
OUR HISTORY AND CORPORATE DEVELOPMENT

OVERVIEW

We are a leading clear aligner solution provider in China. China’s clear aligner treatment solution market is highly concentrated, with the top two market players accounting for an aggregate market share of 82.4% in 2020 in terms of case shipments, according to the CIC Report. We had a market share of approximately 41.0% in the same year, according to the same source.

Our history can be traced back to the year of 2003 when we co-developed the first clear aligner treatment solution in China. In the same year, Ms. LI Huamin (“Ms. Li”) together with a group of dental professionals and scientists from leading medical institutes and universities co-founded our Group and established Beijing EA as our first operating entity. In 2010, in order to expand our production capability, we established Wuxi EA and moved our manufacturing center to Wuxi City, Jiangsu Province, China. In 2011, we built our 3D printing base in Wuxi City, beginning to apply 3D printing technology into our standardized production process. In the same year, in order to enhance our sales and operating capability, we established Shanghai EA and moved our operating center to Shanghai, China. As of the Latest Practicable Date, we maintained our operating center in Shanghai and our manufacturing and research and development center in Wuxi City.

We received funds and support from many reputable investors throughout the development of our Group. In June 2015, CareCapital Group, a long-term investment and operating group committed to dental and oral care industry for the digital age, acquired all the equity interests held by the then existing investors of our Group through CareCapital Holdings, and became our Controlling Shareholder. Its managing director Mr. FENG Dai became Chairman of the Board. See “— Our History and Major Corporate Developments Prior to the Reorganization — CareCapital Group and CareCapital Investment” for more information of such investment.

In anticipation of the [REDACTED], we incorporated our Company in the Cayman Islands as a [REDACTED] entity in November 2018 and underwent a series of reorganization to transfer the respective interests of our shareholders held in our PRC operating platform, Wuxi EA into our Company. The Reorganization was completed in December 2020. See “— Our Reorganization” for details.

As of the Latest Practicable Date, our Company was owned as to 67.1242% by CareCapital Orthotech, which is controlled by CareCapital Group and Mr. FENG Dai, 15.8798% by Sky Honour Enterprises Limited, which is controlled by Ms. Li, our executive Director and chief executive officer, and 16.9960% by certain minority shareholders such as our investors and certain other Directors, senior management and employees respectively. See “— Our Corporate Structure” and “Directors and Senior Management” for more information.

OUR MILESTONES

The following table sets forth major events and milestones in the development of our business:

Year	Event
2003	We co-developed the first clear aligner treatment solution in China.
2006	Our <i>Angelalign</i> was approved by State Food and Drug Administration (國家食品藥品監督管理局). Our <i>Angelalign</i> became the first clear aligner treatment technology that was granted patent in China. We started to commercialize our clear aligners products.
2007	We built our 3D printing production line in Beijing, which was the first 3D printing production line for clear aligners in China.

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Year	Event
2010	We moved our manufacturing center to Wuxi City and expanded our production capacity.
2011	We built our oral 3D printing base in Wuxi City and started applying 3D printing technology into our standardized production process. We moved our operating center to Shanghai.
2013	Our <i>iOrtho</i> service platform was launched.
2014	The first <i>A-Tech Forum</i> was initiated and held by us.
2015	CareCapital Group invested in us and became our Controlling Shareholder.
2016	Our <i>Angelalign Pro</i> was launched.
2017	We have been appointed as a sponsor by the Bureau of Training of General Administration of Sport of China (國家體育總局訓練局) to provide clear aligner treatment for national athletes since 2017, with our clear aligners being designated as the Approved Products for National Team Athletes. Our <i>COMFOS</i> was launched.
2019	Our <i>Angelalign Kid</i> was launched.
2020	We commenced the construction of our Chuangmei Center (時代天使創美基地) in Wuxi City, which is expected to be our research and development and manufacturing center.

OUR COMPANY AND PRINCIPAL SUBSIDIARIES

Our Company and Wuxi EA

Our Company was incorporated as an exempted limited liability company under the laws of Cayman Islands on November 29, 2018 with an authorized share capital of US\$50,000 divided into 5,000,000 shares with a par value of US\$0.01 each.

Prior to the Reorganization, we operated our business through Wuxi EA, a company established under the laws of the PRC in February 2010 and was wholly-owned by CareCapital Orthotech prior to December 2016. From December 2016 to December 2020, CareCapital Orthotech transferred or sold certain equity interests of Wuxi EA to several limited partnerships established and beneficially owned by certain of our Directors, senior management and employees as incentive shares in recognition of their contribution to the Group or for their investment in our Group. See “— Our History and Major Corporate Developments Prior to the Reorganization” for more information. As such, immediately prior to the completion of the Reorganization, Wuxi EA was owned as to 67.7896% by CareCapital Orthotech and 32.2104% by several limited partnerships that were respectively beneficially owned by certain of our Directors, senior management and employees.

In anticipation of the [REDACTED], we underwent a series of reorganization and established our offshore corporate structure, including incorporation of our Company as the [REDACTED] entity and issuance of Shares to all the beneficial owners of equity interests in Wuxi EA to transfer their respective interests in Wuxi EA into our Company. See “— Our Reorganization” for more information. The Reorganization was completed in December 2020. Immediately upon the completion of the Reorganization, our Company was owned as to 67.7896% by CareCapital Orthotech, a company controlled by CareCapital Group, and 32.2104% by certain Directors, senior management and employees of our Group.

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In December 2020, our Company issued a total of 10,023 new shares of our Company with par value of US\$0.01 each to Wuxi Jinhe Venture Investment Co., Ltd. (無錫市金禾創業投資有限公司) (“Wuxi Jinhe”), a pre-[REDACTED] investor and an independent third party, at the consideration of US dollar equivalent to RMB39,720,000. See “— Pre-[REDACTED] Investments” for more information. On the same day, our Company also issued an aggregate of 4,600 new shares of our Company with par value of US\$0.01 each to certain Directors, senior management and employees of our Company for incentive purposes.

As of the Latest Practicable Date, our Company was owned as to 67.1242% by CareCapital Orthotech, which is controlled by CareCapital Group and Mr. FENG Dai, 15.8798% by Sky Honour Enterprises Limited, which is controlled by Ms. Li, our executive Director and chief executive officer, and 16.9960% by certain minority shareholders such as our investors and certain other Directors, senior management and employees. See “— Our Corporate Structure” for details.

Share Subdivisions

In [●], our Shareholders resolved that, among other things, each of our issued and unissued shares of US\$0.01 par value each be subdivided into 100 Shares of our Company with par value of US\$0.0001 each, after which, the authorized share capital of our Company shall be US\$50,000 divided into 500,000,000 Shares with par value of US\$0.0001 each.

Our Principal Subsidiaries

The following subsidiaries of our Group had made material contribution to our results of operations during the Track Record Period and up to the Latest Practicable Date:

<u>Name</u>	<u>Place of establishment</u>	<u>Date of Establishment</u>	<u>Equity interests held by our Group</u>	<u>Principal Business Activities</u>
Wuxi EA Medical Instruments Technologies Limited (無錫時代天使醫療器械科技有限公司)	PRC	February 10, 2010	100%	Research and development, product design and manufacturing
Shanghai EA Medical Instruments Co., Ltd. (上海時代天使醫療器械有限公司)	PRC	September 5, 2011	100%	Research and development, sales and marketing, general management
Shuyang EA Medical Instruments Co., Ltd. (滄陽時代天使醫療器械有限公司) (“Shuyang EA”)	PRC	January 6, 2017	100%	Sales and marketing
Wuxi EA Bio-Tech Co., Ltd. (無錫時代天使生物科技有限公司) (“Wuxi EA Biotec”)	PRC	July 11, 2018	100%	Research and development, and manufacturing

OUR HISTORY AND CORPORATE DEVELOPMENT

OUR HISTORY AND MAJOR CORPORATE DEVELOPMENTS PRIOR TO THE REORGANIZATION

Founding and Early History of our Group

Our history can be traced back to the year of 2003 when we co-developed the first clear aligner treatment solution in China. In the same year, Ms. LI Huamin together with a group of dental professionals and scientists from leading medical institutes and universities co-founded our Group and established our first operating entity, Beijing EA Bio-Tech Co., Ltd. (北京時代天使生物科技有限公司) (“Beijing EA”). Since our establishment and prior to 2010, Beijing EA had been the operating platform of our Group.

In 2010, in order to expand our production capability, we established Wuxi EA and moved our manufacturing center to Wuxi City, Jiangsu Province, China. In 2011, we built our 3D printing base in Wuxi City in the same year, starting to applying 3D printing technology into our standardized production process. In the same year, in order to enhance our sales and operating capability, we established Shanghai EA and moved our operating center to Shanghai, China. As of the Latest Practicable Date, we maintained our operating center in Shanghai and our manufacturing and research and development center in Wuxi City.

In 2010, to seek financing from reputable international institutional investors, we established our offshore corporate structure and incorporated EA Inc. (“EA,” currently known as CareCapital EA, Inc.) as our then offshore holding company. From 2010 to 2015, we completed three rounds of financing from reputable international investors, raising an aggregate amount of US\$24.2 million to support our development. We have established our in-house R&D team and continuously invested in implementation and refinement of system and software, and formed comprehensive system capability in digital orthodontics encompassing manufacturing, research and development, medical capacity, and sales and marketing. See “— Pre-[REDACTED] Investments — Description of the Pre-[REDACTED] Investments and Their Principal Terms — Investments by Previous Investors” in this section for details of these investments.

CareCapital Group and CareCapital Investment

CareCapital Investment

In June 2015, CareCapital Group acquired all the shares of EA, our then offshore holding company, held by Series A, A1 and B investors and became controlling shareholder of our Group (the “CareCapital Investment”). This acquisition restructured and consolidated our Group’s fragmented shareholder base and CareCapital Group brought along a patient and collaborative culture that allowed management to focus on driving long-term fundamental value creation, as well as increased focus on R&D and technology. CareCapital Group places great value in fostering owner mentality and entrepreneurial-ship in management and employee talents. In addition to implementing pre-acquisition ESOP reserve by transferring 12.800% of total equity interest to management and employees, CareCapital Group also transferred 8.3628% of total equity interest to certain management of our Group, including CEO Ms. LI Huamin in 2015. Furthermore, our board has implemented a series of employee share award programs subsequently by granting 6.7099% of total equity interest to executives, senior managers and talented employees. This laid the ground for solid business performance ever since.

The aggregate consideration for the CareCapital Investment was approximately US\$63.94 million. CareCapital subsequently exercised warrants transferred from our then existing investors to subscribe into common and preferred shares of EA with an aggregate amount of US\$6.45 million. The consideration was determined based on arm’s length negotiation between the investors after taking into consideration of, among others, the comparable companies in orthodontics industry and their valuation and the growth prospects of our Group. The investment was completed in June 2015.

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Since the CareCapital Investment, CareCapital Holdings has become a Controlling Shareholder. During the Track Record Period and up to the date of this document, CareCapital Group has owned and controlled all the voting shares of CareCapital Holdings, and thus has been our Controlling Shareholder entitled to exercise all the voting rights at the general meeting of CareCapital Holdings as well as all the voting rights held by CareCapital Orthotech, which is wholly-controlled by CareCapital Holdings, at the general meeting of our Company.

CareCapital Group

CareCapital Group, founded in 2015, is an investment and operating group committed to building the dental and oral care industry for the digital age. CareCapital Group owns both majority and minority stakes in a variety of businesses that span the full dental industry value chain, from education and training at the very upstream, to aligners, implants, biologics, imaging equipment and intraoral scanner in the mid-upstream, to clinic management software and distribution in the midstream, and finally to dental hospitals and chain clinics in the downstream. The asset portfolio of CareCapital Group encompasses various leading players in the above subsegments of dental industry, and the geography of such portfolio spans across China, South Korea, USA and Europe. CareCapital Group brings to its portfolio companies a patient and collaborative culture for dental entrepreneurs and talented executives to realize their visions. CareCapital Group’s presence in the whole global dental value chain allows its portfolio companies to deeply understand the needs of their diverse customers across different segments, and how to use software and data to meet those needs. CareCapital Group also brings about synergistic business opportunities for consideration in China and globally. Businesses in the portfolio of CareCapital Group interact with each other on an arms-length basis determined by each business management team.

Voting Arrangement

CareCapital Holdings is a company incorporated under the laws of the Cayman Islands, and is established by CareCapital Group as the holding company to invest in and manage the investment in our Group. The CareCapital Investment is one of the various investment portfolios of a capital management arrangement of CareCapital Group.

As part of the arrangements, Hillhouse, as the funding provider, and CareCapital Group, as the investment manager, contributed to 96.97% and 3.03% of the funds used for the CareCapital Investment, respectively, and thus beneficially holds 96.97% and 3.03% of the shareholding of CareCapital Holdings, respectively. Pursuant to the articles of CareCapital Holdings and the shareholders agreement dated June 12, 2015 between the shareholders of CareCapital Holdings, CareCapital Group, through Mr. Feng and his wholly-owned entity, CareCapital Management Group LLC, is entitled to control all the voting interests of CareCapital Holdings and Mr. Feng, the ultimate controlling shareholder of CareCapital Group, has been the sole director of CareCapital Holdings. Hillhouse CareCapital is a holding company set up and wholly-owned by Hillhouse Fund II, L.P.. Hillhouse Capital Management Ltd. (“Hillhouse Capital”) acts as the sole management company of Hillhouse Fund II, L.P.. Hillhouse Capital and its affiliates (“Hillhouse Group”), on the other hand, has been a passive financial investor with no voting power at the general meeting of CareCapital Holdings or the Company and no control as to the composition of the board of directors of the Company. Hillhouse Group has not participated in the operation of the Group nor appointed any representative of its own to the board of any members of the Group. As such, CareCapital Group controls and is responsible for the management of CareCapital Holdings and the investment in our Group.

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Lock-Up Arrangement

The shares controlled by CareCapital Holdings, our Controlling Shareholder, will be subject to the lock-up requirements under [REDACTED] of the Listing Rules, and the equity interests held by Hillhouse CareCapital in the CareCapital Holdings will be subject to a lock-up period of 12 months upon the [REDACTED], unless otherwise approved by the Joint Sponsors and CareCapital Group.

Other Major Shareholding and Corporate Changes

In December 2016, Ms. Li subscribed for 3.5833% equity interests in Wuxi EA at a consideration of US\$0.448 million as her personal investment in our Group, which was held by Ningbo Meishan Zhaomin Investment Management LLP (寧波梅山保稅港區照敏投資管理合夥企業(有限合夥)), a limited partnership controlled by Ms. Li, immediately prior to the Reorganization.

From December 2016 to December 2020, in recognition of the contributions of our executive Directors, management and employees and to incentivize management and employee participants with owner mentality, which laid the ground for solid business performance, an aggregate of 27.8727% of equity interests in Wuxi EA as incentive shares was transferred from CareCapital Orthotech to certain limited partnerships established as share incentive platforms for the grantees.

The following table illustrates details of the respective equity interests in Wuxi EA held by such platforms immediately prior to the Reorganization:

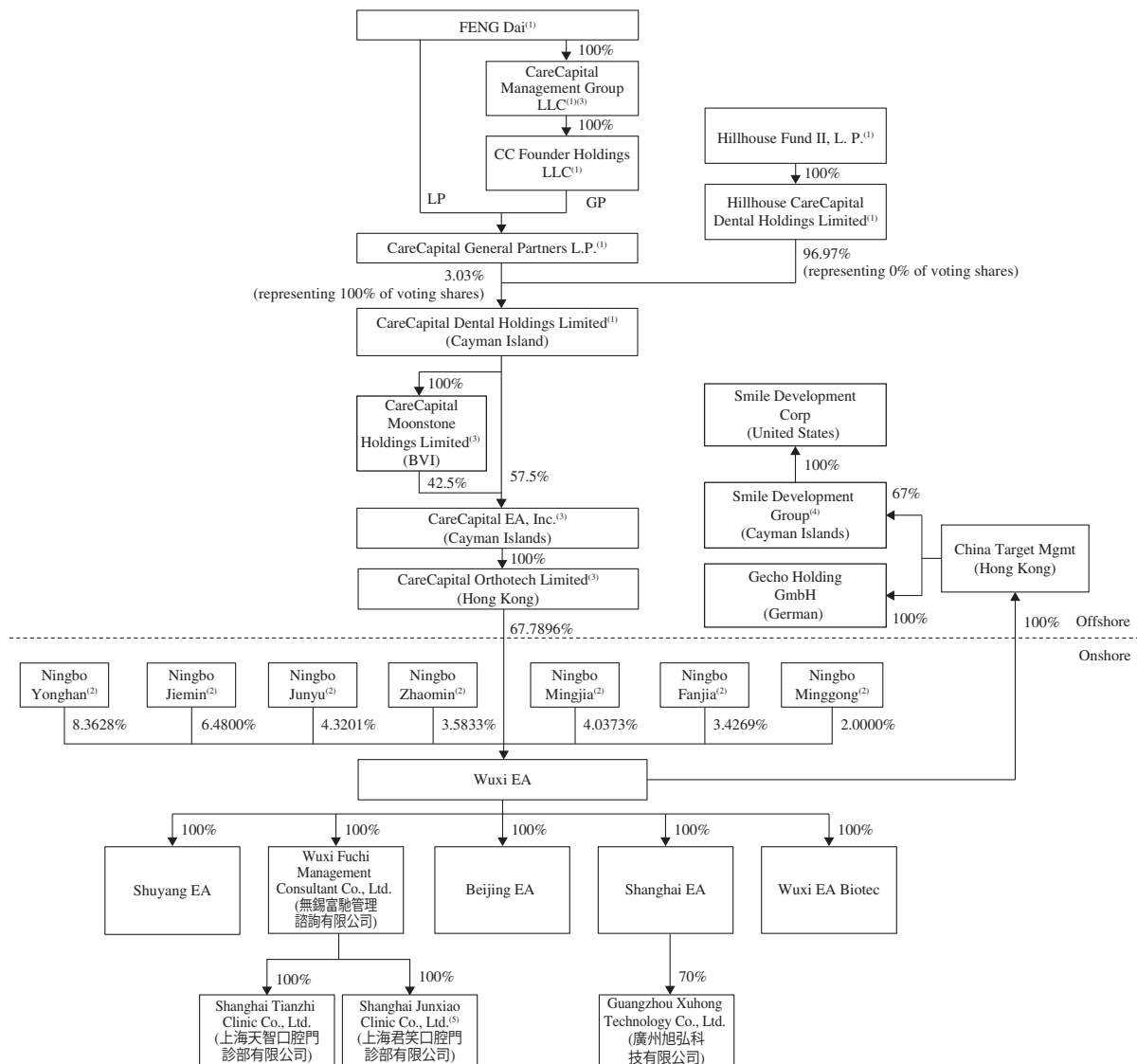
No.	Name of the platforms	Percentage of equity interest in Wuxi EA (%)
1.	Ningbo Zhaomin LLP (寧波梅山保稅港區照敏投資管理合夥企業(有限合夥)) ⁽¹⁾ (“Ningbo Zhaomin”)	3.5833
2.	Ningbo Yonghan LLP (寧波梅山保稅港區永翰投資管理合夥企業(有限合夥)) ⁽²⁾⁽⁴⁾ (“Ningbo Yonghan”)	8.3628
3.	Ningbo Jiemin LLP (寧波梅山保稅港區捷敏投資管理合夥企業(有限合夥)) ⁽²⁾⁽³⁾ (“Ningbo Jiemin”)	6.4800
4.	Ningbo Junyu LLP (寧波梅山保稅港區鈞宇投資管理合夥企業(有限合夥)) ⁽²⁾⁽⁵⁾ (“Ningbo Junyu”)	4.3201
5.	Ningbo Minggong LLP (寧波梅山保稅港區名功投資管理合夥企業(有限合夥)) ⁽²⁾⁽⁵⁾ (“Ningbo Minggong”)	2.0001
6.	Ningbo Fanjia LLP (寧波梅山保稅港區凡佳投資管理合夥企業(有限合夥)) ⁽²⁾⁽⁵⁾ (“Ningbo Fanjia”)	3.4269
7.	Ningbo Mingjia LLP (寧波梅山保稅港區名加投資管理合夥企業(有限合夥)) ⁽²⁾⁽⁵⁾ (“Ningbo Mingjia”)	4.0373
Total		32.2104⁽³⁾⁽⁴⁾⁽⁵⁾

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- (1) Representing equity interests held by Ms. Li due to her self-investment. The consideration was fully paid upon the completion of the Reorganization.
- (2) The limited partners of these platforms were grantees of incentive shares of Wuxi EA and the general partners were the administrators of the respective share incentive platforms. The beneficial owners of such platforms are the same as the beneficial owners of the several holding companies established in the Reorganization. See “— Our Reorganization — Issuance of Shares to Offshore Holding Companies” and notes (2) to (8) to the corporate structure on page 102 for more information.
- (3) The limited partnership was established as share incentive platform and its general partner is Mr. CHEN Kai who was a former director and senior management of our Company and acted as general partner for such limited partnership for and on behalf of the Company.
- (4) This limited partnership was established as a share incentive platform and its general partner is Mr. HUANG Kun.
- (5) These two limited partnerships were established as share incentive platforms and their respective general partner is Ms. Li who acted as general partner for such limited partnership for and on behalf of the Company.

OUR REORGANIZATION

Our corporate structure immediately prior to the Reorganization was as follows:



OUR HISTORY AND CORPORATE DEVELOPMENT

- (1) CareCapital Holdings is ultimately controlled by CareCapital Group. In November 2020, CareCapital Group simplified its holding companies used for investing in our Group, and only retained CareCapital Management Group LLC in the shareholding structure. See “— Our History and Major Corporate Developments Prior to the Reorganization — CareCapital Group and CareCapital Investment” and “— Corporate Structure” for details.
- (2) See “— Our History and Major Corporate Developments Prior to the Reorganization — Other Major Shareholding and Corporate Changes” for more information.
- (3) CareCapital Orthotech Limited (松柏正崎技術有限公司) was formerly known as Rico Investments Limited (永康投資有限公司); CareCapital EA, Inc. was formerly known as EA, Inc; CareCapital Moonstone Holdings Limited was formerly known as Moonstone Gem Holdings; CareCapital Management Group LLC was formerly known as CC Personal A Holdings LLC.
- (4) The remaining 33% equity interests are held by Kitchining, Ian David, an independent third party.
- (5) Shanghai Junxiao Clinic Co., Ltd. has been a joint venture of our Group since January 1, 2019. See Note 34 to the Accountant’s Report in Appendix I to this document for details.

In anticipation of the [REDACTED], we underwent the following steps of reorganization (the “Reorganization”) to restructure our corporate structure:

Incorporation of Our Company by CareCapital Orthotech

In November 2018, our Company was established as a [REDACTED] vehicle in the Cayman Islands as an exempted company with limited liability. On the same date, our Company issued one share of our Company with par value of US\$0.01 each to Mapcal Limited at nominal value, which was transferred to CareCapital Orthotech on the same day.

Onshore Share Purchase by CareCapital Orthotech

In December 2020, CareCapital Orthotech purchased from the other existing shareholders of Wuxi EA all the outstanding 32.2104% equity interest in Wuxi EA at an aggregate consideration of US\$11.381 million (the “Onshore Acquisition”). The consideration was based on the initial consideration paid by such shareholders for acquisition of their respective equity interests in Wuxi EA, and was fully paid. After such acquisition, CareCapital Orthotech became the sole shareholder of Wuxi EA.

Issuance of Shares to CareCapital Orthotech

In December 2020, CareCapital Orthotech transferred 100% equity interest in Wuxi EA held by it to our Company. On the same date, our Company issued a total of 999,999 new shares of our Company with par value of US\$0.01 each to CareCapital Orthotech. After such issuance, CareCapital Orthotech owned an aggregate of 1,000,000 shares of our Company with par value of US\$0.01 each.

Issuance of Shares to Offshore Holding Companies

For the Reorganization, seven offshore holding companies were established or used by certain of our Directors, management and employees for the purpose of holding their respective corresponding equity interests in Wuxi EA prior to the Reorganization.

On December 21, 2020, our Company issued to such entities an aggregate of 475,152 shares of our Company with par value of US\$0.01 each to reflect the respective equity interests of the beneficial owners of such entities in Wuxi EA, who are Directors, senior management or employees of our Company. All the considerations were fully paid. On the same date, our Company adopted certain share incentive schemes to replace the previous onshore share incentive plans. See “— Share Award Schemes” for details.

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The following table illustrates details of shares issued to the seven offshore holding companies and respective considerations immediately upon completion of the Reorganization:

No.	Name of the entities ⁽¹⁾	Number of Shares issued to the entity (before the Share Subdivision)	Percentage of equity interest in our Company after the Reorganization (%)
1.	Sky Honour Enterprises Limited	(a) 52,859 ⁽²⁾ (b) 181,392 ⁽³⁾	(a) 3.5833 (b) 12.2965
2.	Vast Luck Global Limited	117,204 ⁽³⁾	7.9452
3.	Noble Affluent Limited	7,172 ⁽⁴⁾	0.4814
4.	Macro Synergy Limited	3,956 ⁽⁴⁾	0.2655
5.	Ascend Benefit Limited	14,014 ⁽³⁾	0.9500
6.	Novel Boom Limited	41,427 ⁽³⁾	2.8083
7.	All Beautiful Limited	57,128 ⁽³⁾	3.8727
	Total	475,152	32.2104

- (1) These entities are controlled by their respective beneficial owners and act independently from our other shareholders. See notes (2) to (8) to the corporate structure on page 102 for details of the beneficial owners of such entities.
- (2) Representing the equity interests held by Ms. Li in Wuxi EA due to her self-investment, which was fully paid upon the completion of the Reorganization.
- (3) Representing the equity interests in Wuxi EA as awarded to executive Directors, senior management and employees of our Company as incentive shares. All the considerations were fully paid. See notes to “— Our Corporate Structure” and “— Share Award Schemes” for details.
- (4) Representing equity interests in Wuxi EA as beneficially owned by such persons prior to the Reorganization. Mr. HUANG Kun is a non-executive Director, and Mr. MAO Yibin is our former Director and currently an independent third party. All the considerations were fully paid.

Transfer of registered share capital of Shanghai Junxiao and Shanghai Tianzhi to independent third parties

After the Reorganization, Wuxi EA became a wholly-foreign owned entity. To comply with the foreign investment restrictions on clinics and hospitals under the PRC laws and regulations after the Reorganization, the Group transferred certain of the registered share capital of its wholly-owned dental clinics to independent third parties, which include the following:

- Wuxi Fuchi transferred 30% of the equity interest in Shanghai Tianzhi to an independent third party at a consideration of RMB0.9 million, which was determined based on the registered share capital of such company after arm’s length negotiation and completed in December 2018. Shanghai Tianzhi remains to be a subsidiary of our Company.
- Wuxi Fuchi transferred 30% of the equity interest in Shanghai Junxiao to an independent third party at a consideration of RMB69,000, which was determined based on the registered share capital of such company after arm’s length negotiation. Shanghai Junxiao has become a joint venture of our Company since January 1, 2019. See Note 34 to the Accountant’s Report in Appendix I to this document for details.

See “— Our Corporate Structure” for details of the corporate structure of our Group after completion of the Reorganization and immediately prior to the [REDACTED].

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As advised by our PRC legal advisors, relevant PRC regulatory approvals for the Reorganization have been obtained and the Reorganization complies with the applicable laws and regulations in the PRC in all material respects.

ESTABLISHMENT OF TRUST

In January 2021, Ms. Li, our executive Director and chief executive officer, established a trust (the “Hua Family Trust”) to hold all the shares held by Sky Honour Enterprises Limited, a company ultimately controlled by Ms. Li. J.P. Morgan Trust Company (Bahamas) Limited is the trustee and Ms. Li is the settlor and beneficiary of the Hua Family Trust.

PRE-[REDACTED] SHARE AWARD SCHEMES

In anticipation of the [REDACTED] and as part of the Reorganization, in December 2020, we adopted three offshore share award schemes (the “Pre-[REDACTED] Share Award Schemes”) to replace the previous onshore share incentive plans of Wuxi EA. See “— Our Reorganization — Issuance of Shares to Offshore Holding Companies” for details. To provide incentives to our executive Directors, senior management and employees, in December 2020 and January 2021, we further increased the number of incentive shares and granted options under the Pre-[REDACTED] Share Award Schemes.

As of the Latest Practicable Date, we issued an aggregate of 415,241 shares of our Company with par value of US\$0.01 each (or 41,524,100 shares after the completion of the Share Subdivision) as incentive shares and granted options for 3,000 shares of our Company with par value of US\$0.01 each (or 300,000 shares after the completion of Share Subdivision) as underlying shares. The voting power of the incentive shares were controlled by their respective beneficial owners. See “— Our Corporate Structure” and “Statutory and General Information — D. Share Award Schemes” in Appendix IV to this document for details. We will comply with the requirements under Chapter 14A and other applicable rules of the Listing Rules for the Pre-[REDACTED] Share Award Schemes.

POST-[REDACTED] SHARE AWARD SCHEMES

We have conditionally approved and adopted the Post-[REDACTED] RSU Scheme and the Post-[REDACTED] Share Option Scheme on [●], both of which will become effective upon the [REDACTED]. The maximum number of Shares underlying all grants of RSUs under the Post-[REDACTED] RSU Scheme and all grants of options under the Post-[REDACTED] Share Option Scheme shall not exceed 1% and 3% of our enlarged share capital immediately upon the completion of the [REDACTED] (assuming no exercise of the [REDACTED] and taking into no account of any Shares that may be issued under the Share Award Schemes) respectively. See “Appendix IV — Statutory and General Information — D. Share Award Schemes — 4. Post-[REDACTED] RSU Scheme” and “Appendix IV — Statutory and General Information — D. Share Award Schemes — 5. Post-[REDACTED] Share Option Scheme” for details. We will comply with the requirements under Chapter 14A and other applicable rules of the Listing Rules for the Post-[REDACTED] Share Award Schemes.

PRE-[REDACTED] INVESTMENTS

Description of the Pre-[REDACTED] Investments and Their Principal Terms

To fund our rapid business expansion, we completed the following financial investments.

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Investments by Previous Investors

Pursuant to the share purchase agreement dated February 26, 2010, LAU Ying Chun, OrbiMed Asia Partners, L.P. (“OrbiMed”), Favor Sky Limited and Gate Top Development Limited (collectively, “Series A Investors”) agreed to subscribe for 766,667, 12,404,636, 600,000 and 600,000 series A preferred shares at a consideration of US\$0.500 per share, respectively, representing approximately 3.0%, 47.8%, 2.3% and 2.3% of our then total outstanding share capital on a fully-diluted basis, and the aggregate investment amount of which was approximately US\$7.1 million. Pursuant to such agreement, LAU Ying Chun, OrbiMed Asia Partners, L.P., Favor Sky Limited and Gate Top Development Limited was also issued warrants equivalent to 191,667, 3,101,159, 150,000 and 150,000 series A preferred shares, respectively, the exercise of which was US\$0.500 per share. The investments were completed in December 2011. The Series A investors were ultimately controlled by individual or institutional investors which were independent third parties.

Pursuant to the share purchase agreement dated March 15, 2011, Alpha Profit Holdings Limited (“APH” or “Series A1 Investor”) agreed to subscribe for 869,565 series A1 preferred shares at a consideration of US\$0.575 per share, representing approximately 3.2% of our then total outstanding share capital on a fully-diluted basis, and the aggregate investment amount of which was approximately US\$0.5 million. Pursuant to such agreement, APH was also issued warrants equivalent to 217,391 series A1 preferred shares, respectively, the exercise of which was US\$0.575 per share. The investment was completed in March 2011. APH was ultimately controlled by an individual investor who was an independent third party.

Pursuant to the share purchase agreement dated April 6, 2012, Moonstone Gem Holdings Limited, OrbiMed Asia Partners, L.P. and APH (collectively, “Series B Investors,” together with Series A Investors, Series A1 Investor, the “Previous Investors”) agreed to subscribe for 16,201,748, 1,080,117 and 540,058 series B preferred shares at a consideration of US\$0.926 per share, respectively, representing approximately 32.9%, 2.2% and 1.1% of our then total outstanding share capital on a fully-diluted basis, and the aggregate investment amount of which was approximately US\$16.5 million. Pursuant to such agreement, Moonstone Gem Holdings Limited, OrbiMed Asia Partners, L.P. and APH was also issued warrants equivalent to 4,050,438, 270,029 and 135,015 series B preferred shares, respectively, the exercise price of which was US\$0.926 per share. The investments were completed on December 27, 2013. The Series B investors were ultimately controlled by individual or institutional investors which were independent third parties.

In June 2015, all the Previous Investors transferred their respective equity interest in our Group to CareCapital Holdings upon the completion of the CareCapital Investment, and ceased to be our Shareholders. See “— CareCapital Group and CareCapital Investment” for details.

Investments by Wuxi Jinhe

Pursuant to the share purchase agreement dated December 21, 2020, Wuxi Jinhe Venture Investment Co., Ltd. (無錫市金禾創業投資有限公司) agreed to subscribe for 10,023 ordinary shares of the Company with par value of US\$0.01 each, representing approximately 0.6728% of our then total outstanding share capital on a fully-diluted basis, and the aggregate investment amount was US dollar equivalent to RMB39.72 million. The consideration was determined based on arms’ length negotiation between the investor and our Company after taking in account of various factors, including, among others, the timing of investment and the status of our business performance. The investment was completed and fully settled on December 31, 2020.

See “— Our Corporate Structure” for details of the investors’ equity interest in our Company as of the Latest Practicable Date and upon completion of the [REDACTED] (assuming no exercise of the [REDACTED] and without taking into account of any Shares that may be issued under the Share Award Schemes).

OUR HISTORY AND CORPORATE DEVELOPMENT

Cost per Share and Discounts to the [REDACTED]

The purchase price paid by Series A Investors in 2010 was equivalent to US\$0.08 per share based on the post-money valuation of the Group of approximately US\$13.0 million, representing [REDACTED]% discount to the mid-point of the [REDACTED] of HK\$[REDACTED], assuming the Share Subdivision is completed and no exercise of the [REDACTED] and without taking into account of any Shares that may be issued under the Share Award Schemes.

The purchase price paid by Series A1 Investors in 2011 was equivalent to US\$0.09 per share based on the post-money valuation of the Group of approximately US\$15.5 million, representing [REDACTED]% discount to the mid-point of the [REDACTED] of HK\$[REDACTED], assuming the Share Subdivision is completed and no exercise of the [REDACTED] and without taking into account of any Shares that may be issued under the Share Award Schemes.

The purchase price paid by Series B Investors in 2012 was equivalent to approximately US\$0.28 per share based on the post-money valuation of the Group of US\$45.7 million, representing [REDACTED]% discount to the mid-point of the [REDACTED] of HK\$[REDACTED], assuming the Share Subdivision is completed and no exercise of the [REDACTED] and without taking into account of any Shares that may be issued under the Share Award Schemes.

The purchase price paid by Wuxi Jinhe in 2020 was equivalent to approximately US\$5.43 per share based on the post-money valuation of the Group of US\$900.0 million, representing [REDACTED]% discount to the mid-point of the [REDACTED] of HK\$[REDACTED], assuming the Share Subdivision is completed and no exercise of the [REDACTED] and without taking into account of any Shares that may be issued under the Share Award Schemes.

Lock-up Period

All the existing shareholders will be subject to a lock-up period of six-months commencing from the date of this document, except for (1) Vast Luck Global Limited, the equity interests of which will be subject to lock-up after the date of this document with each 2.5% of the shares of the Company held by it upon the [REDACTED] being released from the lock-up on a monthly basis commencing from the [REDACTED] and the aggregate number of shares to be disposed of or sold by it or its beneficial owner in any 12-month period after the [REDACTED] not exceeding 30% of the shares of the Company held by it upon the [REDACTED]; and (2) CareCapital Orthotech Limited, the equity interests of which will be subject to the controlling shareholder restrictions pursuant to [REDACTED] of the Listing Rules.

Public Float

The shares held by Wuxi Jinhe will be count towards the public float.

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

We utilized all of the [REDACTED] from the Pre-[REDACTED] Investments for, among others, the development and operation of our business, including but not limited to research and development, new business development, administrative expense and general working capital needs, except for the investments from Wuxi Jinhe, which we expect to apply for general working capital needs.

Special Rights of the Pre-[REDACTED] Investors

There were no special rights as stipulated under the Guidance Letter HKEX-29-12, the Guidance Letter HKEX-GL43-12 and the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange granted to our existing Pre-[REDACTED] Investors as of the Latest Practicable Date or will exist after the [REDACTED].

OUR HISTORY AND CORPORATE DEVELOPMENT

Benefits of the Pre-[REDACTED] Investments

Our Directors are of the view that we would benefit from our pre-[REDACTED] investments in various aspects, including but not limited to, the capital contributed by such investments for our business development as well as the profound resources and supports from our investors. Such investments demonstrate their confidence in the future development of our Group and serves as endorsements of our Group’s performance, strength and prospects. In particular, investments from Wuxi Jinhe benefit us from the established network our investors provided in healthcare industry and the management and operation experience in healthcare industry. Furthermore, such investment could also create potential strategical cooperation opportunities whereby our investors could provide insights and advice on our development and strategies.

Information of existing Pre-[REDACTED] Investors

The following sets forth information of the existing pre-[REDACTED] investors.

Wuxi Jinhe

Wuxi Jinhe is a company established under the laws of the PRC. Wuxi Jinhe is wholly-owned by Wuxi Finance Venture Capital Group Co., Ltd. (無錫市金融創業投資集團有限公司), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Wuxi City.

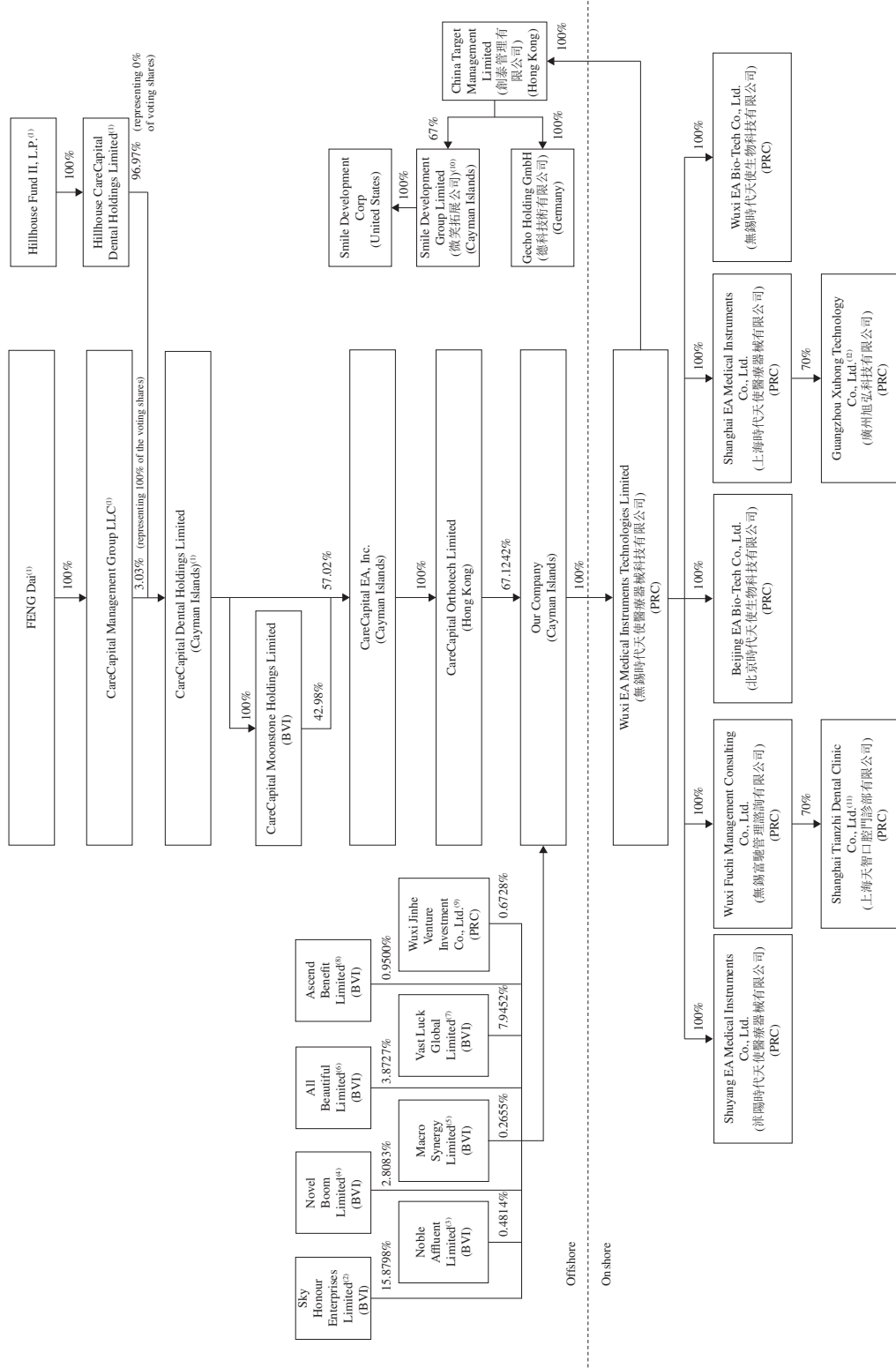
Joint Sponsors’ Confirmation

The Joint Sponsors confirm that the existing Pre-[REDACTED] Investments are in compliance with the Guidance Letter HKEX-29-12, the Guidance Letter HKEX-GL43-12 and the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange.

OUR HISTORY AND CORPORATE DEVELOPMENT

OUR CORPORATE STRUCTURE

The following chart illustrates our corporate structure as of the Latest Practicable Date and immediately prior to the [REDACTED], assuming the Share Subdivision is completed and without taking into account of any Shares that may be issued under the Share Award Schemes:

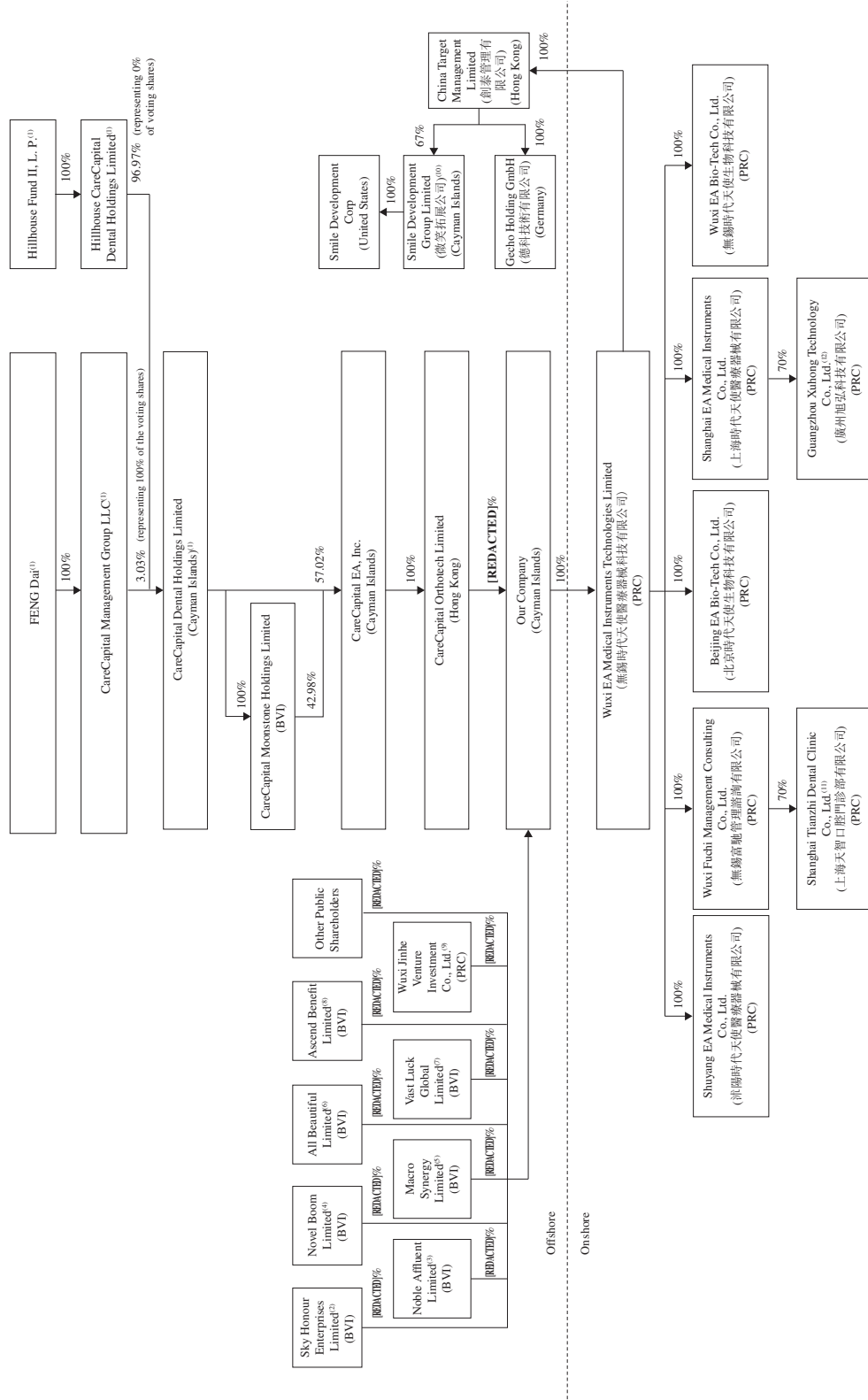


OUR HISTORY AND CORPORATE DEVELOPMENT

- (1) CareCapital Holdings is beneficially owned as to 96.97% by Hillhouse CareCapital and 3.03% by CareCapital Management Group LLC according to a CareCapital managed capital management arrangement between CareCapital as the manager and Hillhouse as the funding provider. However, CareCapital Holdings is controlled by CareCapital Management Group LLC as it holds all the voting shares of CareCapital Holdings while Hillhouse CareCapital only holds non-voting shares of CareCapital Holdings. CareCapital Management Group LLC is wholly-owned by Mr. Feng, the ultimate controlling person of CareCapital Group. Hillhouse CareCapital is wholly-owned by Hillhouse Fund II, L.P. and is controlled by Hillhouse Capital Management, Ltd.
- (2) Sky Honour Enterprises Limited is controlled by Shore Lead Limited, a company wholly-owned by Ms. Li, an executive Director, the chief executive officer and a substantial shareholder of our Company. J.P. Morgan Trust Company (Bahamas) Limited is the trustee of Hua Family Trust. Ms. Li is the beneficiary and settlor of Hua Family Trust. See “— Establishment of Trusts” for more information. 5,338,300 (after the Share Subdivision) Shares held by Sky Honour Enterprises Limited was the personal investments contributed by Ms. Li and 18,319,000 (after the Share Subdivision) Shares were granted to Ms. Li as incentive shares. See “— Share Award Schemes” for details..
- (3) Noble Affluent Limited is wholly-owned and controlled by Mr. HUANG Kun, a non-executive Director.
- (4) Novel Boom Limited is ultimately owned as to 18.8729%, 25.5765%, 14.9559%, 29.5558% and 11.0389% by ZHENG Yan, a vice president of our Group, LIU Yu, our chief marketing officer, ZHU Guolin, our chief financial officer, TIAN Jie, our chief medical officer and KONG Quanqing, a vice president of our Group, through their respective wholly-owned offshore holding companies. These shares were issued to them as incentive shares. The voting rights of Novel Boom Limited is controlled by such beneficial owners, all of whom are not core connected persons of the Company (as defined under the Listing Rules). See “— Share Award Schemes” for details. The Shares held by Novel Boom Limited will not constitute public float of the Company upon the [REDACTED] as the beneficial owners of such Shares and Novel Boom Limited have proxied all the voting rights attached to such Shares to the board of directors of the Company commencing from the [REDACTED] and ending on the date when such Participant ceases to beneficially own any of such incentive Shares. See “Appendix IV — Statutory and General Information — D. Share Award Schemes” for more information.
- (5) Macro Synergy Limited is wholly-owned and controlled by Mr. MAO Yibin (毛益斌), who was a former director of Wuxi EA and Wuxi Fuchi and is currently an independent third party. The Shares held by Macro Synergy Limited constitute public float of our Company upon completion of the [REDACTED].
- (6) All Beautiful Limited is owned by 70 employees as incentive shares granted to them as incentive shares. The voting rights of All Beautiful Limited is controlled by such beneficial owners, all of whom are not core connected persons of the Company (as defined under the Listing Rules). See “— Share Award Schemes” for details. The Shares held by All Beautiful Limited will not constitute public float of the Company upon the [REDACTED] as the beneficial owners of such Shares and All Beautiful Limited have proxied all the voting rights attached to such Shares to the board of directors of the Company commencing from the [REDACTED] and ending on the date when such Participant ceases to beneficially own any of such incentive Shares. See “Appendix IV — Statutory and General Information — D. Share Award Schemes” for more information.
- (7) Vast Luck Global Limited is controlled by Jovial Day Global Limited, a company wholly-owned by Mr. CHEN Kai, a former director and senior management of our Company who resigned as a Director and senior management of the Company in April 2021 and will complete the resignation procedures of all his positions in the Group prior to the [REDACTED]. Such equity interest was granted to him as incentive shares. In January 2021, Mr. CHEN Kai established a trust (the “Chen Family Trust”) to hold all the shares held by Vast Luck Global Limited, a company ultimately controlled by him. J.P. Morgan Trust Company (Bahamas) Limited is the trustee and Mr. Chen is the settlor and beneficiary of the Chen Family Trust. See “— Share Award Schemes” for details. The Shares held by Vast Luck Global Limited constitute public float of our Company upon completion of the [REDACTED].
- (8) Ascend Benefit Limited is wholly-owned and controlled by Mr. SONG Xin (宋鑫), an executive Director and our chief commercial officer, the equity interest of which was granted to him as incentive shares. See “— Share Award Schemes” for details.
- (9) Wuxi Jinhe is wholly-owned by Wuxi Finance Venture Capital Group Co., Ltd. (无锡市金融创业投资有限公司), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Wuxi City. The Shares held by Wuxi Jinhe constitutes public float of our Company upon completion of the [REDACTED].
- (10) The remaining 33% of equity interests in Smile Development Group Limited is held by Kitchiming, Ian David, an independent third party.
- (11) The remaining 30% of the equity interest in Shanghai Tianzhi Dental Clinic Co., Ltd. (“Shanghai Tianzhi”) is owned by LIU Xiaohui, an independent third party except for his interests in Shanghai Tianzhi. See notes to “— Principal Subsidiaries” and “— Our Reorganization” in this section for details.
- (12) The remaining 30% of equity interests in Guangzhou Xuhong Technology Co., Ltd. (“Guangzhou Xuhong”) is held by Ningbo Wuling Investment Management LLP (宁波五翎投资管理合伙企业(有限合伙)), which was owned as to 70% by LING Hongwang and 30% by SHEN Zhida, both of whom are independent third parties except for their interests in Guangzhou Xuhong.

OUR HISTORY AND CORPORATE DEVELOPMENT

The following chart illustrates our corporate structure immediately after completion of the [REDACTED] (assuming the Share Subdivision is completed and no exercise of the [REDACTED] and without taking into account of any Shares that may be issued under the Share Award Schemes):



(1) CareCapital Holdings is beneficially owned as to 96.97% by Hillhouse CareCapital and 3.03% by CareCapital Management Group LLC according to a CareCapital managed capital management arrangement between CareCapital as the manager and Hillhouse as the funding provider. However, CareCapital Holdings is controlled by CareCapital Management Group

OUR HISTORY AND CORPORATE DEVELOPMENT

- LLC as it holds all the voting shares of CareCapital Holdings while Hillhouse CareCapital only holds non-voting shares of CareCapital Holdings. CareCapital Management Group LLC is wholly-owned by Mr. Feng, the ultimate controlling person of CareCapital Group. Hillhouse CareCapital is wholly-owned by Hillhouse Fund II, L.P. and is controlled by Hillhouse Capital Management, Ltd.
- (2) Sky Honour Enterprises Limited is controlled by Shore Lead Limited, a company wholly-owned by Ms. Li, an executive Director, the chief executive officer and a substantial shareholder of our Company. J.P. Morgan Trust Company (Bahamas) Limited is the trustee of Hua Family Trust. Ms. Li is the beneficiary and settlor of Hua Family Trust. See “— Establishment of Trusts” for more information. 5,338,300 (after the Share Subdivision) Shares held by Sky Honour Enterprises Limited was the personal investments contributed by Ms. Li and 18,319,000 (after the Share Subdivision) Shares were granted to Ms. Li as incentive shares. See “— Share Award Schemes” for details.
 - (3) Noble Affluent Limited is wholly-owned and controlled by Mr. HUANG Kun, a non-executive Director.
 - (4) Novel Boom Limited is ultimately owned as to 18.8729%, 25.5765%, 14.9559%, 29.5558% and 11.0389% by ZHENG Yan, a vice president of our Group, LIU Yu, our chief marketing officer, ZHU Guolin, our chief financial officer, TIAN Jie, our chief medical officer, and KONG Quanqing, a vice president of our Group, through their respective wholly-owned offshore holding companies. These shares were issued to them as incentive shares. The voting rights of Novel Boom Limited is controlled by such beneficial owners, all of whom are not core connected persons of the Company (as defined under the Listing Rules). See “— Share Award Schemes” for details. The Shares held by Novel Boom Limited will not constitute public float of the Company upon the [REDACTED] as the beneficial owners of such Shares and Novel Boom Limited have proxied all the voting rights attached to such Shares to the board of directors of the Company commencing from the [REDACTED] and ending on the date when such Participant ceases to beneficially own any of such incentive Shares. See “Appendix IV — Statutory and General Information — D. Share Award Schemes” for more information.
 - (5) Macro Synergy Limited is wholly-owned and controlled by Mr. MAO Yibin (毛益斌), who was a former director of Wuxi EA and Wuxi Fuchi and is currently an independent third party. The Shares held by Macro Synergy Limited constitute public float of our Company upon completion of the [REDACTED].
 - (6) All Beautiful Limited is owned by 70 employees as incentive shares granted to them as incentive shares. The voting rights of All Beautiful Limited is controlled by such beneficial owners, all of whom are not core connected persons of the Company (as defined under the Listing Rules). See “— Share Award Schemes” for details. The Shares held by All Beautiful Limited will not constitute public float of the Company upon the [REDACTED] as the beneficial owners of such Shares and All Beautiful Limited have proxied all the voting rights attached to such Shares to the board of directors of the Company commencing from the [REDACTED] and ending on the date when such Participant ceases to beneficially own any of such incentive Shares. See “Appendix IV — Statutory and General Information — D. Share Award Schemes” for more information.
 - (7) Vast Luck Global Limited is controlled by Jovial Day Global Limited, a company wholly-owned by Mr. CHEN Kai, a former director and senior management of our Company who resigned as a Director and senior management of the Company in April 2021 and will complete the resignation procedures of all his positions in the Group prior to the [REDACTED]. Such equity interest was granted to him as incentive shares. In January 2021, Mr. CHEN Kai established Chen Family Trust to hold all the shares held by Vast Luck Global Limited, a company ultimately controlled by him. J.P. Morgan Trust Company (Bahamas) Limited is the trustee and Mr. Chen is the settlor and beneficiary of the Chen Family Trust. See “— Share Award Schemes” for details. The Shares held by Vast Luck Global Limited constitute public float of our Company upon completion of the [REDACTED].
 - (8) Ascend Benefit Limited is wholly-owned and controlled by Mr. SONG Xin (宋鑫), an executive Director and our chief commercial officer, the equity interest of which was granted to him as incentive shares. See “— Share Award Schemes” for details.
 - (9) Wuxi Jinhe is wholly-owned by Wuxi Finance Venture Capital Group Co., Ltd. (無錫市金融創業投資集團有限公司), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Wuxi City. The Shares held by Wuxi Jinhe constitutes public float of our Company upon completion of the [REDACTED].
 - (10) The remaining 33% of equity interests in Smile Development Group Limited is held by Kitchiming, Ian David, an independent third party.
 - (11) The remaining 30% of the equity interest in Shanghai Tianzhi Dental Clinic Co., Ltd. (“Shanghai Tianzhi”) is owned by LIU Xiaohui, an independent third party except for his interests in Shanghai Tianzhi. See notes to “— Principal Subsidiaries” and “— Our Reorganization” in this section for details.
 - (12) The remaining 30% of equity interests in Guangzhou Xuhong Technology Co., Ltd. (“Guangzhou Xuhong”) is held by Ningbo Wuling Investment Management LLP (寧波五嶺投資管理合夥企業(有限合夥)), which was owned as to 70% by LING Hongwang and 30% by SHEN Zhida, both of whom are independent third parties except for their interests in Guangzhou Xuhong.
 - (13) Assuming no exercise of the [REDACTED] and without taking into account of any Shares that may be issued under the Share Award Schemes and all the Shares to be issued in the [REDACTED] is [REDACTED] by the public as well as taking into account the Shares held by Vast Luck Global Limited, Macro Synergy Limited and Wuxi Jinhe, which constitute public float of our Company, the percentage of public float of our Company following completion of the [REDACTED] will be approximately [REDACTED]% of the equity interests in our Company. [REDACTED]

OUR HISTORY AND CORPORATE DEVELOPMENT

REGULATORY REQUIREMENTS OF CHINA

According to the Regulations on Merger and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the “M&A Rules”) jointly issued by MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, SAT, the CSRC, the SAIC and SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, a foreign investor is required to obtain necessary approvals when it (1) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (2) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (3) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (4) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign invested enterprise. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for the listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the [REDACTED] and trading of such special purpose vehicle’s securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

Our PRC legal advisors are of the opinion that, unless new laws and regulations are enacted or CSRC publish new provisions or interpretations on the M&A Rules in the future, prior CSRC approval for the [REDACTED] is not required because (1) the CSRC currently has not issued any definitive rule or interpretation concerning whether the [REDACTED] like ours are subject to the M&A Rules; (2) Wuxi EA was incorporated as a foreign-invested enterprise without involving acquisition of the equity or assets of a “PRC domestic company,” as such term is defined under the M&A Rules; (3) Shanghai EA was incorporated as a wholly foreign-owned enterprise by CareCapital Orthotech and was acquired by Wuxi EA from CareCapital Orthotech in 2012, and as such, neither the incorporation nor the acquisition of Shanghai EA involves acquisition of the equity or assets of a “PRC domestic company,” as such term is defined under the M&A Rules, (4) Shuyang EA, Wuxi Fuchi, Wuxi EA Biotec and Guangzhou Xuhong were established by our relevant PRC subsidiaries directly without involving acquisition of the equity or assets of a “PRC domestic company,” as such term is defined under the M&A Rules; and (5) Beijing EA and Shanghai Tianzhi were respectively incorporated as a domestic company by third party PRC companies and/or individuals and acquired by our relevant PRC subsidiaries in compliance with the M&A Rules, such that the M&A Rules are not applicable to it thereafter. However, there is uncertainty as to how the M&A Rules will be interpreted or implemented, and whether the relevant PRC government authorities will reach the same conclusion as our PRC legal advisors.

SAFE REGISTRATION IN CHINA

Pursuant to the Circular of SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外融資及返程投資外匯管理有關問題的通知) (the “Circular 37”), issued by SAFE and effective on July 4, 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests to an overseas special purpose vehicle (the “Overseas SPV”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPA, including, among others, a change of Overseas SPV’s PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap, and merger or division. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be restricted from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in

OUR HISTORY AND CORPORATE DEVELOPMENT

its ability to contribute additional capital into its PRC subsidiaries. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls. Circular 37 supersedes the Circular Concerning Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicle and Investing Back in China by Domestic Residents (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) (the “Circular 75”) promulgated by SAFE on October 21, 2005 and effective on November 1, 2005.

Pursuant to the Circular of SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) (the “Circular 13”), issued by SAFE and effective on June 1, 2015, and was amended on December 30, 2019, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interests in the domestic entity are located.

As advised by our PRC legal advisors, Ms. LI, and other eighty-one individual shareholders who indirectly hold shares in the Company, being PRC residents as defined under the Circular 37 and Circular 75, have completed their registration under Circular 37 and Circular 75 as of the date of this document.