the sole shareholder of OrbusNeich P&F MedTech (Shenzhen) Company Limited (業聚培福醫療技術(深圳)有限公司) (“**ON P&F (SZ)**”).

In October 2020, ON HV entered into a joint venture arrangement with Products & Features International, LDA (“**P&F Int’l**”), pursuant to which ON P&F allotted and issued 49 new shares to ON HV and 50 new shares to P&F Int’l at par. As a result, ON P&F was owned by ON HV and P&F Int’l as to 50% and 50%, respectively. The consideration was fully settled and the shares of ON P&F were credited as fully paid in October 2020. P&F Int’l is an Independent Third Party principally engaged in the development, manufacturing, commercialization and distribution of heart valve products. Pursuant to the joint venture arrangement, ON P&F have the right to distribute certain heart valve products including the TricValve Bicaval System in certain countries of the APAC region. Please refer to the paragraph headed “Business – Our Collaborations with P&F Int’l” for further details.

As of July 6, 2021, ON HV was wholly owned by COSMIC. Pursuant to a sale and purchase agreement dated July 7, 2021, COSMIC transferred the total issued share capital of ON HV to ONM Group Ltd. (the “**ON HV Transfer**”), and in return, ONM Group Ltd. allotted and issued an aggregate of 1,006,220,798 ordinary shares to COSMIC.

Subsequent to the ON HV Transfer, ON HV became wholly owned by ONM Group Ltd.

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Series A-2 Financing

Pursuant to a share subscription agreement dated June 10, 2021 (the “**Series A-2 Subscription Agreement**”), the following investors subscribed for 746,400,213 series A-2 preferred shares of ONM Group Ltd. to be issued to themselves or their respective offshore affiliates (the “**Series A-2 Investors**”) at a total consideration of US\$167,500,000 (the “**Series A-2 Financing**”):

Series A-2 Investors	Consideration (US\$)	Number of series A-2 preferred shares of ONM Group Ltd.
Suzhou Red Earth Yeju Venture Capital Investment LLP (蘇州紅土業聚創業投資合夥企 業(有限合夥)) (“ Suzhou Red Earth ”)*	78,500,000	349,805,473
Kinetic Creation Global Investments Limited (建成開元投資有限公司) (“ Kinetic ”)	30,000,000	133,683,620
Shenzhen Red Earth Healthcare Industry Investment Fund Partnership (LP) (深圳紅土醫 療健康產業股權投資基金合夥企業(有限合夥)) (“ Shenzhen Red Earth ”)*	17,500,000	77,982,112
Shenzhen Capital Group Company, Ltd. (深圳市創新投資集團有限公司) (“ SCGC ”)*	14,000,000	62,385,689
Worldstar Global Holdings Limited (“ Worldstar ”)	10,000,000	44,561,207
Galaxy Capital International Limited (星河資本國際有限公司) (“ Galaxy Capital ”)	10,000,000	44,561,207
Bliss Moment	5,000,000	22,280,603
B.W. Holding Limited (“ B.W. Holding ”)	2,500,000	11,140,302
Total	167,500,000	746,400,213

Note:

- * The initial closing of Series A-2 Financing, which involves an aggregate investment of US\$110 million by SCGC, Suzhou Red Earth and Shenzhen Red Earth, was completed on July 20, 2021. Pursuant to deeds of joinder dated July 20, 2021, SCGC, Suzhou Red Earth and Shenzhen Red Earth, the initial subscribers in the Series A-2 Share Subscription Agreement, directed ONM Group Ltd. to issue its series A-2 preferred shares to their offshore affiliates, namely SCGC Capital Holding Company Limited (“**SCGC Capital**”), Suzhou Red Earth Yeju Investment Ltd. (“**SZYJ**”) and HTYL Investment Holdings Limited (“**HTYL**”), respectively.

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The consideration was determined after arms’ length negotiation taking into account the injection of ON HV, the development status of our Group’s products, the scale of business and development prospect of our Group.

Upon completion of the initial closing and the subsequent closing of Series A-2 Financing on July 20, 2021 and August 10, 2021, respectively, the shareholding structure of ONM Group Ltd. was as follow:

Name of shareholders of ONM Group Ltd.	Class of shares of ONM Group Ltd.	Number of shares of ONM Group Ltd.	Percentage
COSMIC	Ordinary	2,884,499,621	74.62%
SCGC Entities			
– SZYJ	Series A-2 preferred	349,805,473	9.05%
– HTYL	Series A-2 preferred	77,982,112	2.02%
– SCGC Capital	Series A-2 preferred	62,385,689	1.61%
Sub-total of SCGC Entities		490,173,274	12.68%
Kinetic	Series A-2 preferred	133,683,620	3.46%
CICC Biomedical Fund	Series A preferred	100,622,080	2.60%
Bliss Moment	Series A preferred	67,081,387	1.74%
	Series A-2 preferred	22,280,603	0.58%
Shenzhen Share Zeshan	Series A preferred	67,081,387	1.74%
Worldstar	Series A-2 preferred	44,561,207	1.15%
Galaxy Capital	Series A-2 preferred	44,561,207	1.15%
B.W. Holding	Series A-2 preferred	11,140,302	0.29%
Total		<u>3,865,684,688</u>	<u>100.00%</u>

Share Swap between our Company and ONM Group Ltd.

As part of the Reorganization, the Series A Investors and the Series A-2 Investors underwent the Second Share Swap with COSMIC pursuant to which ONM Group Ltd. became a wholly-owned subsidiary of COSMIC and the Series A Investors and the Series A-2 Investors became our direct Shareholders. Please refer to the paragraph headed “– Reorganization – Step 2: Share Swap between our Company and ONM Group Ltd.” for further details. Subsequent to the Second Share Swap, ONM Group Ltd. reclassified and redesignated all of its shares to ordinary shares on September 28, 2021.

Upon completion of the share swap between our Company and ONM Group Ltd. and as of the date of this document, ONM Group Ltd. is a wholly-owned subsidiary of COSMIC.

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ONM HK

ONM HK was incorporated in Hong Kong as a limited company on February 23, 1998 with one ordinary share held by each of Snatch Prize Limited and Boxing Company Limited, which are Independent Third Parties. Each of the initial shareholders of ONM HK subsequently transferred one ordinary share of ONM HK to Mr. Teddy CHIEN and his spouse on August 27, 1998 at nominal consideration, respectively.

On February 18, 2000, prior to the commencement of business by ONM HK in late February 2000, each of Mr. Teddy CHIEN and his spouse transferred one ordinary share of ONM HK (under its former name, Top Charter Investments Limited) to ONM BVI (then operating under its former name, Multi-Well Development Limited) and Apex Score Limited, respectively, at the par value of HK\$1.00 per ordinary share. As the predecessor Companies Ordinance requires a limited liability company incorporated in Hong Kong to have at least two shareholders, Apex Score Limited held one ordinary share of ONM HK as a nominee shareholder on behalf of ONM BVI.

On August 7, 2017, as the Companies Ordinance no longer requires a limited liability company incorporated in Hong Kong to have at least two shareholders, ONM BVI directed its nominee shareholder, Apex Score Limited, to transfer one ordinary share of ONM HK to itself at nil consideration.

On July 13, 2018, ONM BVI transferred two ordinary shares of ONM HK to OrbusNeich Medical Manufacturing Holdings (APAC) Company Limited (“**ONM Manu Hold’s (APAC)**”), in exchange for the allotment and issuance of one share of ONM Manu Hold’s (APAC) to ONM BVI. After the foregoing transfer, ONM HK became wholly owned by ONM Manu Hold’s (APAC), which was wholly owned by ONM BVI. On April 26, 2019, as an intra-group transfer, ONM BVI transferred two ordinary shares of ONM Manu Hold’s (APAC) to ONM Investment Holdings, which is directly wholly owned by ONM Group Ltd.

Subsequent to the foregoing transfers and as of the Latest Practicable Date, ONM HK was wholly owned by ONM Manu Hold’s (APAC), which was indirectly wholly owned by ONM Group Ltd. and our Company.

ONM Shenzhen

ONM Shenzhen was incorporated in the PRC on May 29, 2000 with an initial registered capital of US\$3,000,000, which was fully paid and wholly owned by ONM HK.

On February 26, 2001, ONM HK resolved to increase the registered capital of ONM Shenzhen to US\$5,000,000, which was fully paid by ONM HK.

As of the Latest Practicable Date, ONM Shenzhen was wholly owned by ONM HK.

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ONM Japan

ONM Japan was incorporated in Japan as a stock company with limited liability on September 13, 2001 with a total issued share capital of JPY10 million divided into of 200 shares, 199 shares of which were held by ONM HK and the remaining 1 share was held by Mr. Takeshi OHBA, the president and representative director of ONM Japan and a nominee shareholder on behalf of ONM HK.

On July 7, 2006, the share capital of ONM Japan was increased to JPY90 million divided into 1,800 shares, with an additional 1,600 fully-paid shares allotted and issued to ONM HK.

On June 25, 2021, the share capital of ONM Japan was further increased to JPY644,450,000 divided into 21,800 shares, with an additional 20,000 fully-paid shares allotted and issued to ONM HK.

On September 3, 2021, the share capital of ONM Japan was reduced to JPY90 million.

Since the foregoing transfer and as of the Latest Practicable Date, ONM HK and Mr. Takeshi OHBA were the registered shareholders of ONM Japan as to 99.995% and 0.005%, respectively, with ONM HK holding 100.00% beneficial interest of ONM Japan.

OIBV

OIBV was incorporated in the Netherlands with limited liability on March 10, 1999, with its share capital divided into 99,875 shares. As of the date of its incorporation, OIBV issued 40 ordinary shares and was wholly owned by OrbusNeich Medical Inc., a company incorporated in Delaware, the United States and wholly owned by our Group.

On December 18, 2017, as an intra-group transfer, OrbusNeich Medical Inc. transferred 40 ordinary shares of OIBV to OrbusNeich Medical Investments Limited B.V. (“**ONM Investment BV**”), a wholly-owned subsidiary of ONM HK, at a consideration of US\$20,039. Immediately following the intra-group transfer, OIBV was wholly owned by ONM Investment BV.

On August 31, 2021, OIBV issued 94,371 ordinary shares to ONM HK to fully set off an outstanding intra-group loan of EUR42,822,731 owed to ONM HK.

On March 31, 2022 OIBV issued 5,464 ordinary shares to ONM HK to fully settle an outstanding intra-group loan of EUR2,479,399 owed to ONM HK.

As of the Latest Practicable Date, OIBV is owned by ONM HK and ONM Investment BV as to 99.96% and 0.04%, respectively.

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ONM BV

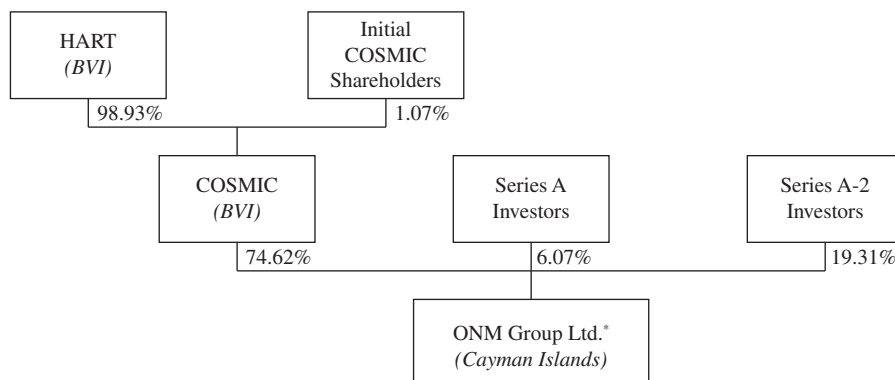
ONM BV was incorporated in the Netherlands with limited liability on July 13, 2006 and was wholly owned by OrbusNeich Medical Holding B.V. (“**ONM Holding BV**”), a company within our Group since incorporation. As of the Latest Practicable Date, ONM BV was wholly owned by ONM Holding BV, an indirect wholly-owned subsidiary of our Company.

ACQUISITION DURING THE TRACK RECORD PERIOD

During the Track Record Period, to strengthen our overseas direct sales network in Europe and in light of the potential of the Swiss medical device market, we strategically expanded our direct sales network into Switzerland and acquired the total issued share capital of ON AG from two Independent Third Parties at a consideration of US\$4,019,000, which was determined through arms’ length negotiation between the parties after taking into account factors including the customers and distribution network of ON AG and business prospect of the Swiss medical device market. Upon completion of the acquisition in August 2020, ON AG became a direct wholly owned subsidiary of ONM HK and its financial information has been reflected in our consolidated financial statements for the Track Record Period. Our Directors have confirmed that none of the applicable percentage ratios as stipulated under the Listing Rules of the above-mentioned acquisition of ON AG exceeds 25%. Accordingly, the acquisition of ON AG during the Track Record Period does not amount to a major acquisition under Rule 4.05A of Listing Rules, and is not required to be disclosed pursuant to Rule 4.05A of the Listing Rules. Please refer to Note 38 to the Accountant’s Report in Appendix I to this document for more details.

REORGANIZATION

In preparation for the [REDACTED], we incorporated our Company in the Cayman Islands as an exempted company with limited liability on July 22, 2021 and underwent the following steps of Reorganization. Prior to the Reorganization, ONM Group Ltd. was the ultimate holding vehicle of our subsidiaries. Set forth below is our simplified shareholding chart immediately prior to the Reorganization:



* Please refer to the paragraph headed “– Our Structure Immediately Prior to the [REDACTED]” for shareholding structure of our Material Subsidiaries.

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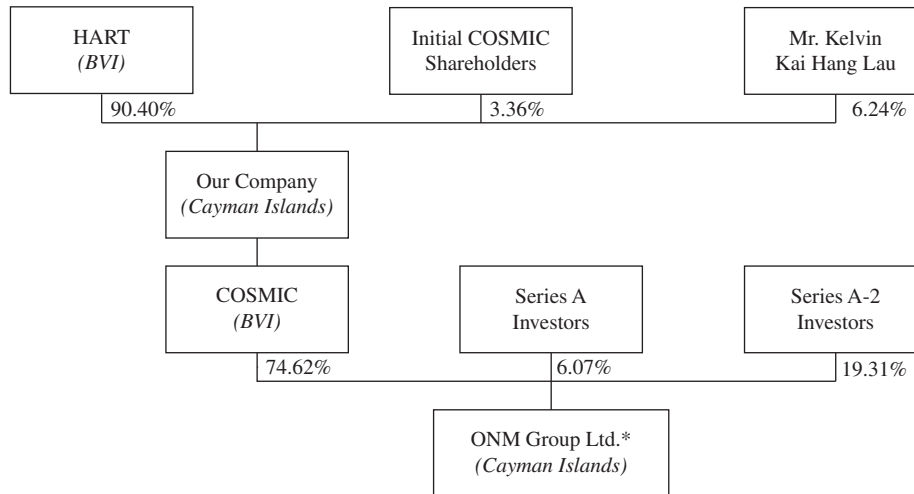
Step 1: Share Swap between our Company and COSMIC

COSMIC was incorporated in the BVI with limited liability on July 7, 2020. Prior to the Reorganization, COSMIC was held by HART and the Initial COSMIC Shareholders as to 98.93% and 1.07%, respectively. Please refer to the paragraph headed “Transfer of shares between holding entities of the Controlling Shareholders” for details. Prior to the Reorganization, COSMIC was a shareholder of ONM Group Ltd., through which our Group holds its subsidiaries. On August 20, 2021, Mr. David CHIEN and Ms. Kwai Ching Denise LAU procured HART to transfer (i) 117,210,115 shares of COSMIC to Mr. Kelvin Kai Hang LAU (劉啟衡), the brother of Ms. Kwai Ching Denise LAU, for family asset planning and succession planning purposes; and (ii) 42,977,042 shares of COSMIC to Ms. Pik Lin Barbara WONG (黃璧璉), one of the Initial COSMIC Shareholders and a former senior management of our Group in recognition and for award of her 14 years of service in overseeing the overall corporate and financial functions of our Group. The foregoing transfers were made by way of gift at nil consideration. Neither Mr. Kelvin Kai Hang LAU nor Ms. Pik Lin Barbara WONG is given any special rights granted to the Series A Investors and/or the Series A-2 Investors. In relation to the foregoing transfers, each of Mr. Kelvin Kai Hang LAU (with respect to 23,442,023 Ordinary Shares as adjusted by Share Consolidation) and Ms. Pik Lin Barbara WONG (with respect to 8,595,408 Ordinary Shares as adjusted by Share Consolidation) will be subject to a lock-up period of six months from the [REDACTED]. Upon completion of the foregoing transfers, HART, the Initial COSMIC Shareholders and Mr. Kelvin Kai Hang LAU hold 1,697,984,609, 63,084,099 and 117,210,115 shares of COSMIC, representing approximately 90.40%, 3.36% and 6.24% of the total issued share capital of COSMIC, respectively.

On September 28, 2021, HART, the Initial COSMIC Shareholders and Mr. Kelvin Kai Hang LAU transferred the total issued share capital of COSMIC to our Company. In consideration of the foregoing transfer, on September 28, 2021, our Company allotted and issued Ordinary Shares to HART, the Initial COSMIC Shareholders and Mr. Kelvin Kai Hang LAU based on a ratio of 1 share of COSMIC in exchange for approximately 1.54 Ordinary Shares of our Company (the “**First Share Swap**”). The basis for determining the First Share Swap ratio is to maintain effective percentage equity interest of the HART, Initial COSMIC Shareholders and Mr. Kelvin Kai Hang LAU. As a result of the First Share Swap, COSMIC became wholly owned by our Company, of which 2,607,619,220, 96,879,152 and 180,001,248 Ordinary Shares were held by HART, the Initial COSMIC Shareholders and Mr. Kelvin Kai Hang LAU, representing approximately 90.40%, 3.36% and 6.24% of the then total issued share capital of our Company, respectively. Save for 8,595,408 Ordinary Shares as adjusted by Share Consolidation held by Ms. Pik Lin Barbara WONG as a result of the share transfer on August 20, 2021 mentioned above, all Ordinary Shares held by the entire group of Initial COSMIC Shareholders will not be subject to a lock-up period of six months from the [REDACTED].

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Set forth below is our simplified shareholding chart subsequent to the share swap between our Company and COSMIC:



Note:

- * Please refer to the paragraph headed “– Our Structure Immediately Prior to the [REDACTED]” for shareholding structure of our Material Subsidiaries.

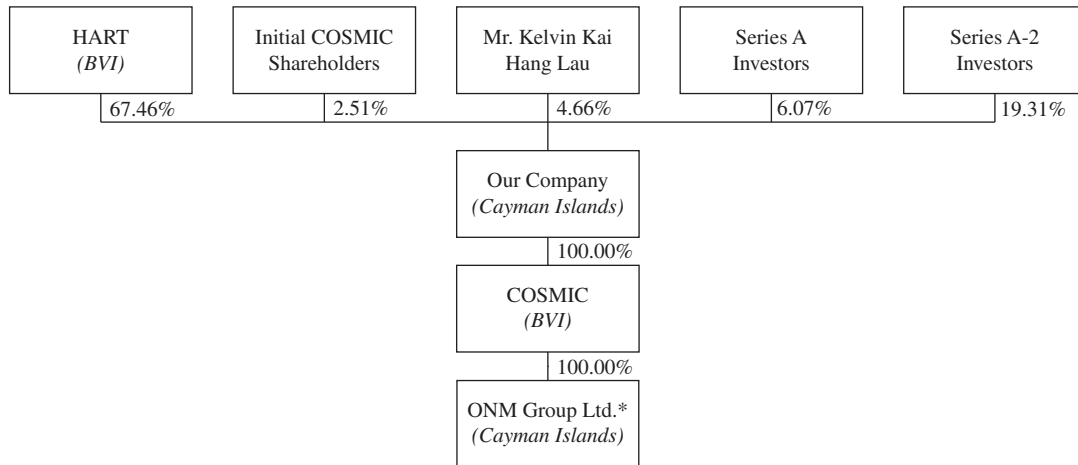
Step 2: Share Swap between our Company and ONM Group Ltd.

Upon completion of Series A-2 Financing on August 10, 2021, ONM Group Ltd. was owned by COSMIC, the Series A Investors and the Series A-2 Investors as to 74.62%, 6.07% and 19.31%, respectively. Please refer to the paragraph headed “– Corporate Development – ONM Group Ltd. – Series A-2 Financing” for further details.

Pursuant to a share exchange agreement dated September 28, 2021, (i) the Series A Investors and the Series A-2 Investors transferred their shareholdings in ONM Group Ltd. to COSMIC in exchange for issuance of their corresponding classes of Shares by our Company on 1:1 basis (the “**Second Share Swap**”), and (ii) in consideration of the foregoing issuance of Shares by our Company, one share of COSMIC was issued to our Company (the “**Share Contribution**”). Upon completion of the Second Share Swap and Share Contribution, ONM Group Ltd. became wholly owned by COSMIC, a direct wholly-owned subsidiary of our Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Set forth below is our simplified shareholding chart as of September 28, 2021 immediately after the Reorganization:



Note:

- * Please refer to the paragraph headed “– Our Structure Immediately Prior to the [REDACTED]” for shareholding structure of our Material Subsidiaries.

PRE-[REDACTED] INVESTMENTS

The Pre-[REDACTED] Investments include Series A Financing and Series A-2 Financing.

Principal Terms of the Pre-[REDACTED] Investments

The principal terms of the Pre-[REDACTED] Investments are set out as below:

	Series A Financing	Series A-2 Financing
Date of agreement	April 23, 2021	June 10, 2021
Date of which investment was fully settled	June 18, 2021	August 10, 2021
Cost per Share paid by each of the Pre-[REDACTED] Investors (in approximation)⁽¹⁾	US\$0.75 (equivalent to approximately HK\$5.87)	US\$1.12 (equivalent to approximately HK\$8.76)
Post-money valuation	Approximately US\$315 million	Approximately US\$868 million

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

	Series A Financing	Series A-2 Financing
Bases of consideration and valuation	<p>The consideration of Series A Financing was determined after arms’ length negotiation between ONM Group Ltd. and the Series A Investors conducted in late 2020 with reference to the development status of our Group’s products, the scale of business and development prospect of our Group, taking into account the then market sentiment and uncertainty to the economic recovery in the midst of the COVID-19 pandemic.</p>	<p>The consideration of Series A-2 Financing was determined after arms’ length negotiation taking into account the ON HV Transfer, the development status of our Group’s products, the scale of business and development prospect of our Group. Our valuation increased from approximately US\$315 million post Series A Financing to approximately US\$868 million post Series A-2 Financing due to (i) the then financial performance of our Company; (ii) nine new product registration approvals being obtained for in jurisdictions across four continents, including major markets such as the PRC and the United States in the first quarter of 2021; (iii) developing our own direct sales team to further strengthen our market presence in the PRC; and (iv) the product portfolio of ON P&F.</p>
Discount to the [REDACTED] (in approximation)⁽²⁾	[REDACTED]%	[REDACTED]%
Amount of consideration paid	US\$[REDACTED]	US\$[REDACTED]
Lock-up Period	<p>The equity interest of our Company acquired by the Pre-[REDACTED] Investors in the Pre-[REDACTED] Investments [will be] subject to a lock-up period of six months from the [REDACTED].</p>	

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Series A Financing

Series A-2 Financing

**Use of proceeds from the
Pre-[REDACTED] Investments**

The proceeds have been used to repay the outstanding bank loans of approximately US\$39.0 million, purchase financial assets with pre-determined coupon at maturity of US\$20.0 million and deposited as short-term bank deposit of US\$129.0 million, respectively. As of the Latest Practicable Date, approximately [93]% of the net proceeds from the Pre-[REDACTED] Investments by the Pre-[REDACTED] Investors were utilized.

**Strategic benefits of the
Pre-[REDACTED] Investors
brought
to our Company**

At the time of the Pre-[REDACTED] Investments, our Directors were of the view that our Company could benefit from the additional capital that would be provided by the Pre-[REDACTED] Investors’ investments in our Company and the Pre-[REDACTED] Investors’ knowledge and experience. The investments by our Pre-[REDACTED] Investors, who are reputable investors in the PRC, also increases our brand awareness in the PRC and facilitates our marketing efforts. The Directors nominated and appointed by our Pre-[REDACTED] Investors complement our Board to support good corporate governance.

Notes:

1. The cost per Share paid by each of the Pre-[REDACTED] Investors is calculated based on the consideration paid by each of Pre-[REDACTED] Investors divided by the number of Shares held by each of the Pre-[REDACTED] Investors after Share Consolidation.
2. The discount to the [REDACTED] is calculated based on the [REDACTED] of HK\$[REDACTED] per Share and the exchange rate of US\$1 to HK\$7.8250.
3. For further details of accounting treatment of the Series A Preferred Shares and Series A-2 Preferred Shares, please refer to the paragraph headed “Financial Information – Indebtedness – Convertible Redeemable Preferred Shares” in this document.

Special Rights of the Pre-[REDACTED] Investors

All Preferred Shares shall be converted into Ordinary Shares of our Company immediately before the completion of the [REDACTED] on a 1:1 ratio. All the shareholders (including the Pre-[REDACTED] Investors) of our Company are bound by shareholders’ agreement dated September 28, 2021 (as amended from time to time) (the “SHA”) and the articles of association of our Company which superseded all previous agreements among the contracting parties in respect of the shareholders’ rights in our Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The Pre-[REDACTED] Investors were granted customary special rights, including protective provisions and information rights, etc. Except for the redemption right which has been waived, all other special rights (including the conversion right, the conversion adjustment right and the director nomination right as set out below) shall cease to be effective and be discontinued upon [REDACTED].

Redemption Right

Each Pre-[REDACTED] Investor is given a redemption right to, upon occurrence of specified events, sell to HART all or a portion of the Preferred Shares it then holds in accordance with the terms of the SHA at a specified redemption price. Each of the relevant Pre-[REDACTED] Investors has executed a waiver undertaking by September 28, 2021 to terminate the aforementioned redemption right with effect from the date of the waiver undertaking. The redemption right is only exercisable if the [REDACTED] does not take place and shall be automatically restored upon the earlier of, among others, (i) failure on the part of our Company to complete its [REDACTED] before a specified deadline, or (ii) upon the earlier of the rejection, withdrawal or lapse of the Company’s [REDACTED].

Conversion Right

Each Pre-[REDACTED] Investor is given a conversion right to convert, at its option, its Preferred Shares to Ordinary Shares at an initial conversion ratio of 1:1. The conversion from Preferred Shares to Ordinary Shares will automatically take place upon an [REDACTED] of shares of the Company and commencement of [REDACTED] of the Shares of the Company on the [REDACTED] at the pre-[REDACTED] market capitalization that (i) implies a valuation of Preferred Shares held by the Pre-[REDACTED] Investors immediately prior to the [REDACTED] at no less than 100% of the aggregate purchase price paid by such Pre-[REDACTED] Investors for the issuance of their respective Preferred Shares if the [REDACTED] is consummated within twenty four months from July 20, 2021; or (ii) is equal to or exceed US\$1,000,000,000 if the [REDACTED] is consummated after the second anniversary of July 20, 2021 ((i) or (ii) referred to as “**Qualified [REDACTED]**”). The [REDACTED] [is] a Qualified [REDACTED] and all Preferred Shares will be automatically converted into Ordinary Shares upon [REDACTED].

Director Nomination Right

Pursuant to the Series A share subscription agreement, so long as the outstanding Series A Preferred Shares represent no less than 5% of the total issued share capital of the Company (on a fully-diluted and as-converted basis) in aggregate, CICC Biomedical Fund shall be entitled to nominate a Director (the “**Series A Director**”). The Series A Director was appointed as a director of ONM Group Ltd. from June 23, 2021 to September 28, 2021, and was appointed as a Director of our Company on September 2021. Pursuant to the resolutions of the Board dated September 29, 2021, the Series A Director will resign effective before the date of this document. Both CICC Biomedical Fund and the SCGC Entities enjoy director nomination right pursuant to the relevant subscription agreements. As such director nomination right will be

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

terminated upon [REDACTED], the Company has discussed with CICC Biomedical Fund and the SCGC Entities as to whether the directors they nominated would remain on the Board upon [REDACTED]. It was agreed by the Company and the relevant parties (including the directors nominated by CICC Biomedical Fund and the SCGC Entities) that the Series A Director will resign with effect before the date of this document whilst Dr. Yi Zhou, being the director nominated by the SCGC Entities, will remain on our Board upon [REDACTED], having taken into account considerations such as the respective shareholding of CICC Biomedical Fund and the SCGC Entities.

Information about the Pre-[REDACTED] Investors

Our Pre-[REDACTED] Investors include certain well-known and experienced institutional investors. Set out below is a description of our Pre-[REDACTED] Investors.

SCGC Entities

Each of SCGC Capital Holding Company Limited (“**SCGC Capital**”), Suzhou Red Earth Yeju Investment Ltd. (“**SZYJ**”) and HTYL Investment Holdings Limited (“**HTYL**”) (collectively the “**SCGC Entities**”) is a company incorporated under the laws of the BVI. The SCGC Entities are affiliates of Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司), which was established in 1999 by the Shenzhen Municipal Government with a focus on venture capital investment to nurture entrepreneurship and innovation and is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipal (深圳市人民政府國有資產監督管理委員會). The SCGC Entities focus, among other things, on investments in innovative growth-oriented enterprises. We became acquainted with the SCGC Entities through our then financial advisor, CITIC Securities Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6030) (“**CITIC Securities**”). As of the date of this document and immediately following completion of the [REDACTED], the SCGC Entities are interested in 12.68% and [REDACTED]% of the total issued share capital of the Company (without taking into account any Shares which may be allotted and issued under the Share Incentive Schemes), respectively. Accordingly, Shenzhen Capital Group Co., Ltd. is a substantial shareholder of our Company.

Kinetic

Kinetic is a limited liability company incorporated under the laws of Hong Kong and is an investment holding company indirectly wholly owned by CCB International (Holdings) Limited (建銀國際(控股)有限公司), which is in turn an indirect wholly-owned subsidiary of China Construction Bank Corporation (中國建設銀行股份有限公司). China Construction Bank Corporation is a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00939) and Shanghai Stock Exchange (stock code: 601939), which offers banking, corporate financing and sales and trading services. We were introduced to Kinetic by the SCGC Entities upon their decision to proceed with their investments. Kinetic has invested in companies which are listed

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

on the Main Board of the Stock Exchange, such as Bison Finance Group Limited (stock code: 0888) and Tongcheng Travel Holdings Limited (stock code: 0780). To the best of the Directors’ knowledge, each of Kinetic, CCB International (Holdings) Limited and China Construction Bank Corporation is an Independent Third Party.

CICC Biomedical Fund

CICC Biomedical Fund L.P. (中金啟德(廈門)創新生物醫藥創業投資合夥企業(有限合夥) (formerly known as 中金啟德(廈門)創新生物醫藥股權投資基金合夥企業(有限合夥))) (“**CICC Biomedical Fund**”) is a private equity fund managed by CICC Capital Management Co., Ltd. as the general partner and is focused on world-leading innovative medicines and technologies. CICC Capital Management Co., Ltd. is a wholly-owned subsidiary of China International Capital Corporation Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3908) and Shanghai Stock Exchange (stock code: 601995). China International Capital Corporation Hong Kong Securities Limited is wholly owned by China International Capital Corporation (Hong Kong) Limited, which is a wholly-owned subsidiary of China International Capital Corporation Limited. We were introduced to CICC Biomedical Fund by China Merchants Securities Investment Co., Ltd., a wholly-owned subsidiary of China Merchant Securities Co., Ltd (a company listed on the Main Board of the Stock Exchange (stock code: 6099) and Shanghai Stock Exchange (stock code: 600999)) (“**CMS**”), which is the indirect holding company of Bliss Moment, upon their decision to proceed with their investments. CICC Biomedical Fund has 30 limited partners, none of them is holding 30% or more partnership interests. To the best of the Directors’ knowledge, each of the general partner and limited partners of CICC Biomedical Fund is an Independent Third Party.

Bliss Moment

Bliss Moment Limited is a company incorporated in the BVI and is wholly owned by China Merchants Securities Investment Management (HK) Co., Ltd. (招商證券投資管理(香港)有限公司) (“**CMSHK**”), an Independent Third Party. CMSHK is a wholly-owned subsidiary of China Merchants Securities International Company Limited, a company incorporated in Hong Kong in July 1999 acting as the main overseas business platform of CMS, and offers security brokerage, corporate financing, sales and trading, asset management, private equity, and commodities trading services. We became acquainted with Bliss Moment through CITIC Securities.

Shenzhen Share Zeshan

Shenzhen Share Zeshan Precision Medical Limited Partnership (深圳市分享擇善精準醫療創業投資合夥企業(有限合夥)) (“**Shenzhen Share Zeshan**”) is a limited partnership managed by Shenzhen Share Growth Investment Management Co., Ltd. (深圳市分享成長投資管理有限公司). The general partner of Shenzhen Share Zeshan is Shenzhen Share Growth Investment Management Co., Ltd. (深圳市分享成長投資管理有限公司), which is in turn owned as to 62.08% by Mr. Bai Wentao (白文濤), an Independent Third Party. Shenzhen Share Zeshan has four limited partners, with Ningbo Meishan Port Share Zeshan Precision

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Medical Investment Partnership (Limited Partnership) (寧波梅山保稅港區分享擇善精準醫療投資合夥企業(有限合夥)) and Shenzhen Yindao Fund Investment Co., Ltd. (深圳市引導基金投資有限公司) holding partnership interests of 45.67% and 30.00%, respectively, and the two other limited partners holding less than 30% partnership interests. We were introduced to Shenzhen Share Zeshan by China Merchants Securities Investment Co., Ltd., a wholly-owned subsidiary of CMS, which is the indirect holding company of Bliss Moment, upon their decision to proceed with their investments. Founded in 2007, the Share Capital Fund (分享投資) has its headquarters in Shenzhen, a professional investment team of over 50 members, and its assets under management exceeding RMB8 billion. It specializes in structuring strategic investments in early-to-mid stage start-ups, and has an extensive investment portfolio including biotech and breakthrough drug research start-ups. To the best of the Directors’ knowledge, each of the general partner and limited partners of Shenzhen Share Zeshan is an Independent Third Party.

Worldstar

Worldstar Global Holdings Limited (“**Worldstar**”) is a company incorporated in the BVI on December 9, 2005, which focuses on equity investment opportunities in emerging industries, such as medicine and food technology. We were introduced to Worldstar by the SCGC Entities upon their decision to proceed with their investments. The total issued share capital of Worldstar is held by Mr. Lui Yiu Wah Alexander, an Independent Third Party. Worldstar has invested in Akeso, Inc., a company listed on the Main Board of the Stock Exchange (stock code: 9926).

Galaxy Capital

Galaxy Capital International Limited (星河資本國際有限公司) (“**Galaxy Capital**”) is a company incorporated in Hong Kong on November 29, 2019. We were introduced to Galaxy Capital by the SCGC Entities upon their decision to proceed with their investments. Galaxy Capital is ultimately held by Mr. Huang Chu-long (黃楚龍) and his spouse, Ms. Mo Jinli (莫錦禮) as to 75% and 25%, respectively. Mr. Huang Chu-long is the chairman of Galaxy Holding Group Company Limited* (星河控股集團有限公司) and one of the controlling shareholders of E-Star Commercial Management Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6668). To the best of the Directors’ knowledge, each of Galaxy Capital and its two ultimate shareholders is an Independent Third Party.

B.W. Holding

B.W. Holding Limited is a company incorporated in the BVI on June 21, 2018, of which the total issued share capital is held by Mr. Wong Wai Yue, an Independent Third Party. Mr. Wong Wai Yue is the chairman and an executive director of Nameson Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1982). He has been investing in the healthcare industry locally and overseas, such as aggregation-induced emission technology, in-vitro diagnostics solutions and elderly homes. Mr. Wong Wai Yue is a family friend of our Controlling Shareholders.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Compliance with Interim Guidance and Guidance Letter

The Joint Sponsors confirm that the investments by the Pre-[REDACTED] Investors are in compliance with the Guidance Letter HKEX-GL29-12 issued in January 2012 and updated in March 2017 by the Stock Exchange, the Guidance Letter HKEX-GL43-12 issued in October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange and the Guidance Letter HKEX-GL44-12 issued in October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange.

CAPITALIZATION OF OUR COMPANY

The following table illustrates the capitalizations of the Company as of the Latest Practicable Date and upon completion of the [REDACTED] (assuming that all the Preferred Shares have been converted to Ordinary Shares on a 1:1 basis, and without taking into account any Shares which may be allotted and issued under the Pre-[REDACTED] Share Option Scheme and after taking into account the Share Consolidation of every five Shares with par value of US\$0.0001 into one share of the corresponding class with par value of US\$0.0005):

Shareholder	Ordinary Shares	Series A Preferred Shares	Series A-2 Preferred Shares	Ownership percentage as of the date of this document	Number of Ordinary Shares held upon [REDACTED]	Ownership percentage as of the [REDACTED]
HART	2,607,619,221	–	–	67.46%	[REDACTED]	[REDACTED]
Initial COSMIC Shareholders ⁽¹⁾	96,879,152	–	–	2.51%	[REDACTED]	[REDACTED]
Mr. Kelvin Kai Hang LAU ⁽²⁾	180,001,248	–	–	4.66%	[REDACTED]	[REDACTED]
Bliss Moment ⁽²⁾	–	67,081,387	22,280,603	2.31%	[REDACTED]	[REDACTED]
CICC Biomedical Fund ⁽²⁾	–	100,622,080	–	2.60%	[REDACTED]	[REDACTED]
Shenzhen Share Zeshan ⁽²⁾	–	67,081,387	–	1.74%	[REDACTED]	[REDACTED]
SZYJ	–	–	349,805,473	9.05%	[REDACTED]	[REDACTED]
Kinetic ⁽²⁾	–	–	133,683,620	3.46%	[REDACTED]	[REDACTED]
HTYL	–	–	77,982,112	2.02%	[REDACTED]	[REDACTED]
SCGC Capital	–	–	62,385,689	1.61%	[REDACTED]	[REDACTED]
Worldstar ⁽²⁾	–	–	44,561,207	1.15%	[REDACTED]	[REDACTED]
Galaxy Capital ⁽²⁾	–	–	44,561,207	1.15%	[REDACTED]	[REDACTED]
B.W. Holding ⁽²⁾	–	–	11,140,302	0.29%	[REDACTED]	[REDACTED]
Total	2,884,499,621	234,784,854	746,400,213	100.00%	[REDACTED]	[REDACTED]

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) The [REDACTED] Shares ([REDACTED] Shares as adjusted by Share Consolidation) held by Mr. Ching Chung John CHOW, our executive Director, and the [REDACTED] Shares ([REDACTED] Shares as adjusted by Share Consolidation) held by Mr. Takeshi OHBA, the president and representative director of ONM Japan, will not count towards the [REDACTED] and the remaining [REDACTED] Shares ([REDACTED] Shares as adjusted by Share Consolidation) held by the other Initial COSMIC Shareholders will count towards the [REDACTED].
- (2) These Shareholders are not our core connected persons and the [REDACTED] Shares ([REDACTED] Shares as adjusted by Share Consolidation) they hold will count towards the [REDACTED].

[REDACTED]

Upon completion of the [REDACTED], HART will hold [REDACTED] Shares, approximately [REDACTED]% of the total issued Shares; therefore, it is our Controlling Shareholder and its Shares will not count towards the [REDACTED]. In addition, SCGC Capital, SZYJ and HTYL (collectively the “SCGC Entities”, our substantial shareholders) are each controlled by Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司), and ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipal (深圳市人民政府國有資產監督管理委員會). The SCGC entities will collectively hold [REDACTED] Shares, approximately [REDACTED]% of the total issued Shares; therefore, the SCGC Entities are our substantial shareholders and their Shares will not count towards the [REDACTED]. Furthermore, Mr. Ching Chung John CHOW is our executive Director and the [REDACTED] Shares he holds will not count towards the [REDACTED]. Moreover, Mr. Takeshi OHBA is the president and representative director of ONM Japan, a subsidiary of our Company. As the role of president in entities incorporated in Japan is equivalent to the role of director under the Listing Rules, the [REDACTED] Shares he holds will not count towards the [REDACTED]. As a result, the [REDACTED] Shares held by our core connected persons, representing a total of approximately [REDACTED]% of our Company’s total issued Shares, will not count towards the [REDACTED].

Save as disclosed above, to the best of our Directors’ knowledge, all other investors and shareholders of our Company are not core connected persons of our Company. As a result, approximately [REDACTED]% of our Company’s total issued Shares, inclusive of a total of approximately [REDACTED]% of the Shares held by the other existing Shareholders, will count towards the [REDACTED] upon completion of the [REDACTED] (without taking into account the Shares which may be allotted and issued under the Share Incentive Schemes and assuming the [REDACTED] are allotted and issued to [REDACTED]). Accordingly, over 25% of our Company’s total issued Shares will be held by the [REDACTED] upon completion of the [REDACTED] in accordance with 8.08(1)(a) of the Listing Rules.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PRC LEGAL COMPLIANCE

M&A Rules

Under the Rules on the Merger and Acquisition of Domestic Enterprises by Foreign Investors in the PRC (關於外國投資者併購境內企業的規定) (the “**M&A Rules**”), which was jointly promulgated by the Ministry of Commerce of the PRC (“**MOFCOM**”) and other departments of the State Council on August 8, 2006 and came into effective on the same day and latest amended on June 22, 2009, the merger and acquisition of the PRC domestic enterprises by foreign investors, which means that the foreign investors purchase or subscribe for the equity or shares of a non-foreign invested PRC enterprise (also known as a PRC domestic enterprise) or that the foreign investors establish a foreign invested PRC enterprise to acquire or operate the assets of a non-foreign invested PRC enterprise by agreement, should comply with the PRC laws and regulations. The approval from MOFCOM is required to be obtained in some specific circumstances including but not limited to: (i) a PRC individual or a PRC enterprise acquires its affiliated PRC domestic enterprise through its controlled foreign company (“**Acquisition of the Affiliated PRC Company**”); (ii) a foreign investor acquires a PRC domestic enterprise at the consideration of the equity interests in foreign companies (“**Exchange of Shares**”); and (iii) the establishment of an offshore special purpose vehicle (the “**SPV**”), which is directly or indirectly controlled by the PRC individuals or the PRC companies for the purpose of offshore listing of the interests in the PRC enterprises actually owned by those PRC individuals or the PRC companies. Moreover, under the M&A Rules, for the offshore listing of the shares of the SPV, it is also required to obtain the approval from the China Securities Regulatory Commission.

Our PRC legal advisors are of the opinion that no approval from MOFCOM or China Securities Regulatory Commission under the M&A Rules is required for the Pre-[REDACTED] Investments or the [REDACTED], for the reasons that (i) our Group was not affiliated with the Pre-[REDACTED] Investors who are PRC enterprises prior to the Pre-[REDACTED] Investments and such Pre-[REDACTED] Investors paid the share subscription price in cash rather than by means of shares of a PRC company and thus the Pre-[REDACTED] Investments did not constitute the Acquisition of the Affiliated PRC Company or the Exchange of Shares mentioned above; and (ii) our Controlling Shareholders are not PRC individuals or PRC companies under the M&A Rules and thus our Company did not constitute an SPV under the M&A Rules.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

SAFE Circular 37

According to the Circular of the State Administration of Foreign Exchange on Issues Concerning the Administration of Foreign Exchange in Offshore Investments and Financing and Return Investments by Domestic Residents through Special Purpose Vehicles (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the “**SAFE Circular 37**”), which was promulgated and became effective on July 4, 2014, the PRC resident individuals are required to register with the State Administration of Foreign Exchange (“**SAFE**”) or its local counterparts in connection with their investments in a special purpose vehicle before they make contribution to the same in accordance with the provisions of SAFE Circular 37 (“**SAFE 37 Registration**”). Under SAFE Circular 37, “special purpose vehicle” refers to an offshore entity directly established or indirectly controlled by the PRC residents with their legally owned assets or equity interests in PRC enterprises or their offshore assets or interests for the purpose of the offshore investment and financing; and a “PRC resident individual” refers to a Chinese citizen with a resident identification card, servicemen identification card or armed police identification card, or a foreign individual who has no legal identification card of the PRC but habitually resides in the Mainland China for economic interests. The Guidelines on the Foreign Exchange Business for Capital Accounts (2020 Version) (資本項目外匯業務指引(2020年版)) which was promulgated by the Comprehensive Department of SAFE on November 13, 2020, further provides that the foreign individuals are not required to make the SAFE 37 Registration if they invest in the special purpose vehicle with their offshore assets or interests.

Our Controlling Shareholders are not the PRC resident individuals under SAFE 37 Circular and they used their offshore funds to establish and invest in our Company. Based on the foregoing, our PRC legal advisors are of the view that our Controlling Shareholders are not required to make SAFE 37 Registration for their incorporation of or investment in our Company or the [REDACTED] under SAFE Circular 37.

ODI Procedures

NDRC Procedure

According to Measures for the Administration of Outbound Investment of Enterprises (企業境外投資管理辦法) promulgated by National Development and Reform Commission of the PRC (“**NDRC**”) on December 26, 2017 and effective from March 1, 2018, a PRC enterprise shall obtain the approval from NDRC or complete the filing with NDRC or its local counterparts (as the case may be) in connection with its outbound investment before it makes capital contribution to such outbound investment project and after completion of the outbound investment, the PRC enterprise shall submit the project completion report via the on-line system to the NDRC or its local counterparts (“**NDRC ODI Procedure**”).

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MOFCOM Procedure

According to the Outbound Investment Administration Rules (境外投資管理辦法) promulgated by the MOFCOM on September 6, 2014 and effective from October 6, 2014, a PRC enterprise shall complete the approval or filing procedure at MOFCOM or its local counterparts (as the case may be) in connection with its outbound investment and obtain a corresponding outbound investment certificate before it makes capital contribution to such outbound investment project (“**MOFCOM ODI Procedure**”). In the event of changes to the items specified on the outbound investment certificate obtained, the PRC enterprise shall go through the alteration procedure at MOFCOM or its local counterparts which issued the original outbound investment certificate to obtain a revised certificate.

SAFE Procedure

According to (i) Foreign Exchange Administration Rules on Outbound Direct Investment of PRC Organizations (境內機構境外直接投資外匯管理規定) promulgated by SAFE on July 13, 2009 and effective from August 1, 2009 and (ii) the SAFE Notice of the Policies on Further Simplifying and Improving the Foreign Exchange Administration of Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) promulgated on February 13, 2015 and effective from June 1, 2015, a PRC enterprise which has completed the approval or filing procedures at the outbound investment regulatory authorities shall make the registration with SAFE through its designated banks in connection with its outbound direct investment and obtain a corresponding SAFE registration certificate (“**SAFE ODI Procedure**”, together with NDRC ODI Procedure and MOFCOM ODI Procedure, “**ODI Procedures**”). With the approval or filing certificate issued by the outbound investment regulatory authorities and the SAFE registration certificate, the PRC enterprise can remit funds outside the PRC through the designated banks for the purpose of outbound direct investment. In the event of changes to certain basic information of the offshore company registered at SAFE’s system, the PRC enterprise shall make the alteration registration with SAFE through its designated banks.

Among the Pre-**[REDACTED]** Investors, CICC Biomedical Fund and Shenzhen Share Zeshan are PRC enterprises and SCGC Entities made their Pre-**[REDACTED]** Investments with the domestic funds remitted from their PRC parent enterprises (i.e. Suzhou Redearth, Shenzhen Redearth and SCGC). As advised by our PRC legal advisors, the Pre-**[REDACTED]** Investments made by CICC Biomedical Fund, Shenzhen Share Zeshan and SCGC Entities were subject to ODI Procedures. Based on the review of the relevant regulatory documentation, our PRC legal advisors were of the view that CICC Biomedical Fund, Shenzhen Share Zeshan and the PRC parent enterprises of SCGC Entities (collectively “**PRC Pre-[REDACTED] Investors**”) had completed the ODI Procedures with respect to their Pre-**[REDACTED]** Investments before they paid the subscription price to us. As the Second Share Swap in the Reorganization caused the changes to (i) the information set out in outbound investment certificate obtained by the PRC Pre-**[REDACTED]** Investors and (ii) the registered information in SAFE’s system in connection with CICC Biomedical Fund and Shenzhen Share Zeshan’s outbound direct investments, the PRC Pre-**[REDACTED]** Investors should go through the alteration filing with the competent local counterpart of MOFCOM and, after

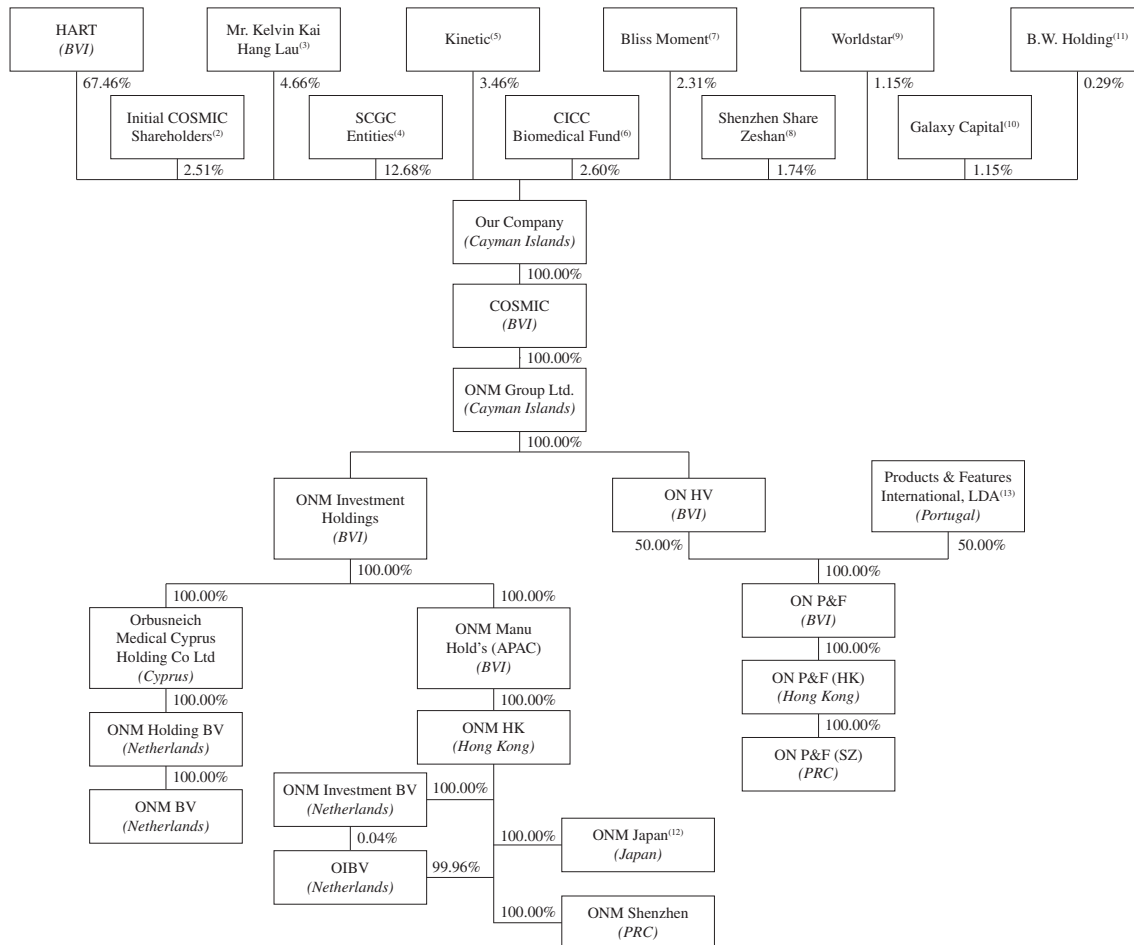
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

receiving the revised outbound investment certificate, CICC Biomedical Fund and Shenzhen Share Zeshan should make the alteration registration with SAFE through the relevant bank. As of the Latest Practicable Date, as advised by our PRC legal advisors based on their view of the relevant documentation, the above-mentioned alternation filing with the competent local counterpart of MOFCOM and alternation registration with SAFE had both been completed.

Our PRC legal advisors confirmed that all relevant material registrations, approvals and permits required under PRC laws and regulations in relation to the establishment, increases of registered capital, equity transfers (if any) in respect of the PRC subsidiaries of our Group as described above had been completed and obtained.

OUR STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

A simplified corporate structure of our Group immediately prior to the [REDACTED] is as follows ⁽¹⁾:



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Notes:

- (1) Based on the assumption that all Preferred Shares will be converted into Shares on a 1:1 basis upon the [REDACTED] becoming unconditional and without taking into account any Shares to be allotted and issued under the Share Incentive Schemes.
- (2) The Initial COSMIC Shareholders comprise the following:

Name	Role and responsibilities	Number of Shares held
Pik Lin Barbara WONG	Former senior management, responsible for overseeing the overall corporate and financial functions of our Group	81,989,864 Shares (16,397,973 Shares as adjusted by Share Consolidation)
Robert John COTTONE JR	Chief technical officer, responsible for overseeing the overall technology and product research and development and the global intellectual property strategies and protection of our Group	5,673,368 Shares (1,134,674 Shares as adjusted by Share Consolidation)
GJB Investments, LLC	The holding vehicle of Dr. Gary BECKER, our consultant and co-founder of Orbus Medical Technologies Inc., who is responsible for providing general advice in relation to products on vascular diseases	2,394,068 Shares (478,814 Shares as adjusted by Share Consolidation)
Elyse B. DAVIS	Sister of Dr. Gary BECKER	165,089 Shares (33,018 Shares as adjusted by Share Consolidation)
Wai Keung LEUNG	Senior director of corporate finance, responsible for overseeing the finance of our Group	2,303,571 Shares (460,713 Shares as adjusted by Share Consolidation)
Clarence Craig EDEWAARD	Co-founder of Orbus Medical Technologies Inc.	1,819,264 Shares (363,853 Shares as adjusted by Share Consolidation)
Ching Chung John CHOW	Executive Director, responsible for overseeing overall business development activities of our Group	1,535,714 Shares (307,143 Shares as adjusted by Share Consolidation)
Takeshi OHBA	President and representative director of ONM Japan, responsible for overseeing commercial activities and managing the development and the implementation of commercial strategies of our Group in Japan	998,214 Shares (199,643 Shares as adjusted by Share Consolidation)

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

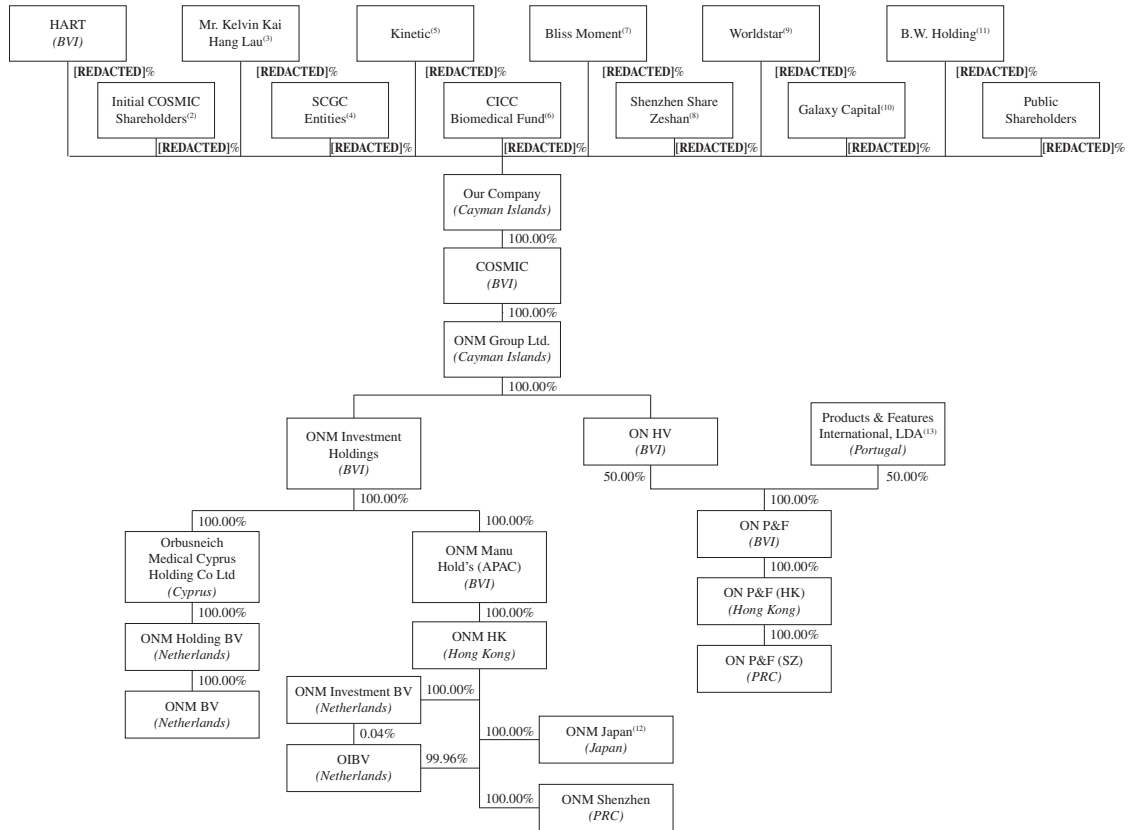
The 1,535,714 Shares (307,143 Shares as adjusted by Share Consolidation) held by Mr. Ching Chung John CHOW, our executive Director, and the 998,214 Shares (199,643 Shares as adjusted by Share Consolidation) held by Mr. Takeshi OHBA, the president and representative director of ONM Japan, will not count towards the [REDACTED] and the remaining 94,345,224 Shares (18,869,045 Shares as adjusted by Share Consolidation) held by the other Initial COSMIC Shareholders will count towards the [REDACTED].

- (3) Mr. Kelvin Kai Hang LAU is the brother of Ms. Kwai Ching Denise LAU, an executive Director and the chief operating officer of our Company. Mr. Kelvin Kai Hang LAU holds 180,001,248 Shares (36,000,250 Shares as adjusted by Share Consolidation). Mr. Kelvin Kai Hang LAU is not our core connected person and his Shares will count towards the [REDACTED].
- (4) The SCGC Entities are Series A-2 Investors of our Group and consist of SCGC Capital, SZYJ and HTYL, which hold 62,385,689 Shares (12,477,138 Shares as adjusted by Share Consolidation), 349,805,473 Shares (69,961,095 Shares as adjusted by Share Consolidation) and 77,982,112 Shares (15,596,422 Shares as adjusted by Share Consolidation), respectively.
- (5) Kinetic is a Series A-2 Investor of our Group, which holds 133,683,620 Shares (26,736,724 Shares as adjusted by Share Consolidation). Kinetic is not our core connected person and such Shares will count towards the [REDACTED]. Please refer to “– Pre-[REDACTED] Investments – Information about the Pre-[REDACTED] Investors” for further details.
- (6) CICC Biomedical Fund is a Series A Investor of our Group, which holds 100,622,080 Shares (20,124,416 Shares as adjusted by Share Consolidation). CICC Biomedical Fund is not our core connected person and such Shares will count towards the [REDACTED]. Please refer to “– Pre-[REDACTED] Investments – Information about the Pre-[REDACTED] Investors” for further details.
- (7) Bliss Moment is a Series A Investor and a Series A-2 Investor of our Group, which holds 89,361,990 Shares (17,872,398 Shares as adjusted by Share Consolidation). Bliss Moment is not our core connected person and such Shares will count towards the [REDACTED]. Please refer to “– Pre-[REDACTED] Investments – Information about the Pre-[REDACTED] Investors” for further details.
- (8) Shenzhen Share Zeshan is a Series A Investor of our Group, which holds 67,081,387 Shares (13,416,277 Shares as adjusted by Share Consolidation). Shenzhen Share Zeshan is not our core connected person and such Shares will count towards the [REDACTED]. Please refer to “– Pre-[REDACTED] Investments – Information about the Pre-[REDACTED] Investors” for further details.
- (9) Worldstar is a Series A-2 Investor of our Group, which holds 44,561,207 Shares (8,912,241 Shares as adjusted by Share Consolidation). Worldstar is not our core connected person and such Shares will count towards the [REDACTED]. Please refer to “– Pre-[REDACTED] Investments – Information about the Pre-[REDACTED] Investors” for further details.
- (10) Galaxy Capital is a Series A-2 Investor of our Group, which holds 44,561,207 Shares (8,912,241 Shares as adjusted by Share Consolidation). Galaxy Capital is not our core connected person and such Shares will count towards the [REDACTED]. Please refer to “– Pre-[REDACTED] Investments – Information about the Pre-[REDACTED] Investors” for further details.
- (11) B.W. Holding is a Series A-2 Investor of our Group, which holds 11,140,302 Shares (2,228,060 Shares as adjusted by Share Consolidation). B.W. Holding is not our core connected person and such Shares will count towards the [REDACTED]. Please refer to “– Pre-[REDACTED] Investments – Information about the Pre-[REDACTED] Investors” for further details.
- (12) ONM HK and Mr. Takeshi OHBA are the registered shareholders of ONM Japan as to 99.995% and 0.005%, respectively, with ONM HK holding 100.00% beneficial interest of ONM Japan.
- (13) ON P&F is owned by ON HV and Products & Features International, LDA (“P&F Int’l”), as to 50% and 50%, respectively. P&F Int’l is a company incorporated in Portugal and an Independent Third Party.

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OUR STRUCTURE IMMEDIATELY FOLLOWING THE [REDACTED]

A simplified corporate structure of our Group immediately following the [REDACTED] is as follows ⁽¹⁾:



Note:

Please refer to notes (1)-(13) to “– Our Structure Immediately Prior to the [REDACTED]”.