Post Hearing Information Pack of

Zylox-Tonbridge Medical Technology Co., Ltd.
歸創通橋醫療科技股份有限公司

(the "**Company**")

(A joint stock company incorporated in the People's Republic of China with limited liability)

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Zylox-Tonbridge Medical Technology Co., Ltd.

歸創通橋醫療科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**RMB1.00 per H Share**
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[**REDACTED**]

IMPORTANT

[**REDACTED**]

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EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

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CONTENTS

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Page

CONTENTS

SUMMARY

This summary aims to give you an overview of the information contained in this Document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to [**REDACTED**] *in the* [**REDACTED**].

In particular, we are a biotechnology company seeking to [**REDACTED**] ***on the Main Board of the Hong Kong Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules.*** *There are risks associated with any* [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in the section headed "Risk Factors." You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OVERVIEW

We are a leading player in the neuro- and peripheral-vascular interventional medical device market in China in terms of our comprehensive product portfolio. As an integrated medical device company supported by our in-house R&D and manufacturing capabilities, proprietary technological platforms, and commercialization capabilities evidenced by our track record and led by our experienced management team, we provide physicians and patients in China and overseas with medical devices to treat and manage neuro- and peripheral vascular diseases. Our current therapeutic areas include acute ischemic stroke (AIS), intracranial aneurysm, carotid artery stenosis, peripheral arterial and venous diseases, and dialysis related diseases.

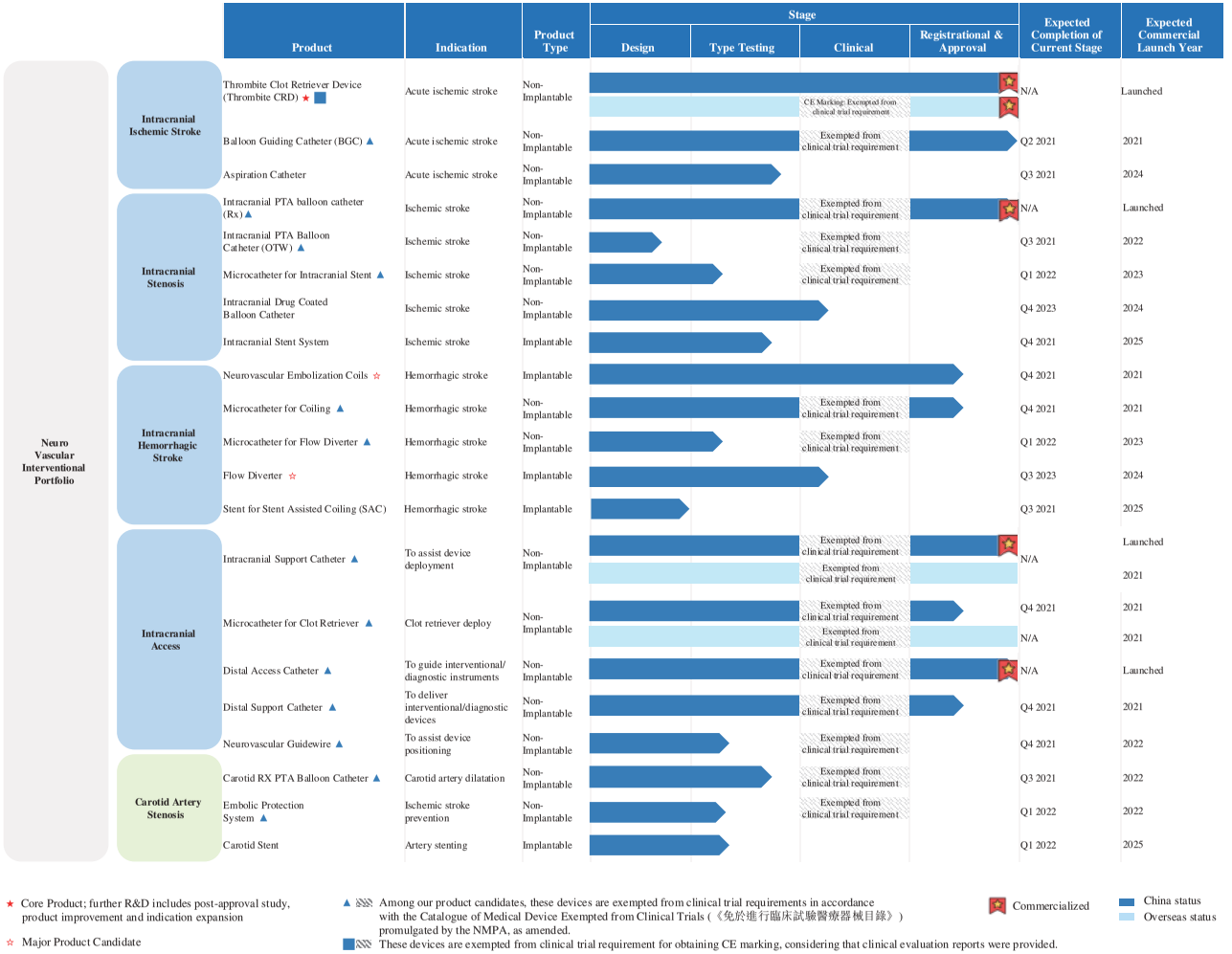
We provide solutions to patients and physician with the most comprehensive product portfolio covering neuro- and peripheral-vascular interventional medical devices among domestic neuro- and peripheral- vascular medical device companies in China according to Frost & Sullivan. Our current neurovascular product portfolio covers a full suite of products in five major categories, namely ischemic, hemorrhagic, stenosis, carotid artery, vascular access device, and according to Frost & Sullivan, we are the only domestic company in China that has developed a neurovascular product portfolio covering all these five major categories. With 22 approved products and product candidates, we have the most comprehensive peripheral-vascular interventional product portfolio among domestic players in China covering a full spectrum of arterial and venous products including stents, balloons, catheters and filters, according to Frost & Sullivan. In addition, our product portfolio also includes two vascular closure device candidates which makes us the first domestic medical device company that has developed vascular closure device candidates. Since our inception in 2012, we have systemically and methodically developed a portfolio of 45 products and product candidates to cover neuro- and peripheral-vascular device market and vascular closure device market that are highly under-penetrated and fast growing. Our two Core Products are Thrombite Clot Retriever

Device ("**Thrombite CRD**") and Ultrafree™ Drug Coated PTA Balloon Catheter ("**Ultrafree DCB**") which have been commercialized in China and we are conducting further research and development on our two Core Products. As of the Latest Practicable Date, our broad product portfolio included a total of 11 approved products in China and overseas(1), including 5 approved products for treating neurovascular diseases and 6 approved products for treating peripheral vascular diseases. We also have 37 product candidates at various development stages in China, including 7 at registration stage, 9 at clinical trial stage, 11 at type testing stage, and 10 at design stage. During the Track Record Period, we commercialized 6 products in China and overseas and generated revenue from the sales of such products. In 2020, we substantially increased our sales in China and revenue generated from our sales in China accounted for 87.9% of our total revenue for 2020. As our current products and product candidates receive more marketing approvals in China, we expect to generate more sales in China. As of the Latest Practicable Date, there was no price guidance set by the PRC government on stroke treatment and prevention devices.

In the neuro-vascular interventional medical device space, we are the only domestic company that are developing a full suite of products for major neuro-vascular categories, namely ischemic, hemorrhagic, stenosis, carotid artery, vascular access device, according to Frost & Sullivan. In the peripheral-vascular interventional medical device space, we have the most comprehensive product portfolio and with the most National Medical Products Administration ("**NMPA**") approvals among domestic players in China according to Frost & Sullivan. We are also the only domestic medical device company that has obtained CE Mark and commercialized both neuro- and peripheral-vascular medical devices in Europe according to Frost & Sullivan.

(1) including 5 products approved in both China and Europe, 3 products approved in China only and 3 products approved in Europe but still in development stage in China

All of our products and product candidates are Class III medical devices. The following diagram summarizes the development status as of the Latest Practicable Date of our in-house developed products which are approved or commercialized and product candidates which are expected to launch by 2025, including, among others, our two Core Products, namely Thrombite CRD and Ultrafree DCB, and certain indication expansion of Ultrafree DCB including Drug Coated PTA Balloon Catheter – BTK and Drug Coated PTA Balloon Catheter – Dialysis Access as indicated below.



SUMMARY

(1) Refer to Glossary of Technical Terms for further details of some of the indications.

In 2021, we expect to achieve significant advancement for our product portfolio. We expect to obtain NMPA approval and commercialize additional 8 product candidates including balloon guiding catheter, intracranial PTA balloon catheter (Rx), neurovascular embolization coils, microcatheter for coiling, microcatheter for clot retriever, distal access catheter, distal support catheter and vessel snare. We also plan to submit applications for NMPA approval for 6 product candidates in 2021, including microcatheter for coiling, carotid Rx PTA balloon catheter, PTA balloon catheter – large diameter, retrievable inferior vena cava filter, endovenous radiofrequency ablation (RFA) catheter, and suture-mediated closure system. Furthermore, we are currently conducting 9 clinical trials for our innovative devices, including intracranial drug coated balloon catheter, flow diverter, endovenous radiofrequency ablation (RFA) catheter, retrievable inferior vena cava filter, peripheral venous stent system, peripheral drug-eluting stent system, drug-coated PTA balloon catheter – dialysis access, peripheral detachable coil and suture-mediated closure system. We are advancing a total of 39 product candidates through different stages of development that we intend to obtain approvals in China by 2025. Regarding our two commercialized Core Products, Thrombite CRD and Ultrafree DCB, we are conducting further R&D including, among others, clinical trials required by NMPA to expand their indications and upgrade their features and bring Drug Coated PTA Balloon Catheter – BTK and Drug Coated PTA Balloon Catheter – Dialysis Access to commercialization. We believe all these approved products and product candidates in our comprehensive product portfolio will solidify our leading position in the neuro- and peripheral-vascular interventional medical device market in China.

Stroke is a leading cause of death and disability globally. Neurovascular disease is the leading cause of death in China which accounted for over 20% of the total mortality in 2019 in China and such percentage is constantly growing. The incidence of ischemic stroke continues to rise in China, primarily due to life style issues and aging population. The recommendation by the AHA for mechanical thrombectomy (MT) as the first-line treatment choice for ischemic stroke and its subsequent adoption in China have set off a revolution in ischemic stroke treatment that shifted traditional anti-coagulant drug regiment and intravascular thrombolysis to the new MT procedures with proven safety and significantly enhanced efficacy. MT procedures are expected to grow rapidly in China for the next 10 years, benefiting from a number of factors such as favorable government policies, rising living standard and increasing healthcare expenditure, which will propel the growth of neurovascular medical device market. The number of neuro-interventional procedures in China increased from 77.4 thousand in 2015 to 159.6 thousand in 2019 at a CAGR of 19.8% and is estimated to further increase to 1,781.0 thousand in 2030, at a CAGR of 24.5% from 2019 to 2030.

Peripheral-vascular interventional device market in China also represents a large, underdeveloped and rapidly expanding market that is currently dominated by multinational corporation ("MNC") players. The recent approval and gradual adoption of drug-coated balloon ("DCB") in treating various arterial diseases including lower extremity arterial diseases, are seen as a viable alternative to stenting, and a new paradigm of "leaving nothing behind" is taking hold of peripheral-vascular disease treatment in China, which is expected to propel the growth of the peripheral-vascular interventional device market in China for the next 10 years. The number of peripheral artery intervention procedures in China increased from 58.6

thousand in 2015 to 112.2 thousand in 2019 at a CAGR of 17.7%, and is estimated to further reach 600.1 thousand in 2030 at a CAGR of 16.5% from 2019 to 2030. According to Frost & Sullivan, peripheral artery intervention procedure mainly includes the procedure of peripheral artery stent, peripheral artery balloon, drug-coated balloon, peripheral plaque atherectomy device and other products (access device and embolization coil). We aim to capture such significant growth potential and solidify our leading market position in both neuro- and peripheral-vascular interventional medical device market in China.

We strive to provide all patients, regardless of their race, age and affluence, with accessible medical devices and services. Since the inception of the Company, we have adopted and executed our strategic business model of developing medical devices and solutions with advanced features with a focus on neurovascular and peripheral-vascular interventional market. Our product candidates are selected and developed in-house, and we hold global rights of our self-developed products and product candidates.

We have built a synergistic corporate platform with integrated R&D, manufacturing and commercialization capabilities, which enables smooth collaborations and accelerates development process during the full product life-cycle and therefore helps to achieve cost-efficiency.

- *R&D*. Led by our three experienced and multi-disciplinary R&D team leaders, including Dr. Jonathon Zhong Zhao, our founder and chairman of the Board, Dr. Zheng Li, our senior vice president, and Dr. Ning Pan, our senior vice president, who have an average of over 15 years of experience in global leading medical device companies with proven track record of successful product development, we have established in-house R&D capabilities which are manifested by our product innovations and our proprietary technologies and efficient product development process. Leveraging our strong R&D and product development capabilities, we have developed a portfolio of innovative products and product candidates with advanced features that are comparable in performance to imported products by established international brands in the industry in terms of safety and efficacy as demonstrated in clinical trials. For details, see "Business – Our Product and Product Pipeline". We have two products, Thrombite CRD and Ultrafree DCB, that were approved through the Special Approval Procedures of Innovative Medical Devices promulgated by the NMPA (the "**NMPA Special Approval Channel**"), out of the 11 neuro- and peripheral-vascular medical devices that were approved through such NMPA Special Approval Channel as of January 2021. For details on the framework of the NMPA Special Approval Channel, please see "Regulatory Overview – Special Procedures for Examination and Approval of Innovative Medical Devices". Our R&D capabilities, combined with our extensive registration experience and established strong collaboration with leading physicians and hospitals, also help improve our clinical trial efficiency and expedite our product advancement. For example, our patient enrollment timeline reduced by half from 25 months in our first large scale clinical trial to around one year, which is at the top level for similar product in the industry according to Frost & Sullivan. All subsequent patient enrollments of our

clinical trials have generally followed around one-year timeline, which we believe is at a highly efficient level. Our in-house R&D capabilities are also evidenced by our patent portfolio. As of the Latest Practicable Date, we had 39 patents and 43 patent applications in China. As of the Latest Practicable Date, our core R&D team responsible for the development of the Core Products remained with the Company.

- *Manufacturing*. Manufacturing process of vascular interventional products is complex and technologically challenging because it requires the integration of several different manufacturing processes and different materials with high demand for precision. Over the years, we have accumulated extensive expertise and know-how in developing and manufacturing vascular interventional products and obtained a number of patents for our proprietary technologies. Our manufacturing expertise and know-how combined with advanced technologies applied during our manufacturing process help ensure both high quality and efficiency of our production. We had built manufacturing facilities of an aggregate area of approximately 3,800 sq.m. in Hangzhou and Zhuhai, China as of the Latest Practicable Date. In addition, we are in the process of expanding our production capacity with additional aggregate area of approximately 13,000 sq.m. in Hangzhou and plan to build a new manufacturing site in Zhuhai with an aggregate area of approximately 20,000 sq.m in preparation for the commercialization of further expanded product portfolio.

- *Commercialization*. We have a proven track record of commercializing 9 products since our inception in 2012. We employ an offline and online integrated marketing model with a focus on academic promotion to increase market and physician awareness and penetration of our products. We have a dedicated in-house sales team of 50 members led by Mr. Yang Xie with a focus on academic marketing driven by our extensive expertise and clinical resources. We had also established an extensive distribution network by collaborations with 23 domestic distributors who are authorized by us to cover over 1,500 hospitals across 22 provinces, 4 autonomous regions and 4 municipal cities in China as of the Latest Practicable Date. Over the years, we have developed strong collaborations with and established a well-recognized brand among leading physicians and hospitals in China in the field of neuro- and peripheral-vascular intervention.

Regulations on the Supervision and Administration of Medical Devices (2021 Revision) was passed in December 2020 and came into effect in June 2021, the major amendments under which include among others the introduction of regulatory measures such as unique product marks tracing, extended inspection and enhanced punishment. We closely follow the implementation progress of Regulations on the Supervision and Administration of Medical Devices (2021 Revision) to ensure our compliance. For details, see "Regulatory Overview – Laws and Regulations relating to Medical Devices". According to our PRC Legal Advisor, the Regulations on the Supervision and Administration of Medical Devices (2021 Revision) are not expected to have any material impact on our ongoing and planned clinical trials, registrations and commercialization within our scope of operations or our ongoing operations.

Our business grew rapidly during the Track Record Period under the leadership of our senior management team. Our management team consists of seasoned industry executives with vast experience in leading medical device companies in China and globally, such as Dr. Jonathon Zhong Zhao, our founder and Chairman of the Board. We benefit from their proven track record of successful research and development, and commercialization of medical device. During the Track Record Period, our revenue increased by 461.9% from RMB4.9 million in 2019 to RMB27.6 million in 2020, our gross profit increased from RMB1.2 million in 2019 to RMB16.3 million in 2020, and our gross profit margin increased from 24.2% in 2019 to 58.9% in 2020. We currently mainly target the China market and do not have immediate plan to enter into new markets outside of China and Europe.

OUR CORE PRODUCTS

Thrombite CRD

Our Thrombite CRD is a minimally invasive device to capture and remove the clot blocking blood vessels to treat neurovascular diseases such as acute ischemic stroke (AIS). We completed the clinical trial for Thrombite CRD in October 2019 and received the registration certificate of Class III medical device from the NMPA in September 2020. We commercialized Thrombite CRD in China in September 2020. We currently mainly target the China market for Thrombite CRD. We have also obtained CE Mark and started commercialization of Thrombite CRD in Europe in May 2020. We do not have immediate plan to enter into new markets outside of China and Europe.

We are further developing Thrombite CRD including post-approval study, product improvement and indication expansion:

- *Post-approval study*: Post-approval study for Thrombite CRD is not required by the NMPA. We plan to voluntarily conduct further clinical study of Thrombite CRD in combination with our BGC to prove the favorable efficacy in intracranial clot retrieval over independent usage of Thrombite CRD, including decreased incidence of distal embolization of small thrombus and improved prognosis which will last for 2 to 3 years. We are currently in discussion with Key Opinion Leaders ("KOLs") and contract research organization ("CROs") to improve the study design.

- *Product improvement*: We plan to improve the X-ray visibility of Thrombite CRD by adding 2 to 4 platinum iridium wires based on its current structure. Platinum iridium wire is a component which is visible under X-ray and can thus help to realize whole-device imaging and further improve the precise positioning and tracking of the device during the deployment process, thus enhancing the procedure success rate. We are currently finalizing the design of this product upgrade and plan to initiate communications with the NMPA for the further development plans by August 2021.

- *Indication expansion*: We plan to expand the indications of Thrombite CRD to a treatment window of 8-20 hours after the stroke from the current treatment window of up to 8 hours after the stroke, to further increase the competitiveness of Thrombite CRD. According to guidelines for AIS treatment in both China and the U.S., mechanical thrombectomy (MT) is sutable for patient within 24 hours from onset. After 6 hours from onset, the patient has to be examined under multiple imaging modalities, such as CT and MRI. If there is no large area of embolism in the downstream artery, such patient is suitable for MT treatment. Considering the guidelines and clinical study design, we decide to extend the treatment hour to up to 20 hours. We expect to conduct a clinical trial to obtain the NMPA approval of this indication expansion. We are working on the design of the study on this indication expansion of Thrombite CRD. Upon availability of the final study design, we plan to initiate communications with the NMPA for the further development plans.

  We also plan to expand the indications of Thrombite CRD to pulmonary embolism. Based on rules and regulations of the NMPA, only one indication can be approved for one clinical trial, thus it is a common industry practice to submit the most important indication with largest market size for the first approval. After the initial approval, expanding indications to different anatomical locations requires further clinical trials. Indication expansion of Thrombite CRD to pulmonary embolism is expected to increase our product sales as acute pulmonary embolism has a mortality rate of 20% to 30% and a large patient pool. We expect to conduct additional animal studies and a clinical trial to obtain the NMPA approval of this indication expansion. We will discuss with KOLs and CROs in the second half of 2021 regarding the trial plan. We expect to launch Thrombite CRD with new indication for pulmonary embolism beyond 2025.

For further details, see "Business – Our Neurovascular Products – Our Ischemic Neurovascular Products – Thrombite Clot Retriever Device ("Thrombite CRD") – Our Core Product."

Ultrafree DCB

Ultrafree DCB is an interventional device designed for percutaneous transluminal angioplasty for patients with stenosis or occlusion in femoral artery and popliteal artery (except inferior knee artery). We completed the clinical trial for Ultrafree DCB in July 2019 and received registration certificate of Class III medical device from the NMPA in November 2020. We subsequently commercialized Ultrafree DCB in China in December 2020. We currently mainly target the China market. We have also obtained CE Mark in October 2020. We expect to commercialize Ultrafree DCB in Europe in 2021 and do not have immediate plan to enter into new markets outside of China and Europe.

We are further developing Ultrafree DCB, including post-market surveillance program, product improvement and indication expansion:

- *Post-market surveillance program*: Pursuant to the NMPA approval, we are required to continue to collect clinical safety data for additional two to five years. We are in the process of discussing surveillance plans with CROs for monitoring patients through our multi-center post-market surveillance program. A post-approval study is required by NMPA for Ultrafree DCB according to relevant rules and regulations of the NMPA mainly because Ultrafree DCB is considered as a more complex product because it contains medicinal component in its drug coating.

- *Product improvement*: We are developing improved features of Ultrafree DCB by improving the underlying PTA balloon catheter material, reducing the product diameter and increasing product flexibility for better crossing, navigation, and dilation performance, including replacing the balloon materials used in current Ultrafree DCB to achieve high-dilatation pressure to better treat refractory and hypercalcified lesions. We have finalized the design of this product improvement and plan to initiate communications with the NMPA for the next steps.

- *Indication expansion*

    - Drug Coated PTA Balloon Catheter – BTK: We are further developing Ultrafree DCB to expand its indication to cover the treatment of stenosis or occlusion in below-the-knee (BTK) popliteal arteries. We expect to conduct a clinical trial to obtain the NMPA approval for Drug Coated PTA Balloon Catheter – BTK, whose design is substantially the same as Ultrafree DCB with minor modification to make it more suitable for the BTK indication. We are in the process of conducting animal studies and are conducting the required type testing for the BTK indication. We expect to initiate a clinical trial in the second half of 2021 and to launch Drug Coated PTA Balloon Catheter – BTK in 2024.

    - Drug Coated PTA Balloon Catheter – Dialysis Access: We are also further developing another Ultrafree DCB to expand its indication to cover the treatment of stenosis or occlusion of obstructive lesions of native or synthetic arteriovenous dialysis fistulae. We expect to obtain the NMPA approval for Drug Coated PTA Balloon Catheter - Dialysis Access, whose design is substantially the same as Ultrafree DCB with minor modification to make it more suitable for the new indication. We are in the process of animal studies, and completed the required type testing for dialysis indication. We commenced a clinical trial in February 2021 and expect to launch Drug Coated PTA Balloon Catheter - Dialysis Access in 2024.

- Drug Coated Balloon for vertebral artery stenosis: We plan to develop another version of Ultrafree DCB, the design of which is substantially the same as Ultrafree DCB with minor modification to make it more suitable to cover the treatment of stenosis or occlusion of obstructive lesions in vertebral arteries. We have finalized the design and completed type testing. We are currently planning for suitable animal efficacy model studies and expect to initiate a clinical trial in the second half of 2021. We expect to launch the upgraded Ultrafree DCB with new indication to cover stenosis or occlusion of vertebral arteries beyond 2025.

Based on the consultation with the Center of Medical Device Evaluation of Zhejiang Provincial Medical Products Administration ("**MPA**"), as advised by our PRC Legal Advisor, the indication expansion of our Core Products will be recognized and regulated by the NMPA. Furthermore. the authorized officer of provincial MPA confirmed that regulation for Class III medical device shall be consistent among different provinces across China and the NMPA. Our future indication expansion of our Core Products will comply with applicable regulations.

For further details, see "Business – Our Peripheral-vascular Products – Our Peripheral Arterial Products – Ultrafree™ Drug coated PTA balloon catheter (Ultrafree DCB) – Our Core Product."

OUR SELECTED PRODUCTS AND PRODUCT CANDIDATES

Neurovascular embolization coils

Neurovascular embolization coils are a set of flexible coils used in the endovascular coiling procedure, which is a minimally invasive technique using a catheter to reach the aneurysm in the brain, displace the coils to block the blood flowing into the aneurysm, thus reducing the risk of aneurysm rupture. We have completed the clinical trial for neurovascular embolization coils and submitted the registration application to the NMPA in August 2020. We expect to receive NMPA approval in the fourth quarter of 2021 and commercialize our neurovascular embolization coil in China subsequently.

As of the Latest Practicable Date, there were 21 major marketed intracranial aneurysm embolization coils in China, which were manufactured by five international companies and four domestic companies, including 8 mechanical detachable embolization coils. For details, see "Industry Overview – China Intracranial Aneurysm Interventional Device Market".

Flow diverter

Our flow diverter is designed for endovascular treatment of intracranial aneurysms. It has a suitable metal and mesh coverage, which is capable of changing the hemodynamics in the intracranial artery and promoting formation of the thrombosis inside the tumor cavity and repair of the vascular intima at the tumor neck. Pre-clinical data has supported feasibility, safety and preliminary efficacy of our flow diverter on animals. We have obtained approval

from the ethics committee of the principal investigator hospital to conduct a multi-center, and non-inferiority clinical trial using imported products by an established international brand in the industry as the comparable product in China to investigate the efficacy and safety of our flow diverter. The primary endpoint of efficacy is the aneurysm occlusion at 12 months after the procedure, and the safety indicators include AE, SAE and incidence of deaths. We expect to initiate patient enrollment by the end of the second quarter of 2021. For details, see "Business – Our Product and Product Pipeline – Flow diverter".

As of the Latest Practicable Date, there were 4 major marketed flow diverter stents in China, which were manufactured by two international companies and one domestic company. For details, see "Industry Overview – China Intracranial Aneurysm Interventional Device Market".

Retrievable inferior vena cava filter

Our retrievable inferior vena cava filter is a filtering device to be placed into the inferior vena cava (IVC) to prevent pulmonary embolism. Pulmonary embolism (PE) is usually a consequence of deep vein thrombosis (DVT). DVT occurs when a blood clot (thrombus) forms in one or more of the deep veins in one's body, often in legs. Blood clots that develop in the veins of the leg or pelvis occasionally break up and large pieces of the clot can travel to the lungs, which causes PE. A retrievable inferior vena cava filter traps large clot fragments and prevents them from traveling through the vena cava vein to the heart and lungs, where they could cause severe complications such as pain, difficulty breathing, shortness of breath or even death. Pre-clinical data has supported the feasibility, safety and preliminary efficacy of the Retrievable inferior vena cava filter. We are conducting a multi-center, randomized and non-inferiority clinical trial using products by a market-leading domestic brand in the industry as the comparable product in China to investigate the efficacy and safety of our retrievable inferior vena cava filter. The primary endpoint of efficacy is the success rate of filter placement, and the safety indicators include AE, SAE and incidence of device defects. We have completed patient enrollment by February 2021 and the trial is still ongoing. We expect to launch our retrievable inferior vena cava filter in 2022. For details, see "Business – Our Product and Product Pipeline – Retrievable inferior vena cava filter".

As of the Latest Practicable Date, there were 7 major marketed retrievable vena cava filters in China, which were manufactured by five international companies and two domestic companies. For details, see "Industry Overview – China IVCF Interventional Device Market".

Peripheral venous stent system

Our peripheral venous stent system is designed for the treatment of iliac vein stenosis or occlusive disease such as lliac vein compression syndrome (IVCS). We are conducting a multi-center, randomized and non-inferiority clinical trial using imported products by an established international brand in the industry as the comparable product to investigate the efficacy and safety of the peripheral venous stent system in China. The primary efficacy endpoint is the patency rate of target vessel at 12 months after the procedure, and the safety

endpoints include incidence rate of AE/SAE and incidence rate of device defects. We initiated patient enrollment in October 2020 with a target of 220 patients in total according to the approved clinical trial plan and the trial is still ongoing. For details, see "Business – Our Product and Product Pipeline – Peripheral venous stent system".

As of the Latest Practicable Date, there were two peripheral venous stent systems approved in China, which were both developed by international companies, and no domestic peripheral venous stent system was approved in China. For details, see "Industry Overview – China IVCF Interventional Device Market".

Suture-mediated closure system

Our suture-mediated closure system is used to suture the femoral artery access site after diagnostic/therapeutic interventional procedures. We are conducting a multi-center, randomized and non-inferiority clinical trial using imported products by an established international brand in the industry as the comparable product in China to investigate the efficacy and safety of the suture-mediated closure system. The primary efficacy endpoint is the incidence of vascular complications in the primary ipsilateral site at 30 days after the procedure, and the safety endpoints include incidence of vascular complications in the secondary ipsilateral approach and incidence rate of AE/SAE. We started patient enrollment in June 2020 with a target of 228 patients in total according to the approved clinical trial plan and the trial is still ongoing. For details, see "Business – Our Product and Product Pipeline – Suture-mediated closure system".

As of the Latest Practicable Date, there were 4 major marketed vascular closure device (VCD) in China, all of which were manufactured by international companies. For details, see "Industry Overview – China VCD Market".

OUR COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success and differentiated us from our competitors.

- A total solution provider with the most comprehensive portfolio of the neuro- and peripheral-vascular interventional medical devices among domestic companies in China

- In-house R&D capabilities evidenced by innovation and efficient product development process

- Leading R&D and manufacturing technological platforms driving technological breakthrough and long-term growth in neuro- and peripheral- vascular markets

- Commercialization capabilities evidenced by our track record with well-established distribution and KOL network

- Seasoned and experienced management team with strong shareholder support

OUR STRATEGIES

We plan to implement the following strategies to achieve our mission and vision:

- Further strengthen our commercialization capabilities to solidify our leadership in China

- Continue to accelerate product development and expand our product portfolio to provide total solutions

- Further advance R&D capabilities to support our long-term growth

- Further develop our integrated platform and enhance operational efficiency

- Selectively expand our global footprint

SALES AND MARKETING

In line with industry practice, we sell our products primarily to distributors, who then sell the products to hospitals directly or through sub-distributors. During the Track Record Period, we did not sell directly to hospitals. In our distribution agreements and authorization letters, we limit our distributors to sell our products only within their designated geographic regions or designated hospitals. They are not allowed to sell our products in other regions. We also issue authorization letters to our sub-distributors who do not enter into distribution agreement directly with us to limit their sales of our products to designated hospitals only. To the best knowledge of the Directors, there has been no material violation by the sub-distributors of the authorization letters since the adoption of the current distribution model in China.

In 2019 and 2020, our sales to our distributors accounted for 92.2% and 99.0% of our revenue in 2019 and 2020, respectively. Our PRC Legal Advisor is of the view that our distributorship model complies with the Two Invoice System in the relevant regions based on (i) the prevailing regulations; and (ii) we do not authorize sub-distributors to sell to hospitals where Two Invoice System applies. We expect to continue the existing distributorship model in the near term. If the Two Invoice System is implemented in more regions, we will adjust our distribution model in relevant regions accordingly to engage single-tier distributors. By doing so, the overall product profit margin is not expected to be significantly affected as there are plenty of regional distributors with industry experience on the market.

Pricing

When determining the price of our products sold to distributors, we consider factors such as prices of competing products, our costs and differences in features between our products and competing products. As of the Latest Practicable Date, there was no price guidance set by the PRC government on stroke treatment and prevention devices. As advised by our PRC Legal Advisor and Frost & Sullivan based on their understanding as of the Latest Practicable Date, the aforementioned factors and regulatory environment are not expected to change materially in the short-to-mid-term due to regulatory reforms and market landscape dynamics.

The centralized procurement currently only applies to a limited number of medical devices and does not directly affect the pricing of our products, but there are uncertainties whether the centralized procurement scope would be expanded in the future, resulting in the inclusions of our products or product candidates upon commercialization. If our products become subject to the centralized procurement, prices of our products are expected to be lower while their sales volumes are expected to increase, and thus their supplies and market size will potentially decrease. The impact of the implementation of the centralized procurement and tendering policies including the overall effect on the supply and market size of our commercialized products and products pending approval still remains uncertain. See "Risk Factors – The policies of centralized procurement of high-value medical consumables set by the PRC government may cover our products in the future, and the prices of our products may experience downward changes, which in turn may have a material adverse impact on our revenue, financial condition and results of operation". We plan to expand our market share to better prepare ourselves for the future implementation of centralized procurement on its products. If and by the time the government issues centralize procurement guidelines covering our products, we will consider factors including market share, cost of manufacturing, marginal rate of investment and return to determine detailed adjustment strategy of our commercialization, such as optimizing production and lowering production cost. In addition, we are developing a comprehensive portfolio of 45 products and product candidates, and it is therefore less affected by the potential centralized procurement of any single product.

CUSTOMERS

Our customers are primarily distributors in China and overseas who purchase our products and sell them directly or indirectly to hospitals. During the Track Record Period, all our overseas customers were distributors. For the years ended December 31, 2019 and 2020, the aggregate sales to our five largest customers were RMB4.4 million and RMB24.3 million, representing 90.0% and 87.8% of our revenue, respectively. Sales to our largest customer for the same periods were RMB1.5 million and RMB21.6 million, representing 30.8% and 78.3% of our revenue, respectively. See "Business – Customers".

SUPPLIERS

During the Track Record Period, our suppliers mainly comprised of clinical trial service providers, equipment providers and raw material suppliers. For the years ended December 31, 2019 and 2020, purchases from our five largest suppliers in aggregate accounted for 58.1% and 51.0% of our total purchases (including value added tax), respectively, and purchases from our largest supplier accounted for 50.5% and 31.0% of our total purchases for the same periods (including value added tax), respectively. See "Business – Suppliers".

INTELLECTUAL PROPERTY

We have built a comprehensive intellectual property portfolio in China and overseas to protect our technologies, inventions and know-how and ensure our future success with commercializing our products. As of the Latest Practicable Date, we had 39 granted patents and 34 registered trademarks, as well as 43 pending patent applications and 58 pending trademark applications in China. We believe there is no material legal impediment for us to obtain the approvals for these pending patents and trademarks. See "Business – Intellectual Property." During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material proceedings in respect of intellectual property right infringement claims against us or initiated by us. As of the Latest Practicable Date, we had not identified any potential overlap between our Core Products and commercialized products to claims made by third parties in the form of granted utility patents and/or invention patents. For risks relating to intellectual property rights, see "Risk Factors – Risks Relating to Our Business – Risks Relating to Our Intellectual Property Rights".

COMPETITION

Our products and product candidates are designed for the neuro- and peripheral-vascular intervention market in China, which is massive, fast-growing and highly under-penetrated according to Frost & Sullivan. The market size of China neuro-interventional medical device increased from RMB2.6 billion in 2015 to RMB4.9 billion in 2019 at a CAGR of 17.3% and is expected to further increase to RMB37.1 billion in 2030 at a CAGR of 20.2% from 2019 to 2030. The market size of the China peripheral artery disease interventional device increased from RMB1.4 billion in 2015 to RMB2.4 billion in 2019 at a CAGR of 15.7% and is expected to further increase to RMB12.2 billion in 2030 at a CAGR of 15.7% from 2019 to 2030. For details on the prevalence of major neuro- and peripheral- diseases, please see "Industry Overview". According to Frost & Sullivan, MNCs have a dominant share in neuro- and peripheral-vascular intervention market in China. We compete with MNCs based on our production quality, production cost advantage, competitive pricing and our responsiveness to the clinical needs and preferences of Chinese patients and physicians. We also compete with domestic brands based on our R&D capabilities, product design and functionality, product quality, pricing, brand recognition and distribution network coverage. Leveraging our advanced technology platforms, we have developed a variety of products candidates based on

advanced product design and engineering techniques. According to Frost & Sullivan, medical device industry is a high-tech industry integrating materials, mechanical manufacturing and electronic engineering, where most proprietary technologies are difficult to imitate and require intensive research and knowhow accumulation over an extended period of time. We believe that our technology platforms give us a significant competitive edge over other market entrants. In 2019, international players had a market share of 93.3% in the neuro-interventional device market in China, and had a market share of 90.3% in the peripheral artery interventional device market in China, indicating significant growth potential for domestic players and huge market space for domestic substitution. Our key competitors in the neuro- and peripheral-vascular intervention market in China include MicroPort, LifeTech Scientific, Acotec, APT Medical, HeartCare Medical, Peijia Medical and Sinomed. Our key international players include Medtronic, Boston Scientific and Johnson & Johnson. For information of competition in the relevant markets, please see the section headed "Industry Overview" in this document. For details of our competitive strengths, please see "Business – Our Strengths".

With respect to our Core Product Thrombite CRD, as of the Latest Practicable Date, there were 12 major marketed clot retriever devices in China, which were manufactured by four international companies and four domestic companies. For more details, see "Industry Overview – Ischemic Neurovascular Disease and China Ischemic Stroke Neuro-interventional Device Market – China Ischemic Stroke Neuro-Interventional Device Market – Competitive Landscape of Clot Retriever Device in China". With respect to our other Core Product Ultrafree DCB, as of the Latest Practicable Date, there were 5 marketed DCBs in China, which were manufactured by one international company and three domestic companies. For more details, please see "Industry Overview – Peripheral-vascular Disease and China Peripheral-vascular Device Market – China PAD Interventional Device Market – Competitive Landscape of China PAD Interventional Device Market".

SUMMARY OF KEY FINANCIAL INFORMATION

This summary historical data of financial information set forth below have been derived from, and should be read in conjunction with, our consolidated financial statements, including the accompanying notes, set forth in the Accountant's Report set out in Appendix I to this Document, as well as the information set forth in "Financial Information" of this Document. Our financial information was prepared in accordance with International Financial Reporting Standards ("IFRS").

DESCRIPTION OF SELECTED COMPONENTS OF STATEMENTS OF PROFIT OR LOSS

The table below sets forth our consolidated statements of profit or loss with line items in absolute amounts and as percentages of our revenue for the years indicated derived from our consolidated statements of profit or loss set out in the Accountant's Report included in Appendix I to this Document:

	For the year ended December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Revenue	4,917	27,631
Cost of sales	(3,725)	(11,344)
Gross profits	1,192	16,287
Selling and distribution expenses	(6,759)	(20,453)
Administrative expenses	(16,962)	(30,992)
Research and development expenses	(53,028)	(72,065)
Other income	7,656	9,997
Other expenses	(840)	(257)
Other gains/(losses) – net	3,040	(2,679)
Operating loss	(65,701)	(100,162)
Finance income	89	360
Finance costs	(1,035)	(666)
Finance costs – net	(946)	(306)
Loss before income tax	(66,647)	(100,468)
Income tax expense	–	–
Loss for the year	(66,647)	(100,468)
Loss Attributable to:		
Equity holders of the Company	(66,647)	(100,468)
Total comprehensive loss for the year attributable to the equity holders of the Company	(66,647)	(100,468)
Loss per share attributable to the owners of the Company		
Basic and diluted loss per share (in RMB per share)	(0.38)	(0.52)

NON-IFRS MEASURES

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS, we also use adjusted net loss as non-IFRS measures, which are not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures facilitates a comparison of our operating performance from period to period by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. Such non-IFRS measures allow [**REDACTED**] to consider metrics used by our management in evaluating our performance. From time to time in the future, there may be other items that we may exclude in reviewing our financial results. The use of the non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table shows reconciliation of net loss for the year to our adjusted net loss for the years indicated:

	For the year ended December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Loss for the year	**(66,647)**	**(100,468)**
Add:		
Share-based compensation	7,601	23,111
Adjusted net loss for the year (unaudited)[(1)]	**(59,046)**	**(77,357)**

Note:

(1) Share-based compensation is a non-cash expense that our management does not consider to be indicative of our core operating results. We believe the net loss as adjusted by eliminating potential impacts of the share-based compensation provides useful information to [**REDACTED**] in facilitating a comparison of our operating performance from period to period.

We incurred net losses for the years ended December 31, 2019 and 2020. Substantially all of our operating losses were resulted from costs incurred in connection with our selling and distribution expenses, research and development expenses and administrative expenses related to our ongoing operations.

During the Track Record Period, our revenue was mainly generated from sales of our 6 commercialized products including Thrombite CRD, Ultrafree DCB, intracranial support catheter, peripheral stent system, PTA balloon catheter and high pressure (HP) PTA balloon catheter. Since the commercialization of Thrombite CRD and Ultrafree DCB in 2020, Thrombite CRD and Ultrafree DCB generated revenue of RMB10.6 million and RMB1.0 million in 2020, accounting for 38.4% and 3.7% of our total revenue from sales of goods in 2020, respectively. We expect to generate a majority of our revenue from sales of Thrombite CRD and Ultrafree DCB in the near future. The following table sets forth a breakdown of our revenue by product category for the years indicated:

	For the year ended December 31,			
	2019		2020	
	RMB'000	*% of Revenue*	*RMB'000*	*% of Revenue*
Revenue from sales of goods				
– Neurovascular interventional devices	–	–	19,940	72.2
– Peripheral-vascular interventional devices	4,917	100.0	7,691	27.8
Total	4,917	100.0	27,631	100.0

The table below sets forth a breakdown of our revenue by geographic region for the years indicated:

	For the year ended December 31,			
	2019		2020	
	RMB'000	*% of Revenue*	*RMB'000*	*% of Revenue*
Revenue from sales of goods				
– PRC	705	14.3	24,284	87.9
– Others	4,212	85.7	3,347	12.1
Total	4,917	100.0	27,631	100.0

Our gross profit represents our revenue less our cost of sales. Our gross profit margin represents our gross profit as a percentage of our revenue. For the year ended December 31, 2019 and 2020, our gross profit was RMB1.2 million and RMB16.3 million, respectively, and our gross profit margin was 24.2% and 58.9%, respectively.

The table below sets forth a breakdown of our gross profit and gross profit margin by product category for the years indicated:

	For the year ended December 31,			
	2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*
Neurovascular interventional devices	–	–	13,811	69.3
Peripheral-vascular interventional devices	1,192	24.2	2,476	32.2
Total	1,192	24.2	16,287	58.9

The table below sets forth a breakdown of our gross profit and gross profit margin by geographic region for the years indicated:

	For the year ended December 31,			
	2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*
PRC	165	23.4	16,002	65.9
Others	1,026	24.4	285	8.5
Total	1,192	24.2	16,287	58.9

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from the Accountant's Report set out in Appendix I to this Document:

	As of December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Total non-current assets	81,776	133,829
Total current assets	125,284	370,142
Total assets	**207,060**	**503,971**
Total non-current liabilities	7,998	27,646
Total current liabilities	33,387	51,631
Total liabilities	**41,385**	**79,277**
Net current assets	**91,897**	**318,511**
Net assets	**165,675**	**424,694**
Paid in-capital	182,643	225,062
Other reserves	244,079	561,147
Accumulated losses	(261,047)	(361,515)
Total equity	**165,675**	**424,694**

The following table sets forth our non-current assets and non-current liabilities as of the dates indicated:

	As of December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Non-current assets		
Property, plant and equipment	51,794	105,224
Right-of-use assets	18,925	16,950
Intangible assets	10,223	7,556
Prepayments	834	4,099
Total non-current assets	**81,776**	**133,829**
Non-current liabilities		
Borrowings	4,500	26,250
Lease liabilities	3,498	1,396
Total non-current liabilities	**7,998**	**27,646**

We had non-current assets of RMB133.8 million as of December 31, 2020, compared to non-current assets of RMB81.8 million as of December 31, 2019. The change was primarily due to an increase in property, plant and equipment, which was attributable to the increase in construction in progress (CIP) assets resulting from the progress in the construction of our manufacturing facilities in Hangzhou.

We had non-current liabilities of RMB27.6 million as of December 31, 2020, compared to non-current liabilities of RMB8.0 million as of December 31, 2019. The change was primarily due to the increase in borrowings for the construction of our manufacturing facilities in Hangzhou.

NET CURRENT ASSETS/LIABILITIES

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,		As of April 30,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)
Current assets			
Cash and cash equivalents	46,130	59,556	43,240
Financial assets at fair value through profit or loss	52,000	157,700	610,400
Term deposits	–	100,000	100,000
Inventories	9,955	28,993	38,376
Prepayments, other receivables and other current assets	16,186	23,764	40,076
Trade receivables	1,013	129	318
Total current assets	**125,284**	**370,142**	**832,410**
Current liabilities			
Trade and other payables	13,517	43,658	60,021
Borrowings	13,000	3,750	–
Lease liabilities	2,351	2,825	2,994
Contract liabilities	19	134	2,819
Deferred income	4,500	–	–
Other current liabilities	–	1,264	2,597
Total current liabilities	**33,387**	**51,631**	**68,431**
Net current assets	**91,897**	**318,511**	**763,979**

We had net current assets of RMB764.0 million as of April 30, 2021 being the latest practicable date for the purpose of liquidity disclosure in this Document, compared to net current assets of RMB318.5 million as of December 31, 2020. The change was primarily due to the increase in cash and cash equivalents as a result of capital injections by our shareholders. For further details of the capital injections, see "History – Establishment and Development of our Company – [**REDACTED**] Investments and Major Shareholding Changes of Our Company – Series C+ Financing".

We had net current assets of RMB318.5 million as of December 31, 2020, compared to net current assets of RMB91.9 million as of December 31,2019. The change was primarily due to (i) an increase in financial assets at fair value through profit or loss of RMB105.7 million mainly due to the investments in wealth management products issued by banks in the PRC, (ii) an increase in term deposits of RMB100.0 million due to our investments in term deposit products in November 2020, and changes in (i) and (ii) were both due to the increase in our cash on hand as a result of capital injections by our shareholders. For further details of the capital injections, see "History – Establishment and Development of our Company – [**REDACTED**] Investments and Major Shareholding Changes of Our Company," and (iii) an increase in inventories of RMB19.0 million primarily attributable to our inventory preparation in anticipation for new launch of our products and more R&D activities, partially offset by an increase in trade and other payables of RMB30.1 million mainly due to the increase in payables for purchase of property, plant and equipment for the construction of our manufacturing facilities in Hangzhou and an increase in staff salaries and welfare payables as a result of increase in employee numbers and compensation level. For changes in other key line items, see "– Financial assets at fair value through profit or loss," "– Term deposits," "– Inventories," and "– Trade and other payables."

We had net assets of RMB424.7 million as of December 31, 2020, compared to net assets of RMB165.7 million as of December 31, 2019. The change was primarily due to an increase in both non-current assets and current assets. The increase in our non-current assets was primarily due to an increase in property, plant and equipment, which was attributable to the increase in construction in progress (CIP) assets resulting from the progress in the construction of our manufacturing facilities in Hangzhou. For the reasons of increase in our current assets, please see the paragraph immediately above this paragraph.

Selected Data of Consolidated Cash Flow Statements

The following table sets forth our cash flows for the years indicated:

	For the Year ended December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Cash used in operating activities before changes in working capital	(51,339)	(68,464)
Change in working capital	(1,842)	(14,230)
Interest received	89	360
Net cash outflow from operating activities	(53,092)	(82,334)
Net cash outflow from investing activities	(90,593)	(249,176)
Net cash inflow from financing activities	179,444	345,537
Net increase in cash and cash equivalents	35,759	14,027
Exchange losses on cash and cash equivalents	(109)	(601)
Cash and cash equivalents at beginning of year	10,480	46,130
Cash and cash equivalents at end of year	**46,130**	**59,556**

Since the commencement of our business operation, we have incurred negative cash flows from our operations. Substantially all of our operating cash outflows have resulted from our cash used in our operations. We expect to improve our net operating cash outflows position through our improved R&D capabilities and revenue to be generated by sales of products we expect to launch in 2021.

In 2020, our net cash outflow from operating activities was RMB82.3 million, which was primarily attributable to cash used in operations of RMB82.7 million. Our cash used in operations mainly consists of the net loss before tax of RMB100.5 million adjusted for non-cash and non-operating item. Positive adjustments for non-cash and non-operating items primarily include share-based compensation expenses of RMB23.1 million, depreciation and amortization of intangible assets and right-of-use assets of RMB5.4 million, depreciation of property, plant and equipment of RMB4.2 million and net foreign exchange losses of RMB0.6 million. The amount was then adjusted downward by changes inworking capital, primarily

including an increase in inventories of RMB19.0 million, an increase in prepayments, other receivables and other current assets of RMB7.6 million and a decrease in deferred income of RMB4.5 million, partially offset by an increase in trade and other payables of RMB16.0 million.

In 2019, our net cash outflow from operating activities was RMB53.1 million, which was primarily attributable to cash used in operations of RMB53.2 million. Our cash used in operations mainly consists of the net loss before tax of RMB66.6 million, adjusted for non-cash and non-operating items. Positive adjustments for non-cash and non-operating items primarily include share-based compensation expenses of RMB7.6 million, depreciation and amortization of intangible assets and right-of-use assets of RMB5.0 million, depreciation of property, plant and equipment of RMB4.6 million and finance costs- net of RMB0.9 million. The amount was then adjusted downward by changes in working capital, primarily including an increase in prepayments, other receivables and other current assets of RMB3.9 million, an increase in inventories of RMB2.3 million, an increase in deferred income of RMB4.5 million, and an increase in trade and other payables of RMB0.4 million.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities and (ii) payments for property, plant and equipment. We had cash and cash equivalents of RMB43.2 million as of April 30, 2021. We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] after deducting the [**REDACTED**] fees and expenses payable by us in the [**REDACTED**], assuming no [**REDACTED**] is exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] in this Document. Assuming an average monthly net cash used in operating activities going forward of three times the level in 2020 and same level in 2020 of the average monthly payments for property, plant and equipment going forward, we estimate that our cash and cash equivalents as of April 30, 2021 will be able to maintain our financial viability for approximately 20 months, or if we take into account [**REDACTED**]% of the estimated net [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), approximately [**REDACTED**] months or, if we also take into account the estimated net [**REDACTED**] from the [**REDACTED**], approximately [**REDACTED**] months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

KEY FINANCIAL RATIOS

The table below sets forth the key financial ratios of our Group for the years or as of the dates indicated:

	For the year ended/As of December 31,	
	2019	**2020**
Gross margin[(1)]	24.2%	58.9%
Current ratio[(2)]	3.8	7.2
Gearing ratio[(3)]	14.1%	8.1%

Notes:

(1) Gross margin equals gross profit divided by revenue for the year.

(2) Current ratio equals current assets divided by current liabilities as of the end of the year.

(3) Gearing ratio equals the total sum of interest-bearing loans and lease liabilities divided by total equity as of the end of the year.

[**REDACTED**]

OUR SHAREHOLDING STRUCTURE

Our Single Largest Group of Shareholders

Dr. Zhao, Dr. Zhong, Dr. Li, Ms. Wei, Zhuhai Tongqiao Investment, Hangzhou Fujiang, Zhuhai Guichuang, Huzhou Guiqiao, WEA and Nanjing Yuyihui, through the acting-in-concert arrangement under a concert party agreement dated January 21, 2021, were together interested in 36.55% of the total issued Shares as of the Latest Practicable Date and will be interested in approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme). Therefore, the aforementioned Shareholders will not be regarded, as our Controlling Shareholders upon [**REDACTED**], but they will remain as our Single Largest Group of Shareholders upon [**REDACTED**]. Dr. Zhao and Dr. Li, each being an executive Director of the Company, will also act in accordance with their fiduciary duty as Directors of the Company and all applicable laws and regulations while exercising their rights as Shareholders. For further details of the acting-in-concert arrangement among our Single Largest Group of Shareholders, see "Relationship with Our Single Largest Group of Shareholders."

[**REDACTED**] Investments

Since 2015, we have entered into several rounds of financing agreements with our [**REDACTED**] Investors. For further details of the identity and background of the [**REDACTED**] Investors, see "History, Development and Corporate Structure – Detailed Terms of the [**REDACTED**] Investments – (5) Information about our [**REDACTED**] Investors."

DIVIDEND

No dividend has been paid or declared by us for the year ended December 31, 2019 and 2020. You should note that historical dividend distributions are not indicative of our future dividend distribution policy.

After completion of the [**REDACTED**], our Shareholders will be entitled to receive dividends we declare. As of the Latest Practicable Date, we did not have a formal dividend policy. The Board has approved a dividend policy, which will become effective upon [**REDACTED**]. Under the dividend policy, we intend to provide our Shareholders with interim or annual dividends as appropriate. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, including (where required) the approval of Shareholders.

PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profits to make dividend distributions to our Shareholders, even if we become profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years. Our dividend distribution may also be restricted if we incur debt or losses or in accordance with any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future. For details, please see "Financial Information – Dividend".

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**] million, after deducting [**REDACTED**], fees and estimated expenses payable by us in connection with the [**REDACTED**], assuming no [**REDACTED**] is exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] stated in this document.

We intend to use the net [**REDACTED**] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to our Core Products:
  - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the ongoing research and development, production and commercialization of Thrombite CRD;
  - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the ongoing research and development, production and commercialization of Core Product Ultrafree DCB;
- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the ongoing research and development, production and commercialization of our other five major products;
- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to our other 38 products and pipeline candidates in order to develop our product portfolio to provide total solutions.

For further details on our future development plan, see "Business – Our Strategies – Continue to accelerate product development and expand our product portfolio to provide total solutions".

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to further upgrade our research and development facility, including software and hardware infrastructures in both Hangzhou and Zhuhai, and planned office expansion and upgrade in Zhuhai;

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated for potential strategic acquisitions, investments, in-licensing or collaborations; and

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for our working capital and general corporate purposes.

For further details, see "Future Plans and Use of [**REDACTED**]".

RISK FACTORS

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks are set out in "Risk Factors" in this Document. Some of the major risks we face include:

- Our largest domestic distributor accounted for a material portion of our revenue in 2020. Any deterioration of our relationship with such distributor could have a material adverse effect on our results of operations, business and growth.

- Our revenues during the Track Record Period, our substantially rely on six commercialized products.

- We face substantial competition, tendering and pricing pressure in the medical device and the relatively mature peripheral-vascular interventional device markets, which may result in others discovering, developing or commercializing competing products before or more successfully than we do.

- Our future growth depends substantially on the success of our product candidates. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.

- Delays in completing and receiving regulatory approvals for our manufacturing facilities, or damage to, destruction of or interruption of production at such facilities, could delay our development plans or commercialization efforts.

- If we fail to increase our production capacity as planned, our business prospects could be materially and adversely affected.

- If we are not able to obtain, or experience delays in obtaining, regulatory approvals, we will not be able to commercialize our product candidates, and our ability to generate revenue will be materially impaired.

- If we are unable to obtain and maintain patent protection for our products and product candidates through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us.

- We have incurred net losses since our inception and may incur net losses for the foreseeable future, and you may lose substantially all your investments in us given the high risks involved in the medical device business.

- Our operations and business plans may be adversely affected by natural disasters, health epidemics and pandemics, civil and social disruption and other outbreaks, in particular the COVID-19 outbreak.

[**REDACTED**] EXPENSE

The total [**REDACTED**] expenses (including [**REDACTED**]) payable by our Company are estimated to be approximately HK$[**REDACTED**] (or approximately RMB[**REDACTED**]) assuming the [**REDACTED**] is not exercised and based on an [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of our [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]) and are estimated to account for [**REDACTED**]% of the gross [**REDACTED**] of the [**REDACTED**]. These [**REDACTED**] expenses mainly comprise legal and other professional fees paid and payable to the professional parties, [**REDACTED**] payable to the [**REDACTED**], and printing and other expenses for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**].

No such expenses were recognized or charged to our consolidated statements of profit or loss for the years ended December 31, 2019 and 2020. We estimate that additional [**REDACTED**] expenses of approximately HK$[**REDACTED**] (assuming the [**REDACTED**] is not exercised and based on the mid-point of our [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]) will be incurred by our Company, approximately RMB[**REDACTED**] of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**] of which is expected to be capitalized.

The [**REDACTED**], the Hong Kong Stock Exchange trading fees and the SFC transaction levies, are expected to be HK$[**REDACTED**] and HK$[**REDACTED**], respectively, assuming the [**REDACTED**] is not exercised and based on an [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of our [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]).

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Newly-approved products in 2021

In March 2021, we obtained NMPA approvals for Intracranial PTA balloon catheter (Rx) and Distal Access Catheter, respectively. We expect to start commercialization of these two newly-approved products by the end of the second quarter of 2021.

In June 2021, we obtained NMPA approval for Balloon Guiding Catheter (BGC) and we expect to start commercialization in the third quarter of 2021.

Forecast Loss and selling price trend in 2021

We incurred losses during the Track Record Period and will continue to incur significant losses in 2021, as we continue to invest heavily in our R&D activities to expand our development of and seek regulatory approvals for our product candidates. For details, see "Business – Sales and Marketing."

Impact of COVID-19 Outbreak

We do not expect our planned commercialization in China will be adversely affected by the COVID-19 pandemic. As the future impact of COVID-19 in Europe is still uncertain, we expect our business operations, planned regulatory process and commercialization in Europe will continue to be subject to the impact of the COVID-19 pandemic.

It is uncertain when and whether COVID-19 could be contained globally. We plan to continue implementing our remedial measures and may implement additional measures as necessary to ease the impact of the COVID-19 outbreak on our operations. However, we cannot guarantee you that the COVID-19 pandemic will not further escalate or have a material adverse effect on our results of operations, financial position or prospects. For more details, see "Risk Factors – Risks relating to Our General Operations – Our operations and business plans may be adversely affected by natural disasters, health epidemics and pandemics, civil and social disruption and other outbreaks, in particular the COVID-19 outbreak" and "Financial Information – Recent Development and No Material Adverse Change – Impact of COVID-19 Outbreak".

Capital increase subscribed by Huzhou Guiqiao

Pursuant to a Board resolution of our Company dated January 19, 2021, the registered capital of our Company was increased from RMB225,061,728 to RMB234,638,823, and Huzhou Guiqiao agreed to subscribe for the increased registered capital of RMB9,577,095 of our Company at a consideration of RMB20,400,000. The abovementioned capital increase was completed on January 19, 2021. Huzhou Guiqiao is one of our Employee Incentive Platforms. For more details, see "History, Development and Corporate Structure – Capital increase subscribed by Huzhou Guiqiao".

Series C+ Financing and valuation of the Group

Pursuant to a capital increase agreement dated January 20, 2021 entered into by and amongst LBC Sunshine Healthcare Fund II L.P. ("LBC Sunshine"), AIHC, Cormorant Global Healthcare Master Fund, LP ("Cormorant"), Hudson Bay Master Fund Ltd. ("Hudson Bay"), Octagon Investments Master Fund LP ("Octagon"), Fangyuan Chuangying, OAP, Homehealth Investment Limited ("Homehealth") and our then Shareholders, the registered capital of our Company was increased from RMB234,638,823 to RMB263,401,001, and the abovementioned [**REDACTED**] Investors agreed to subscribe for the increased registered capital of RMB28,762,178 of our Company at a total consideration of US$76,000,000 (the "Series C+ Financing"). Following the completion of Series C+ Financing, the valuation of the Group is expected to further increase primarily taken into account (a) the post-money valuation of the Series C+ Financing; (b) the expected capital raising during the [**REDACTED**]; (c) our business growth since completion of the Series C+ Financing in January 2021, and (d) the difference in risks undertaken by the [**REDACTED**] investors investing in a private company vis-à-vis investors investing in a public company. For more details, see "History, Development and Corporate Structure – Series C+ Financing" and "History, Development and Corporate Structure – Detailed Terms of the [**REDACTED**] Investments".

No Material Adverse Change

Our Directors confirm that up to the date of this Document, save as disclosed in this Document, there has been no material adverse change in our financial, operational or trading positions or prospects since December 31, 2020, being the end of the period reported on as set out in the Accountant's Report included in Appendix I to this Document.

In this Document, unless the context otherwise requires, the following terms and expressions have the meanings set forth below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this Document.

"2019 AIC Agreement"	a concert party agreement dated January 17, 2019 entered into by and amongst Dr. Zhao, Dr. Zhong, Dr. Li, Ms. Wei, Zhuhai Tongqiao Investment, Hangzhou Fujiang, WEA and Nanjing Yuyihui
"2020 AIC Agreement"	the concert party agreement dated September 28, 2020 entered into by and amongst Dr. Zhao, Dr. Zhong, Dr. Li, Ms. Wei, Zhuhai Tongqiao Investment, Hangzhou Fujiang, Zhuhai Guichuang, WEA and Nanjing Yuyihui
"2021 AIC Agreement"	the concert party agreement dated January 21, 2021 entered into by and amongst Dr. Zhao, Dr. Zhong, Dr. Li, Ms. Wei, Zhuhai Tongqiao Investment, Hangzhou Fujiang, Zhuhai Guichuang, Huzhou Guiqiao, WEA and Nanjing Yuyihui
"Acotec"	Acotec Scientific Holdings Limited
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"APT Medical"	APT Medical Inc.
"Articles of Association" or "Articles"	the articles of association of our Company, as amended, which shall become effective on the [**REDACTED**], a summary of which is set out in Appendix VI in this Document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of our Company
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compound annual growth rate

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant

[**REDACTED**]

"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CEO"	the chief executive officer of our Company

"China" or "PRC"	the People's Republic of China excluding, for the purpose of this Document, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "the Company"	Zylox-Tonbridge Medical Technology Co., Ltd.* (歸創通橋醫療科技股份有限公司), a limited liability company incorporated in the PRC on November 6, 2012 and converted into a joint stock limited liability company incorporated in the PRC on March 2, 2021, whose predecessor was Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires
"Core Products"	Thrombite CRD and Ultrafree DCB, the designated "core products" as defined under Chapter 18A of the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"CSDCC"	China Securities Depositary and Clearing Corporation* Limited (中國證券登記結算有限責任公司)
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)" or "our Director(s)"	the director(s) of our Company

"Domestic Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.0 each, which are subscribed for or credited as paid in Renminbi
"Dr. Li"	Dr. Zheng Li (李崢), an executive Director, a senior vice president of our Company, a member of the Single Largest Group of Shareholders and the spouse of Ms. Wei
"Dr. Zhao"	Dr. Jonathon Zhong Zhao (趙中), the chairman of the Board, an executive Director and a member of the Single Largest Group of Shareholders
"Dr. Zhong"	Dr. Shengping Sam Zhong (鍾生平), a member of the Single Largest Group of Shareholders
"EIT"	enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法) adopted by the Tenth National People's Congress on March 16, 2007, and effective on January 1, 2008
"Employee Incentive Schemes"	the employee incentive schemes of our Company approved and adopted by our Board, a summary of the principal terms of which is set forth in "Appendix VII – Statutory and General Information – Further Information About Our Directors, Supervisors, Management and Substantial Shareholders – 5. Employee Incentive Schemes"
"Employee Incentive Platforms"	Hangzhou Fujiang, Zhuhai Guichuang, Zhuhai Tongqiao Investment and Huzhou Guiqiao
"Exchange Participant"	a person (a) who, in accordance with the Listing Rules of the Hong Kong Stock Exchange, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"Frost & Sullivan"	Frost & Sullivan International Limited, an independent market, research and consulting company

"Frost & Sullivan Report"	the report commissioned by the Company and independently prepared by Frost & Sullivan, a summary of which is set forth in the section headed "Industry Overview" in this Document
	[**REDACTED**]
"Group," "our Group," "we" or "us"	our Company and our subsidiary
"H Share(s)"	overseas listed foreign share(s) in the share capital of our Company with a nominal value of RMB1.0 each, which is/are to be subscribed for and traded in HK dollars and to be [**REDACTED**] on the Hong Kong Stock Exchange
	[**REDACTED**]
"Hangzhou Fujiang"	Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業（有限合夥）), a limited partnership established in the PRC on July 27, 2015, of which Hangzhou Lanshan Enterprise Management Partnership (Limited Partnership) (杭州闌珊企業管理合夥企業（有限合夥）) is the sole general partner, one of the Employee Incentive Platforms, and a member of the Single Largest Group of Shareholders
"HeartCare Medical"	Shanghai HeartCare Medical Technology Corporation Limited
	[**REDACTED**]

"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly- owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[**REDACTED**]

Huzhou Guiqiao	Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業（有限合夥）), a limited partnership established in the PRC on December 31, 2020, of which Dr. Zhao is the sole general partner, one of the Employee Incentive Platforms, and a member of the Single Largest Group of Shareholders
"IFRS"	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by IASB and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC)
"Independent Third Party(ies)"	any entity(ies) or person(s) who is not a connected person of our Company within the meaning of the Hong Kong Listing Rules

[**REDACTED**]

[**REDACTED**]

"JLL"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the independent property valuer commissioned by us to conduct property valuation on the properties of our Company

[**REDACTED**]

"Joint Sponsors"	Morgan Stanley Asia Limited and CLSA Capital Markets Limited
"Latest Practicable Date"	June 7, 2021 being the latest practicable date for the purpose of ascertaining certain information contained in this Document prior to its publication
"LifeTech Scientific"	LifeTech Scientific Corporation

[**REDACTED**]

"Listing Committee"	the Listing Committee of the Hong Kong Stock Exchange

[**REDACTED**]

"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with Growth Enterprise Market of the Hong Kong Stock Exchange
"Mandatory Provisions"	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款), as amended, supplemented or otherwise modified from time to time, for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas (including Hong Kong), which were promulgated by the former Securities Commission of the State Council and the former State Commission for Restructuring the Economic Systems on September 29, 1994
"MicroPort"	MicroPort Scientific Corporation
"Ministry of Finance" or "MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Ms. Wei"	Ms. Na Wei (衛娜), a member of the Single Largest Group of Shareholders and the spouse of Dr. Li
"Nanjing Yuyihui"	Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業（有限合夥）), a limited partnership established in the PRC on December 18, 2015, of which Ms. Wei is the sole general partner, a member of the Single Largest Group of Shareholders
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)

[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"Peijia Medical"	Peijia Medical Limited
"PRC Company Law"	the Company Law of the People's Republic of China (中華人民共和國公司法)
"PRC GAAP"	generally accepted accounting principles in the PRC

"PRC Government" or "State"	the central government of the PRC, including all governmental subdivisions (including principal, municipal and other regional or local government entities) and instrumentalities
"PRC Legal Advisor"	Grandall Law Firm (Shanghai), our legal advisor as to PRC laws
"[**REDACTED**] Investment(s)"	the investment(s) in our Company undertaken by the [**REDACTED**] Investors pursuant to the respective equity transfer agreement(s) and capital increase agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this Document
"[**REDACTED**] Investor(s)"	the investor(s) from whom our Company obtained several rounds of investments, details of which are set out in the section headed "History, Development and Corporate Structure" in this Document
"[**REDACTED**] Share Option Scheme"	the [**REDACTED**] share option scheme of our Company approved and adopted by our Board on January 18, 2021, as amended from time to time, a summary of the principal terms of which is set forth in "Appendix VII – Statutory and General Information – Further Information About Our Directors, Supervisors, Management and Substantial Shareholders – 6. [**REDACTED**] Share Option Scheme"

[**REDACTED**]

"Property Valuation Report"	the text of a letter, the summary of values and valuation certificates from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, as set out in Appendix III to this Document

[**REDACTED**]

"Province"	each being a province or, where the context requires, a provincial-level autonomous region or municipality under the direct supervision of the central government of the PRC
"Qualified Institutional Buyer" or "QIB"	a qualified institutional buyer within the meaning of Rule 144A under the U.S. Securities Act
"Regulation S"	Regulation S under the U.S. Securities Act
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
"SAT"	the State Administration of Taxation of the PRC (國家税務總局)
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"Shanghai-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shanghai Stock Exchange, HKSCC and CSDCC for the establishment of mutual market access between Hong Kong and Shanghai, including Southbound Trading and Northbound Trading
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.0 each
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links program to be developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and CSDCC for the establishment of mutual market access between Hong Kong and Shenzhen

"Single Largest Group of Shareholders"	refers to Dr. Zhao, Dr. Zhong, Dr. Li, Ms. Wei, Zhuhai Tongqiao Investment, Hangzhou Fujiang, Zhuhai Guichuang, Huzhou Guiqiao, WEA and Nanjing Yuyihui. See the section headed "Relationship with our Single Largest Group of Shareholders" in this Document
"Sinomed"	Sino Medical Sciences Technology Inc.
"Sophisticated Investor(s)"	has the meaning ascribed to it under Guidance Letter HKEX-GL92-18 issued by the Stock Exchange, and unless the context otherwise requires, refers to OAP, FIIF, LBC Sunshine, AIHC, Five Investment, Highlight Medical and Ourea Biotech
"Special Regulations"	the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on August 4, 1994
	[**REDACTED**]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-back issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the periods comprising the two financial years ended December 31, 2019 and 2020
	[**REDACTED**]

[**REDACTED**]

"Unlisted Foreign Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.0 each, which is/are subscribed for or credited as paid in a currency other than Renminbi, held by foreign investors and not listed on any stock exchange
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollar", "US$" or "USD"	United States dollar, the lawful currency of the United States
"U.S. FDA" or "FDA"	U.S. Food and Drug Administration
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"WEA"	WEA Enterprises, LLC, a limited liability company incorporated in the State of Delaware, U.S., on March 31, 2015, a member of the Single Largest Group of Shareholders
"Zhejiang Zylox"	Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司), the predecessor of our Company established under the laws of the PRC on November 6, 2012
"Zhuhai Guichuang"	Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥), a limited partnership established in the PRC on April 27, 2020, of which Dr. Zhao is the sole general partner, one of the Employee Incentive Platforms, and a member of the Single Largest Group of Shareholders
"Zhuhai Tonbridge"	Zhuhai Tonbridge Medical Technology Co., Ltd. (珠海通橋醫療科技有限公司), a limited liability company established under the laws of the PRC on February 26, 2016 and our Company's sole subsidiary

"Zhuhai Tongqiao Investment"	Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), a limited partnership established in the PRC on September 2, 2016, of which Dr. Zhao is the sole general partner, one of the Employee Incentive Platforms, and a member of the Single Largest Group of Shareholders

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiary) have been included in this Document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

* *For identification purpose only*

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in this Document in connection with our Company and its business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

"AAA – abdominal aortic aneurysm"	the aneurysm-like dilatation of the abdominal aorta with permanent localized dilatation of more than 50% of the normal vascular diameter
"AHA"	American Heart Association
"AIS – acute ischemic stroke"	one subtype of ischemic intracranial vascular diseases, which is caused by thrombotic or embolic occlusion of an intracranial artery
"AVF – arteriovenous fistula"	a mainstream vascular access method for long-term use of HD dialysis
"BGC – balloon guiding catheter"	a large lumen catheter with a compliance balloon at the distal tip of the catheter. intending to facilitate the insertion and guidance of an intravascular catheter
"BTK"	below-the-knee
"CDT – catheter directed thrombolysis"	the intermittent pulse injection or continuous infusion of thrombolytic drugs into the thrombus through the catheter under the guidance of imaging technology to achieve the purpose of dissolving the thrombus
"CE Mark"	a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area
"CNIPA"	China National Intellectual Property Administration
"CRC"	clinical research coordinator, a specialized research professional party that supports, facilitates and coordinates the daily clinical trial activities of the study
"CRO"	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contractual basis

GLOSSARY OF TECHNICAL TERMS

"CRD – clot retriever device"	a minimally invasive device to capture and remove the clot blocking blood vessels to treat neurovascular diseases such as acute ischemic stroke
"CVD – chronic venous disease"	typically occurring in lower limb veins, causing blood to collect in the veins and lowering the return of the blood to the heart
"DCB – drug-coated balloon"	angioplasty balloons (usually semi-compliant) coated with a cytotoxic chemotherapeutic agent
"DEB – drug-eluting balloon"	conventional semi-compliant angioplasty balloons covered with drug which is released into the vessel wall during inflation of the balloon, usually at nominal pressures with a specific minimal inflation time
"DES – drug-eluting stent"	drug-eluting stent with anti-proliferation drug coated on its surface
"DVT – deep vein thrombosis"	deep vein thrombosis, occurring when a blood clot forms in one or more of the deep veins in the body, usually in the leg
"EMA"	European Medicines Agency
"EVLA – endovenous laser ablation"	a non-surgical and minimally invasive procedure of endovenous thermal ablation
"GCP"	good clinical practice, an international ethical and scientific quality standard for the performance of a clinical trial on medicinal products involving humans
"GMP"	good manufacturing practices, the aspect of quality assurance that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
"hemorrhagic stroke"	a stroke that occurs when a blood vessel ruptures within the brain (intracerebral hemorrhage, i.e. ICH) or into the space surrounding the brain (subarachnoid hemorrhage, i.e. SAH)

GLOSSARY OF TECHNICAL TERMS

"ischemic stroke"	a stroke caused by a blockage in an artery that supplies blood to the brain
"IVC – inferior vena cava"	a large vein that carries the deoxygenated blood from the lower and middle body into the right atrium of the heart
"IVCF – inferior vena cava filter"	a medical device implanted into the inferior vena cava to prevent blood clots from moving through blood into the lungs
"IVCS – iliac vein compression syndrome"	a syndrome in which the iliac vein is compressed by the iliac artery that spans from its front, resulting in changes such as intraluminal adhesion, luminal stenosis, or occlusion of the vein, which in turn causes obstruction of the iliac vein flow, producing a range of clinical symptoms
"IVT – intravenous thrombolysis"	a standard treatment to ischemic stroke if administered within a strict time window (4.5 hours) from symptom onset
"KOL"	Key Opinion Leaders; renowned physicians that are able to influence their peers' medical practice
"LEAD"	lower extremity artery disease, the narrowing or blockage of leg arteries
"LINC"	Leipzig Interventional Course, an interdisciplinary live course widely regarded as one of the most authoritative industry events for the discussion of advanced technologies used in endovascular interventions
"mm"	millimeter, a unit of measure for length
"MNC"	multinational corporation
"mRS score"	the modified Rankin Scale, a commonly used scale runs from 0-5 (from fully independent to death) for measuring the degree of disability or dependance in the daily activities of people who have suffered a stroke or other causes of neurological disability
"MT – mechanical thrombectomy"	an advanced minimally invasive treatment of ischemic strokes

"mTICI score"	the modified treatment in cerebral infarction score ranges from 0-3, where 0 means no perfusion and 3 means complete antegrade reperfusion of the previously occluded target artery ischemic territory, with absence of visualized occlusion in all distal branches
"NIHSS score"	the National Institutes of Health Stroke Scale, a tool used by healthcare providers to objective quantify the impairment caused by a stroke. The NIHSS is composed of 11 items, each of which scores a specific ability between a 0 and 4. For each item, a score of 0 typically indicates normal function in that specific ability, while a higher score is indicative of some level of impairment. The maximum possible score is 42, with the minimum score being a 0
"non-inferiority clinical trial"	a clinical trial that shows that a new treatment is equivalent to a standard treatment
"OEM"	Original Equipment Manufacturer, a company that manufactures and sells products or parts of a product that their buyer, another company, sells to its own customers while putting the products under its own branding
"PAD – peripheral artery disease"	peripheral artery disease, the narrowing or blockage of arteries outside the heart or brain
"PE – pulmonary embolism"	a blockage in one of the pulmonary arteries in the lungs. Caused by blood clots that travel to the lungs from deep veins in the legs or, rarely, from veins in other parts of the body
"PMT – percutaneous mechanical thrombectomy"	a percutaneous interventional procedure where a thrombectomy device is passed to the site of DVT to remove blood clots by different mechanical means
"PTA – percutaneous transluminal angioplasty"	a percutaneous interventional procedure that can open up blocked peripheral arteries using a catheter with a balloon at the end of it, allowing blood to circulate unobstructed
"recanalization"	the process of restoring flow to or reuniting an interrupted channel of a bodily tube (such as a blood vessel)

"revascularization"	the restoration of the blood circulation of an organ or area
"RFA – radiofrequency ablation"	a non-surgical and minimally invasive procedure that uses an electric current to heat up a small area of nerve tissue to stop it from sending pain signals
"SFA"	superficial femoral artery
"SMO"	site management organization, an organization that provides clinical trial related services to medical device companies having adequate infrastructure and staff to meet the requirements of the clinical trial protocol
"sq.m."	square meter, a unit of area
"Two Invoice System"	on December 26, 2016, eight government departments including the NMPA issued the Notice on Opinions on the Implementation of the Two Invoice System in Drug Procurement by Public Medical Institutions (for Trial Implementation) (《關於在公立醫療機構藥品採購中推行兩票制的實施意見(試行)》) (the "Notice"). According to the Notice, the "Two Invoice System" refers to issuing invoice at the time from a pharmaceutical manufacturer to a circulating enterprise, and issuing invoice again at the time from a circulating enterprise to a medical institution
"TAA – thoracic aorta aneurysm"	abnormal dilation (more than 50% of the normal diameter) of the arteries in the aortic sinus, ascending aorta, aortic arch or descending aorta
"TIA – transient ischemic attack"	a stroke lasting only a few minutes and happening when the blood supply to part of the brain is briefly blocked
"vascular intima"	the inner layer of the blood vessel that is in contact with blood flow
"VCDs – vascular closure device"	medical devices used to achieve hemostasis of the small hole in the artery after a cardiovascular procedure of endovascular surgery requiring a catheterization
"vessel patency"	the degree of openness of a tube, such as a blood vessel or catheter; the relative absence of blockage

"vessel restenosis"	restenosis is the recurrence of stenosis, a narrowing of a blood vessel, leading to restricted blood flow
"VV – varicose vein"	also known as varicoses, occurring when a superficial vein becomes enlarged, swollen and twisted or when faulty valves in a vein allow blood to flow in the wrong direction or to pool

We have included in this Document forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements. historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This Document contains forward-looking statements and information relating to us and our subsidiary that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Document, the words "aim," "anticipate," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would," "vision," "aspire," "target," "schedules," and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this Document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our ability to maintain relationship with, and the actions and developments affecting, our major customers, suppliers and subcontractors;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- the effects of the on-going COVID-19 crisis;
- our ability to maintain the market leading positions;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;

- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies, including our service and geographic expansion plans;
- our ability to defend our intellectual rights and protect confidentiality;
- the effectiveness of our quality control systems;
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate; and
- capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors" in this Document.

In this Document, statements of or references to our intentions or those of our Directors are made as of the date of this Document. Any such information may change in light of future developments.

An [**REDACTED**] *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" section, before deciding to* [**REDACTED**] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such an event, the market price of our H Shares could decline, and you may lose all or part of your* [**REDACTED**]. *Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.*

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-looking Statements" in this document.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business, comprising (a) risks relating to the development of our product candidates, (b) risks relating to commercialization and distribution of our products, (c) risks relating to manufacture and supply of our products, (d) risks relating to extensive government regulations, (e) risks relating to our intellectual property rights, and (f) risks relating to our reliance on third parties; (ii) risks relating to our financial position and need for additional capital; (iii) risks relating to our general operations; (iv) risks relating to doing business in China; and (v) risks relating to the [**REDACTED**].

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR BUSINESS

Risks Relating to the Development of Our Product Candidates

Our revenues during the Track Record Period substantially rely on six commercialized products.

During the Track Record Period, our revenue was derived from the sales of our two commercialized Core Products, namely Thrombite CRD, and Ultrafree DCB, and our other four products, including intracranial support catheter, peripheral stent system, PTA balloon catheter and high pressure PTA balloon catheter. We expect that sales of the above-mentioned products will continue to account for a significant portion of our total revenue in the near future.

However, we cannot assure you that demand for the above-mentioned products will continue to reach the levels as anticipated. There is also no assurance that we will be able to achieve the expected sales and profit margin for the abovementioned products, which may be adversely affected by many factors outside of our control, including downward pricing pressure caused by changes in market competition, expiration of patent protection, introduction of substitute products marketed by our competitors, disruptions in manufacturing or sales, issues with respect to product quality or severe adverse events incurred after the procedure, coverage of medical insurance and disputes over intellectual property or other matters with third parties. If we are unable to achieve the expected sales volumes, pricing levels or profit margins of the above-mentioned products, our business, financial condition and results of operations may be materially and adversely affected. Moreover, there is no guarantee that we may be able to develop or acquire new products that would diversify our product portfolio and reduce our dependence on the abovementioned products or to do so in a timely or competitive manner.

Our future growth depends substantially on the success of our product candidates. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.

Our business substantially depends on the successful development, regulatory approval and commercialization of our product candidates for the treatment of patients with neurovascular and peripheral-vascular diseases, which are still in clinical development or design stage, and other product candidates we may develop in the future. We have invested a significant portion of our efforts and financial resources in the development of our existing product candidates. We incurred net losses for the years ended December 31, 2019 and 2020, because the expenses we incurred exceeded the gross profit generated from the sales of our current products. For example, we incurred R&D costs of RMB53.0 million and RMB72.1 million in 2019 and 2020, amounting to 1,078.5% and 260.8% of our total revenue for the same years. Whether we can generate profit from our operating activities largely depends on the successful commercialization of our product candidates.

As of the Latest Practicable Date, we had 37 product candidates at various development stages in China including 7 at registration stage, 9 at clinical trial stage, 11 at type testing stage, and 10 at design stage. The success of our product candidates will depend on several factors, including but not limited to:

- successful enrollment in, and completion of, clinical trials, as well as completion of preclinical studies;
- favorable safety and efficacy data from our clinical trials and other studies;
- receipt of regulatory approvals;
- establishing commercial manufacturing capabilities, either by building facilities ourselves or making arrangements with third-party manufacturers;
- the performance by any third parties we may retain in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data;
- obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity;
- ensuring we do not infringe, misappropriate or otherwise violate the patent, trade secret or other intellectual property rights of third parties;
- successfully launching our product candidates, if and when approved;
- obtaining favorable governmental and private medical reimbursement for our products, if and when approved;
- competition with other neurovascular or peripheral-vascular products; and
- continued acceptable safety profile following regulatory approval.

If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or be unable to obtain approval for and/or to successfully commercialize our product candidates, which would materially harm our business and we may not be able to generate sufficient revenues and cash flows to continue our operations.

We face substantial competition, tendering and pricing pressure in the medical device and the relatively mature peripheral-vascular interventional device markets, which may result in others discovering, developing or commercializing competing products before or more successfully than we do.

The development and commercialization of new products is highly competitive. We face competition, tendering and pricing pressure in the medical device and the relatively mature peripheral-vascular interventional device markets from major medical device companies worldwide. A number of companies in the global market currently market and sell interventional medical device for neurovascular and peripheral-vascular diseases or are pursuing the development of such products for the treatment of neurovascular and peripheral-vascular diseases for which we are commercializing our products or developing our product candidates. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization. According to Frost & Sullivan, MNCs have a dominant share in neuro- and peripheral-vascular intervention market in China and we may not be able to take enough market share from them.

Our commercial opportunities could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer severe adverse events, are more convenient or are less expensive than any products that we commercialize or may develop. Our competitors may also be applying for marketing approvals in China or other countries for medical device products with the same intended use as our products and product candidates. The ability of the relevant authorities, such as NMPA, to concurrently review multiple marketing applications for the same type of innovative medical device may be limited. When our product and its competing products are subject to the NMPA's concurrent review, the NMPA's schedule may be affected, and the registration process of our product may be prolonged. Moreover, our competitors may obtain approval from the NMPA, EMA or other comparable regulatory authorities for their products more rapidly than we obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market and/or slow our regulatory approval.

Many of the companies against which we are competing have significantly greater financial resources and expertise in R&D, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do. Mergers and acquisitions in the medical device industries may result in even more resources being concentrated among a small number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. Our business and results of operations will suffer if we fail to compete effectively.

If we do not introduce new products in a timely manner, our products may become obsolete and our operating results may suffer.

The interventional medical device industry is characterized by technological changes, frequent new product introductions, and evolving industry standards. Without the timely introduction of new and improved products, our products could become technologically obsolete or more susceptible to competition and our revenue and operating results would suffer. Even if we develop new or improved products, our ability to market them could be limited by the need for regulatory clearance, restrictions imposed on approved indications, entrenched patterns of clinical practice, uncertainty over third-party reimbursement, or other factors. We devote significant financial and other resources to our R&D activities. We incurred R&D costs of RMB53.0 million and RMB72.1 million in 2019 and 2020, which accounted for 1,078.5% and 260.8% of our total revenue for the same periods. The R&D process is lengthy and entails considerable uncertainty. Products we are currently developing may not complete the development process or obtain the regulatory or other approvals required to market such products in a timely manner or at all.

Technical innovations often require substantial time and investment before we can determine their commercial viability. We may not have the financial resources necessary to fund all of these projects. In addition, even if we are able to successfully develop new or improved products, they may not produce revenue in excess of the costs of development or achieve the desired financial return, and they may be rendered obsolete or less competitive by changing customer preferences or the introduction by our competitors of products with newer technologies or features or other factors.

If we encounter difficulties enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons, including the nature and size of the patient population and the patient eligibility criteria defined in protocols. Our clinical development activities also depend on the ability of our CROs and SMOs to conduct or assist in conducting our clinical trials safely and efficiently and in accordance with our specified trial protocols. Our inability to reach agreements on acceptable terms with prospective CROs, SMOs and hospitals as trial centers, the terms of which can be subject to extensive negotiation and may vary significantly among different trial centers, will delay or otherwise adversely affect our clinical development activities.

Our clinical trials will likely compete with other clinical trials for product candidates that are in the same therapeutic areas as our product candidates. This competition will reduce the number and types of patients available to us, because some patients who might have opted to enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors. Because the number of qualified clinical investigators and clinical trial sites is limited, we expect to conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients who are available for our clinical trials at such clinical trial sites. Even if we are able to enroll a sufficient number of patients in our clinical trials, delays in patient enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these trials and adversely affect our ability to advance the development of our product candidates.

Uncertainties or failures of the clinical trials of our product candidates may have a material and adverse effect on our business operations.

Before obtaining regulatory approval for the sale of our certain product candidates, we may be required to conduct extensive clinical trials to demonstrate the sensitivity and specificity of our tests, and, depending on the type of our relevant product candidates, the clinical trials may require large prospective clinical study that is far more rigorous and expensive than other existing tests or auxiliary diagnostic products. We may experience numerous unexpected events during, or as a result of, clinical trials that could delay or prevent our ability to receive regulatory approval or commercialize our product candidates, including but not limited to:

- regulators, institutional review boards (IRBs), or ethics committees may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;

- our inability to reach agreements on acceptable terms with prospective CROs and hospitals as trial centers, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and hospitals as trial centers;

- manufacturing issues, including problems with manufacturing, supply quality, or obtaining sufficient quantities of a product candidate for use in a clinical trial;

- insufficient testing capabilities to meet the needs for clinical trials;

- failure of our product to demonstrate superior results than competing or alternative products, if applicable;

- clinical trials of our product candidates may fail to demonstrate the sensitivity and specificity in cancer screening as anticipated, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs;

- the number of subjects required for clinical trials of our product candidates may be larger than we anticipate, enrollment may be insufficient or slower than we anticipate or subjects may drop out at a higher rate than we anticipate;

- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;

- we might have to suspend or terminate clinical trials of our product candidates for various reasons, including a finding of a lack of clinical response or other unexpected characteristics; and

- the initial or interim results of the clinical trial may not be predictive of the final results.

If we are required to conduct additional clinical trials or other testing of our product candidates beyond those that we currently contemplate, if we are unable to successfully complete clinical trials of our product candidates or other testing, if the results of these trials or tests are not positive or are only modestly positive or if they raise safety concerns, we may:

- be delayed in obtaining regulatory approval for our product candidates;

- not obtain regulatory approval at all;

- obtain approval for indications that are not as broad as intended;

- have the product removed from the market after obtaining regulatory approval;

- be subject to additional post-marketing testing requirements;

- be subject to restrictions on how the product is distributed or used; or

- be unable to obtain reimbursement for use of the product.

If we experience delays in the completion of, or the termination of, a clinical trial of any of our product candidates if applicable, the commercial prospects of that product candidate will be harmed, and our ability to generate product sales revenues from any of those product candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process, and jeopardize our ability to commence product sales and generate related revenues for that candidate. Any of these occurrences may harm our business, financial condition and prospects significantly.

We may not be successful in developing, enhancing or adapting to new technologies and methodologies.

We must keep pace with new technologies and methodologies to maintain our competitive position, therefore we must continue to invest significant amounts of human and capital resources to develop or acquire new and more advanced technologies. Although technical innovations often require substantial time and investment before we can determine their commercial viability, we intend to continuously enhance our technical capabilities in research and development and manufacturing. We cannot assure you that we will be able to successfully identify new technological opportunities, enhance or adapt to new technologies and methodologies, develop new or improved products, secure sufficient intellectual property protection for such new or improved products, obtain the necessary regulatory approvals in a timely and cost-effective manner, or achieve market acceptance after such products are launched. Any failure to do so could harm our business and prospects.

Risks Relating to Commercialization and Distribution of Our Products

Our largest domestic distributor accounted for a material portion of our revenue in 2020. Any deterioration of our relationship with such distributor could have a material adverse effect on our results of operations, profitability, business and growth.

During the Track Record Period, in line with industry practice, we sold our products primarily to third-party distributors who resold our products to hospitals and we did not sell our products directly to hospitals. In 2019 and 2020, our sales to distributors accounted for 92.2% and 99.0% of our revenue, respectively.

In particular, pursuant to the distribution agreements that we entered into with our largest domestic distributor in 2020, such distributor is authorized to sell designated products within designated area to sub-distributors with prior written authorization. During the Track Record Period, our sales to such distributor accounted for nil and approximately 78.3% of our revenue in 2019 and 2020, respectively. We expect to continue to generate a significant portion of our revenue from such distributor in the foreseeable future. If such distributor cannot effectively and efficiently continue to operate its distribution network in the PRC, or if its sales of our products materially decreases, we may not secure a suitable replacement in a timely manner or at all, and the sales of our products in the PRC and our business operations, financial results and profitability may be materially and adversely affected. In addition, we do not prohibit our largest domestic distributor in 2020 to sell products manufactured by our competitors. If our competitors' products establish a stronger market position than ours in the same geographic region, our business operations, financial results and profitability may be materially and adversely affected.

The distributorship agreements with such distributor will expire on December 31, 2021. For more details, See "Business – Sales and Marketing". There is no assurance that our business relationship with such distributor will be maintained upon expiry of our existing distribution agreements as such distributor is not obliged to enter into new agreements with us. If it chooses not to do so, we may not be able to find a replacement in a timely manner and our relationship with our sub-distributors, business operations, financial results and profitability may be materially and adversely affected.

Failure to achieve broad market acceptance or maintain good reputation among the neurovascular and peripheral-vascular intervention industry necessary for our products and future products would have a material adverse impact on our results of operations and profitability.

The commercial success of our current and future products depends upon the degree of market acceptance they achieve, particularly among hospitals and physicians. As a treatment recently developed and introduced to the China market, neurovascular and peripheral-vascular intervention procedure may fail to receive broad acceptance from patients or physicians as anticipated. If our neurovascular and peripheral-vascular intervention products and any future approved product candidates fail to gain sufficient market acceptance by physicians, patients, third-party payors and others in the industry, the sales of our products will be adversely affected. For example, current clot retriever devices developed by some of our competitors are well established in the global clot retriever device industry, and doctors may continue to rely on these treatments to the exclusion of our products and product candidates. In addition, physicians, patients and third-party payors may prefer other novel products to ours. If our products and product candidates do not achieve an adequate level of acceptance, we may not generate significant product sales revenues and we may not become profitable. The degree of market acceptance of our products and product candidates, if approved for commercial sale, will depend on a number of factors, including:

- the clinical indications for which our products and product candidates are approved;
- physicians, hospitals, neurovascular and peripheral-vascular diseases treatment centers and patients considering our products and product candidates as a safe and effective treatment;
- the potential and perceived advantages of our products and product candidates over alternative products;
- the prevalence and severity of any adverse effects or complications;
- product labeling or product insert requirements of regulatory authorities;
- limitations or warnings contained in the labeling approved by regulatory authorities;

- the timing of market introduction of our products and product candidates as well as competitive products;
- the cost of treatment in relation to alternative treatments;
- the availability of adequate coverage, reimbursement and pricing by third-party payors and government authorities;
- the willingness of patients to pay out-of-pocket in the absence of coverage and reimbursement by third-party payors and government authorities; and/or
- the effectiveness of our sales and marketing efforts.

If any products that we commercialize fail to achieve market acceptance among physicians, patients, hospitals, neurovascular and peripheral-vascular diseases treatment centers or others in the industry or if we fail to maintain good relationships with them, we will not be able to generate significant revenue. Even if our products achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received than our products, are more cost effective or render our products obsolete.

We have relatively limited experience in marketing and sales of our products, and may not be able to successfully commercialize our product candidates and generate revenue.

We have relatively limited experience in launching and commercializing our product candidates and sales and marketing of our products. For example, we have limited track record in building a commercial team, conducting a comprehensive market analysis, obtaining licenses and approvals, or managing distributors and sales force for our product candidates. As a result, our ability to successfully commercialize our product candidates may involve more inherent risks, take more time and cost than it would if we were a company with sufficient experience launching product candidates.

We have to compete with other medical device companies to recruit, hire, train and retain marketing and sales personnel. There can be no assurance that we will be able to develop and successfully maintain our in-house sales and commercial distribution capabilities or establish or maintain relationships with physicians, hospitals and other third parties to successfully commercialize our products, and as a result, our revenue and profitability could be materially and adversely affected.

If physicians and hospitals are not receptive to our products, our results of operations may be negatively affected.

Physicians and hospitals play important roles in recommending and deciding what products to be used. They not only provide professional advice but also offer help throughout the entire therapeutic procedures from candidate screening, operation assistance to post-operation follow-up visit. Our strategic marketing model provides that our in-house marketing force actively works with physicians and hospitals. We will endeavor to convince them as to the distinctive characteristics, advantages, safety, efficacy and cost effectiveness of our products as compared to our competitors' products, and train physicians in the proper application of our products. If our products and product candidates (upon commercialization) are not widely accepted by physician and hospital communities, our sales of our currently commercialized products such as the two Core Products may decline, and we may not be able to effectively market our other product candidates, such as the indication expansion of our Core Products upon commercialization.

In addition, many of our products or product candidates represent innovative therapies in China or even globally. Physicians face a learning process to become proficient in the use of some of our products and product candidates, which may take a longer time than we expected. Encouraging physicians to dedicate their time and energy necessary for adequate training remains challenging, and we may not be successful in these efforts. If physicians are not properly trained, they may misuse or ineffectively use our products and product candidates, which may also result in unsatisfactory patient treatment outcomes, patient injury, negative publicity or lawsuits against us, any of which could have a significant adverse effect on our reputation, business, financial condition, results of operations and prospects. Following completion of training, we also rely on trained physicians to advocate the benefits of our products in the marketplace. If we are not able to enhance our product awareness and receive recognition from these physicians, other physicians and hospitals may not be inclined to use our products, and our results of operations may be adversely affected.

We rely on our in-house marketing force to promote our products. There is no guarantee that we will succeed in expanding our sales network to cover new sales and distribution channels, and new hospitals.

We conduct post-market clinical studies which are initiated and supervised by our clinical affairs team to monitor the efficacy of our products. Our sales team also assists in providing training to physicians on the application of our products in medical procedures. We incurred selling and distribution expenses of RMB6.8 million and RMB20.5 million for the years ended December 31, 2019 and 2020, respectively. We plan to expand our sales network to cover more hospitals to increase our market share and penetration in the China market to drive future growth. We may seek to expand our sales network to cover additional hospitals which are not able to independently conduct vascular intervention procedures and hospitals in emerging markets where we have limited experience or resources.

The success of our marketing model depends on our ability to attract, motivate and retain qualified and professional employees in our marketing, promotion and sales teams who have, among other things, the sufficient expertise in the neurovascular and peripheral-vascular areas and are able to communicate effectively with medical professionals. Competition for experienced marketing, promotion and sales personnel is intense. If we are unable to attract, motivate and retain a sufficient number of qualified sales personnel to support our marketing model, sales volumes or margin of our existing and future products may be adversely affected and we may be unable to extend our hospital coverage and deepen our market penetration as contemplated.

If we fail to maintain an effective distribution channel for our products, our business and sales of the relevant products could be adversely affected.

Our ability to maintain and grow our business will largely depend on our ability to maintain relationship with our distributors who ensure timely distribution of our products to the relevant markets where we generate market demand through our sales and marketing activities. However, our distributors are all third parties over whom we have limited control. We typically enter into agreements with our distributors for a prescribed term. See "Business – Sales and Marketing." There is no assurance that they will continue the distribution arrangement with us, whether on similar terms as the existing arrangements or at all, and the termination or unfavorable change in the terms of such arrangements may significantly affect our operations and revenue. Our distributors might elect not to renew their agreements with us or otherwise terminate their business relationships with us for reasons. For example, if PRC price controls or other factors substantially reduce the profit margin our distributors can obtain through the resale of our products to hospitals, our distributors may terminate their relationships with us.

Although we monitor the inventory levels of our distributors, there is no guarantee that the inventory information we collect is complete and accurate or that such information would allow us to effectively manage the inventory levels of our distributors. If we fail to effectively monitor the inventory levels of our distributors in accordance with the level of demand for our products, our business, financial condition and results of operations could be materially and adversely affected.

We cannot assure you that our distributors will at all time strictly adhere to the terms and conditions under our distribution arrangements. Certain activities of the distributors or their employees, including but not limited to, (i) selling our products outside their designated distribution territories or to hospitals without our authorization; (ii) failing to comply with applicable laws or regulatory requirements when marketing, promoting or selling our products, including the anti-corruption laws of the PRC or other jurisdictions; (iii) failing to provide timely delivery and other services to hospitals and physicians; or (iv) selling products that compete with ours, may harm our business, results of operations or give rise to product liability

claims or customer complaints against us. If any of our distributors fails to distribute our products in a timely or effective manner or in accordance with the terms of our sales and distribution agreements, or at all, or if our sales and distribution agreements are suspended, terminated or otherwise expired without renewal, our operations, revenue and profitability could be materially and adversely affected.

In addition, we may not be able to identify or engage a sufficient number of distributors with an extensive sales network. If our distributors fail to maintain or expand their sales network, or otherwise encounter any difficulties in selling our products, our sales revenue will decline and our business, results of operations and prospects may be materially and adversely affected. We provide our distributors with technical support, including training in the basic technologies of our products, participating in presentations to physicians and hospitals, and assisting in preparing documents for contracts awarded through competitive biddings and tenders. Our distributors face a learning process with respect to our products, particularly for those newly introduced to the market. We cannot assure you that our distributors will be able to gain the required knowledge in order to market our products effectively in a timely manner or at all.

If we fail to maintain our relationship with our distributors or fail to maintain an effective distribution channel and as a result the distribution of our products is interrupted, our sales volumes and business prospects could be materially and adversely affected.

The growth and success of our business depends on the performance of our distributors in hospital tender processes.

Our future growth and success significantly depend on our ability to successfully market our products to hospitals and other medical institutions through our distributors. Hospitals and medical institutions may organize public tenders for procurement of medical devices. The procedures of such public tenders vary from hospital to hospital and from region to region, and there could be uncertainties with respect to the timing of such procedures.

As a result, we are primarily dependent on experienced local distributors during such procedures. However, we may not always be able to locate a sufficient number of experienced local distributors to sell our products to hospitals and other medical institutions.

Furthermore, even if we could locate a sufficient number of experienced distributors, our bids during the public tender process may not be successful and our products may not be chosen for a number of reasons, including where: (i) our prices are not competitive; (ii) our products fail to meet the technical or quality requirements imposed by the hospitals or are less clinically effective than competing products; (iii) our reputation is adversely affected by unforeseeable events; or (iv) our service quality or any other aspect of our operation fails to meet the relevant requirements. If our distributors fail in the tender process, we may face difficulties in maintaining the existing level of sales of our products, and we may find it difficult to sell our product candidates (upon commercialization) and our revenue may decline, materially adversely affecting our results of operations and financial condition.

If our products cause, or are perceived to cause, severe adverse events, our reputation, revenue and profitability could be materially and adversely affected.

Our current and future products may cause undesirable or unintended severe adverse events as a result of a number of factors, many of which are outside of our control. These factors include potential complications not revealed in clinical trials, unusual but severe complications and adverse events in isolated cases, defective products not detected by our quality control system or misuse of our products. Our products may also be perceived to cause adverse events when a conclusive determination as to the cause of the adverse events is not obtained or is unobtainable.

In addition, our products may be perceived to cause severe adverse events if one or more regulators, such as the NMPA and/or EMA, determine that other companies' products containing the same or similar key parts or using the same delivery technologies as our products' cause or are perceived to have caused severe adverse events. If our products cause, or are perceived to cause, severe adverse events, we may face a number of consequences, including:

- injury or death of patients;
- a severe decrease in the demand for, and sales of, the relevant products;
- the recall or withdrawal of the relevant products;
- revocation of regulatory approvals for the relevant products or the relevant production facilities;
- damage to the brand name of our products and the reputation of our Company;
- removal of relevant products from the relevant medical insurance coverage; and/or
- exposure to lawsuits and regulatory investigation relating to the relevant products that result in liabilities, fines or penalties.

As a result of these consequences, our sales, profitability and prospects could be materially and adversely affected.

If we experience delays in collecting payments from our customers, our cash flows and operations could be adversely affected.

For our domestic distributors, we generally requirement them to make full payment before we deliver products to them. As of December 31, 2019 and 2020, our trade receivables were RMB1.0 million, RMB0.1 million, respectively, and the average turnover days of our trade receivables for the same years were 68.1 days and 7.4 days, respectively. If our distributors' cash flows, working capital, financial condition or results of operations deteriorate or they experience delays in payments from the hospitals, they may be unable, or they may

otherwise be unwilling, to make payments owed to us promptly or at all. Any substantial defaults or delays could materially and adversely affect our cash flows, and we could be required to terminate our relationships with distributors in a manner that will impair the effective distribution of our products.

The policies of centralized procurement of high-value medical consumables set by the PRC government may cover our products in the future, and the prices of our products may experience downward changes, which in turn may have a material adverse impact on our revenue, financial condition and results of operation.

In line with market practice, we sell our products primarily to distributors who resell our products to hospitals. We sell our products to distributors at the price determined by us from time to time. For details, see "Business – Sales and Marketing – Pricing." Hospitals may gain more bargaining power depending on the availability of alternative products, demands of patients and the preference of physicians. If hospitals lower retail prices of our products and therefore reduce the profitability of our distributors, our distributors may have less incentive to purchase and promote our products, and we may need to lower the order price we set for our distributors.

The Chinese government has implemented a number of policies to gradually increase the affordability of medical devices, including combining a list of high-value medical consumables, requiring public hospitals to have zero margin for high-value medical consumables, and establishing provincial-level platforms for procurement. In particular, in order to improve the pricing mechanism and reduce the falsely high prices of high-value medical consumables, the General Office of the State Council issued the Reform Plan for Governance of High-value Medical Consumables (《治理高值醫用耗材改革方案》) (the "**Reform Plan**") on July 19, 2019, exploring the classified and centralized procurement of high-value medical consumables. Although such centralized procurement only applies to a limited number of medical devices, and therefore would not directly affect the pricing of our products, there are uncertainties whether the centralized procurement scope would be expanded in the future, resulting in the inclusions of our products or product candidates (upon commercialization). Moreover, if any products comparable or similar to our products were included in the centralized procurement, patients' willingness to use our products might be materially and adversely affected and we might be forced to change our pricing strategy. If any or all of the foregoing were to occur, our sales revenue may decrease, which in turn will have a material adverse impact on our financial condition and results of operation.

Our sales may be affected by the level of medical insurance reimbursement patients receive for using our products.

Our ability to sell our products is related to the availability of governmental and private health insurance in China for treatments using our products. China has a complex medical insurance system that is undergoing reform. The governmental insurance coverage or reimbursement level in China for new medical device is subject to significant uncertainty and varies from region to region, as local government approvals for such coverage must be obtained in each geographic region in China.

In addition, patients in China tend to be reimbursed for a higher percentage of the product cost if they use a medical device manufactured by a Chinese domestic company as opposed to an imported device. We cannot be certain that insurers will continue to adopt this favorable policy in the future.

In the absence of sufficient medical insurance coverage for the use of our products, patients may choose alternative treatment methods, and hospitals may recommend such alternative treatments, which would reduce demand for our products and our sales which could in turn materially and adversely affect our business, financial condition and results of operation.

Moreover, we may need to lower the prices of our products in order to have them included in the medical insurance reimbursement list, and such price cut and reimbursement may not necessarily lead to increase in our sales and our results of operations may be adversely affected.

Risks Relating to Manufacture and Supply of Our Products

Delays in completing and receiving regulatory approvals for our manufacturing facilities, or damage to, destruction of or interruption of production at such facilities, could delay our development plans or commercialization efforts.

Our principal manufacturing facilities are located at our headquarters in Hangzhou, Zhejiang province, China. As of the Latest Practicable Date, we rented an aggregate area of approximately 3,800 sq.m. for manufacturing facilities in Hangzhou and Zhuhai, China. We are expanding our manufacturing facilities in Hangzhou with additional area of approximately 13,000 sq.m., which we plan to mainly use for the R&D, manufacture and commercialization of our products and product candidates in China. We have completed the construction of the new facilities and expect it to be in operation in 2021. We need to apply for a change of our manufacture permit to include our new facilities, which requires regulatory approval. The facilities may encounter unanticipated expenses due to a number of factors, including regulatory requirements. Our manufacturing facilities will be subject to ongoing, periodic inspection by the NMPA, EMA or other comparable regulatory agencies to ensure relevant compliance. Failure to comply with applicable regulations could also result in sanctions being imposed on us, including fines, injunctions, civil penalties, requirement to suspend or put on hold one or more of our clinical trials, failure of regulatory authorities to grant marketing approval of our product candidates, delays, suspension or withdrawal of approvals, supply disruptions, license revocation, seizures or recalls of products or product candidates, operating restrictions and criminal prosecutions, any of which could harm our business.

Our facilities may be harmed or rendered inoperable by physical damage from fire, floods, earthquakes, typhoons, tornadoes, power loss, telecommunications failures, break-ins, and similar events. If our manufacturing facilities or the equipment are damaged or destroyed, we may not be able to quickly or inexpensively replace our manufacturing capacity or replace it at all. In the event of a temporary or protracted loss of the facilities or equipment, we might not be able to transfer manufacturing to a third party. Even if we could transfer manufacturing to a third party, the shift would likely be expensive and time-consuming, particularly since the new facility would need to comply with the necessary regulatory requirements and we would need regulatory agency approval before selling any products manufactured at that facility. Such an event could delay our clinical trials or reduce our product sales. Any interruption in manufacturing operations at our manufacturing facilities could result in our inability to satisfy the demands of our clinical trials or commercialization. Any disruption that impedes our ability to manufacture our products or product candidates in a timely manner could materially harm our business, financial condition and operating results.

However, our insurance coverage may not reimburse us, or may not be sufficient to reimburse us, for any expenses or losses we may suffer. We may be unable to meet our requirements for our products and product candidates if there were a catastrophic event or failure of our manufacturing facilities or processes.

If we fail to increase our production capacity as planned, our business prospects could be materially and adversely affected.

To produce our products in the quantities that we believe will be required to meet anticipated market demand for our products, we may need to increase, or scale up, the production capacity and the utilization rate. We have two major production lines for our balloons and stents. Utilization rate of balloon production line in 2019 and 2020 was 49.1% and 65.5% respectively, and utilization rate of stent production line was 20.5% and 41.2% respectively for the same years. Advances in manufacturing techniques may render our facilities and equipment inadequate or obsolete, and therefore we may also need to develop advanced manufacturing techniques and process controls in order to fully utilize our facilities. To enhance our production capacity, we also need to expand our production facilities, further upgrade our automated production lines and employ more workers. If we are unable to do so, or if the process to do so is delayed, or if the cost of the planned scale up or upgrade is not economically feasible for us or we cannot find a third-party supplier, we may not be able to supply our products in a sufficient quantity to meet future demand, which would limit our development and commercialization activities and our opportunities for growth.

Our ability to successfully implement our expansion plan is subject to a number of risks, including our ability to obtain the requisite permits, licenses and approvals for the construction and operation of the new production facilities, the risk of construction delays, as well as our ability to timely recruit sufficient qualified staff to support the increase in production capacity. The expansion process may be lengthy and costly and may divert our management attentions and development resources. Consequently, there can be no assurance that we will be able to increase our overall production capacity or develop advanced technologies and process

controls in the manner we contemplate, or at all. In the event we fail to increase our production capacity or develop advanced technologies and process controls, we may not capture the expected growth in demand for our products, or to successfully commercialize new products, each of which could materially and adversely affect our business prospects. Moreover, our plans to increase our production capacity require significant capital investment, and the actual costs of our expansion plan may exceed our original estimates, which could materially and adversely affect the realization of expected return on our expenditures. In addition, as our sales volume grows, we will need to continue to expand our internal quality assurance program, and extend our products to support comprehensive data analysis at a larger scale within expected turnaround times.

There can be no assurance that our existing and future production facilities will be sufficient in the event of any significant change in market demand. In such event, we may have to engage third parties to meet such demand. Consequently, we are exposed to the risks of increased pricing for our sub-contracted production and that the third parties may not comply with our specifications or meet market demand. As a result, our sales volumes and margins for the relevant products could be materially and adversely affected.

The manufacture of our products is highly complex and subject to strict quality controls. If we or one of our suppliers or logistics partners encounters manufacturing, logistics, or quality problems, including as a result of natural disasters, our business could suffer.

The manufacture of many of our products is highly complex and subject to strict quality controls, due in part to rigorous regulatory requirements. In addition, quality is extremely important due to the serious and costly consequences of a product failure. Problems can arise during the manufacturing process for a number of reasons, including equipment malfunction, failure to follow protocols and procedures, raw material problems, software problems, or human error. Furthermore, if contaminants are discovered in our supply of our products or product candidates or in the manufacturing facilities, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. Stability failures and other issues relating to the manufacture of our products or product candidates could occur in the future. Although closely managed, disruptions can occur during implementation of new equipment and systems to replace aging equipment, as well as during production line transfers and expansions. As we expand into new markets, we may face unanticipated surges in demands for our products which could strain our production capacity. If these problems arise or if we otherwise fail to meet our internal quality standards or those of the NMPA or other applicable regulatory body, which include detailed record-keeping requirements, our reputation could be damaged, we could become subject to a safety alert or a recall, we could incur product liability and other costs, product approvals could be delayed, and our business could otherwise be adversely affected.

In addition, our manufacturing and warehousing facilities, as well as those of our suppliers and logistics partners, could be materially damaged by earthquakes, hurricanes, volcanoes, fires, and other natural disasters or catastrophic circumstances, which could have a material adverse effect on our business.

Fluctuations in prices of our raw materials may have a material adverse effect on us.

Our production processes require substantial amounts of raw materials and components. Some raw materials and components may be susceptible to fluctuations in price and availability. Significant fluctuations in raw material and component prices and availability will have a direct and negative impact on our gross margins. One of our principal raw materials is the nitinol. We typically procure nitinol through third-party suppliers. During the Track Record Period, nitinol were generally available and sufficient for our demands, and the price of procuring nitinol from our suppliers was generally stable. However, we cannot assure you that such situation will continue in the future. The prices of nitinol or other raw materials may be affected by a number of factors, including market supply and demand, the PRC or international environmental and regulatory requirements, natural disasters such as fires, outbreak of epidemics or diseases such as COVID-19 and the PRC and global economic conditions. A significant increase in the costs of raw materials may increase our costs and negatively affect our profit margins and, more generally, our business, financial conditions, results of operation and prospects.

We may experience supply interruptions that could harm our ability to manufacture products.

We purchase certain of the materials and components used in the manufacture of our products from external suppliers, and we purchase certain supplies from fixed sources or single sources for reasons of quality assurance, cost effectiveness, availability, or constraints resulting from regulatory requirements. Our principal raw material is nitinol. We also purchase platinum-iridium alloy materials, 304 stainless steel wires and platinum dock wires.

General economic conditions could adversely affect the financial viability of our suppliers, resulting in their inability to provide materials and components used in the manufacture of our products. While we work closely with suppliers to monitor their financial viability, assure continuity of supply, and maintain high quality and reliability, these efforts may not be successful. In addition, due to the rigorous regulations and requirements of the NMPA and/or foreign regulatory authorities regarding the manufacture of our products (including the need for approval of any change in supply arrangements), we may have difficulty establishing additional or replacement sources in a timely manner or at all if the need arises. Certain suppliers may also elect to no longer service medical device companies due to the high amount of requirements and regulation. Although we consider alternative supplier options, we typically do not pursue regulatory qualifications of alternative sources due to the strength of our existing supplier relationships and the time and expense associated with our internal validation process. A change in suppliers could require significant effort or investment in circumstances where the items supplied are integral to product performance or incorporate unique technology, and the loss of any existing supply contract could have a material adverse effect on us. A reduction in, or lack of availability of, raw materials or interruptions in the supply chain may also impact our profitability to the extent that we are required to pay higher prices for, or are unable to secure adequate supplies of, the necessary raw materials.

Failure to maintain and predict inventory levels in line with the level of demand for our products could cause us to lose sales or face excess inventory risks and holding costs, either of which could have a material adverse effect on our business, financial condition and results of operations.

To operate our business successfully and meet our customers' demands and expectations, we must maintain a certain level of inventory for our products to ensure timely delivery as required. Furthermore, we are required to maintain an appropriate level of inventory of our raw materials for our commercial production. For the years ended December 31, 2019 and 2020, our average inventory turnover days were 392 days and 331 days, respectively. However, we maintain our inventory levels based on our internal forecasts which are inherently uncertain. If our forecast demand is lower than actual demand, we may not be able to maintain an adequate inventory level of our products or produce our products in a timely manner, and may lose sales and market share to our competitors. On the other hand, we may be exposed to increased inventory risks due to accumulated excess inventory of our products or raw materials (for example, our finished products typically have a shelf life of two to three years and are subject to expiration). Excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence or write-offs.

Risks Relating to Extensive Government Regulations

All material aspects of our business operations are heavily regulated.

All jurisdictions in which we conduct our research, development and commercialization activities regulate these activities in great depth and detail. We intend to focus our activities in the major markets of China and expand globally. These geopolitical areas all have strict regulation on medical devices, and in doing so they employ broadly similar regulatory strategies, including regulation of product development, approval, manufacturing, sales and marketing and distribution of medical devices. However, there are differences in the regulatory regimes in different regions, which makes regulatory compliance more complex and costly for companies like us that plan to operate in each of these regions.

The process of obtaining regulatory approvals and compliance with appropriate laws and regulations require substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development process, approval process, or after approval process such as manufacturing, may subject an applicant to administrative or judicial sanctions. These sanctions could include a regulator's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, voluntary or mandatory product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties. The failure to comply with these regulations could have a material adverse effect on our business, financial condition and prospects.

If we are not able to obtain, or experience delays in obtaining, regulatory approvals, we will not be able to commercialize our product candidates, and our ability to generate revenue will be materially impaired.

Before obtaining regulatory approvals for the commercial sale of any product candidate for a target indication, we must demonstrate in preclinical studies and well-controlled clinical trials, and, with respect to approval in China, to the satisfaction of the NMPA, that the product candidate is safe and effective for use for that target indication and that the manufacturing facilities, processes and controls are adequate. Obtaining regulatory approvals is a lengthy, expensive and uncertain process, and approvals may not be obtained. When we submit a filing application to the NMPA, the NMPA will decide whether to accept or reject the submission for filing. We cannot be certain that any submissions will be accepted for filing and review by the NMPA. NMPA may also slow down, suspend or cease review of our applications and any of these could prolong the registration process of our products.

Our product candidates could fail to receive regulatory approval for many reasons, including:

- failure to begin or complete clinical trials due to disagreements with regulatory authorities;
- failure to demonstrate that a product candidate is safe and effective;
- failure of clinical trial results to meet the level of statistical significance required for approval;
- data integrity issues related to our clinical trials;
- disagreement with our interpretation of data from preclinical studies or clinical trials;
- changes in approval policies or regulations that render our preclinical and clinical data insufficient for approval or require us to amend our clinical trial protocols;
- regulatory requests for additional analyses, reports, data, nonclinical studies and clinical trials, or questions regarding interpretations of data and results and the emergence of new information regarding our product candidates or other products;
- our failure to conduct a clinical trial in accordance with regulatory requirements or our clinical trial protocols; and/or

- clinical sites, investigators or other participants in our clinical trials deviating from a trial protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial;

- rejection by the relevant authorities to approve pending applications or supplements to approved applications filed by us or suspension, revocation or withdrawal of approvals.

Regulatory authorities outside of China, such as the EMA, also have requirements for approval of medical devices for commercial sale with which we must comply prior to marketing in those areas. Regulatory requirements can vary widely from country to country and could delay or prevent the introduction of our product candidates. Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and obtaining regulatory approval in one country does not mean that regulatory approval will be obtained in any other country. Approval processes vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking foreign regulatory approval could require additional nonclinical studies or clinical trials, which could be costly and time consuming. The foreign regulatory approval process may include all of the risks associated with obtaining NMPA approval. For these reasons, we may not obtain foreign regulatory approvals on a timely basis, if at all.

Changes in regulatory requirements and guidance may also occur, and we may need to amend clinical trial protocols submitted to applicable regulatory authorities to reflect these changes. Amendments may require us to resubmit clinical trial protocols to IRBs or ethics committees for re-examination, which may impact the costs, timing or successful completion of a clinical trial.

The process to develop, obtain regulatory approval for and commercialize medical device product candidates is long, complex and costly both inside and outside China. Even if our product candidates were to successfully obtain approval from the regulatory authorities, any approval might significantly limit the approved indications for use, or require that precautions, contraindications or warnings be included on the product labeling, or require expensive and time-consuming post-approval clinical trials or surveillance as conditions of approval. Following an approval for commercial sale of our product candidates, certain changes to the product, such as changes in manufacturing processes and additional labeling claims, may be subject to additional review and approval by the NMPA, EMA and/or comparable regulatory authorities. Regulatory approvals for any of our product candidates may also be withdrawn. If we are unable to obtain regulatory approval for our product candidates in one or more jurisdictions, or any approval contains significant limitations, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed. Furthermore, we may not be able to obtain sufficient funding or generate sufficient revenue and cash flows to continue the development of any other product candidate in the future.

Our products and pipeline products may cause undesirable adverse events which could interrupt, delay or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an approved production label, or result in significant negative consequences following any regulatory approval.

Undesirable side effects caused by our approved products or product candidates could (i) cause us or regulatory authorities to interrupt, delay or halt clinical trials; (ii) affect patient recruitment or enrolled patients to complete the trial; (iii) adversely impact our ability to obtain regulatory approval, (iv) result in a narrowed scope of indications or a more restrictive label on our products, and/or (v) subject us to product liability claims as well as substantial liabilities.

By their nature, clinical trials only assess a sample of the potential patient population. Side effects may only be uncovered when a significantly larger number of patients is exposed to the products. If undesirable side effects caused by our products are identified after we receive regulatory approval for such products, a number of potentially significant negative consequences could follow, including, among others:

- the relevant products may be recalled, withdrawn or seized;
- regulatory authorities may withdraw or limit their approval of our products;
- we may be required to change the way our products are distributed or administered, conduct additional clinical trials, change the labeling or add additional warnings on the labelling of such products;
- we may be required to develop risk evaluation and mitigation measures for the products, or if risk evaluation and mitigation measures are already in place, to incorporate additional requirements under the risk evaluation and mitigation measures;
- we may be subject to regulatory investigations and government enforcement actions;
- we may be required to suspend marketing or remove relevant products from the marketplace;
- a severe decrease in the demand for, and sales of, the relevant products;
- we could be sued and held liable for injury caused to individuals using our products; and
- our reputation, business and prospects may be adversely affected.

Any of these events could prevent us from achieving or maintaining market acceptance of the particular products, and could harm our reputation, business, financial condition and prospects significantly.

Our products and any future products will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our product candidates.

Our products and any additional product candidates that are approved by the regulators are and will be subject to ongoing regulatory requirements with respect to manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-market studies, submission of safety, efficacy, and other post-market information, and other requirements of regulatory authorities in China, the EU and/or other countries.

Manufacturers and manufacturers' facilities are required to comply with extensive regulatory requirements from the NMPA, EMA and/or other comparable authorities. As such, we are and will be subject to continual review and inspections by the regulators in order to assess our compliance with applicable laws and requirements and adherence to commitments we made in any application materials with the NMPA or other authorities. Accordingly, we must continue to devote time, money and effort in all areas of regulatory compliance.

The regulatory approvals for our products and any approvals that we receive for our product candidates are and may be subject to limitations on the indicated uses for which our product may be marketed. The approvals we obtain may also be subject to other conditions which may require potentially costly post-marketing testing and surveillance to monitor the safety and efficacy of our products or product candidates. Such limitations and conditions could adversely affect the commercial potential of our products.

The NMPA or comparable regulatory authorities may seek to impose a consent decree or withdraw marketing approval if we fail to maintain compliance with these ongoing regulatory requirements or if problems occur after the product reaches the market. Later discovery of previously unknown problems with our products or product candidates or with our manufacturing processes may result in revisions to the approved labeling or requirements to add new safety information; imposition of post-market studies or clinical studies to assess new safety risks; or imposition of distribution restrictions or other restrictions. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of our products, withdrawal of the product from the market, or voluntary or mandatory product recalls;

- fines, untitled or warning letters, or holds on clinical trials;

- refusal by the NMPA or comparable regulatory authorities to approve pending applications or supplements to approved applications filed by us or suspension or revocation of license approvals or withdrawal of approvals;

- product seizure or detention, or refusal to permit the import or export of our products and product candidates; and/or

- injunctions or the imposition of civil or criminal penalties.

The NMPA and other regulatory authorities strictly regulate the marketing, labeling, advertising and promotion of products placed on the market. Products may be promoted only for their approved indications and for use in accordance with the provisions of the approved label. The NMPA, EMA and other regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability. The policies of the NMPA, EMA and other regulatory authorities may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. We cannot predict the likelihood, nature or extent of governmental policies or regulations that may arise from future legislation or administrative actions in China or abroad, where the regulatory environment is constantly evolving. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are unable to maintain regulatory compliance, we may lose any regulatory approval that we have obtained and we may not achieve or sustain profitability.

If our current and new products do not meet the quality standards required under applicable laws, our business and reputation could be harmed, and our revenue and profitability could be materially and adversely affected.

Our production and manufacturing processes are required to meet certain quality standards. We have established a quality control and assurance system and adopted standardized operating procedures in order to prevent quality issues with respect to our products and operation processes. For further details of our quality control and assurance system, see "Business – Quality Control." Despite our quality control and assurance system and procedures, we may fail to continuously upgrading or improving the systems in order to suit the new manufacturing technologies, facilities or regulatory requirements. In addition, we cannot eliminate the risk of product defects or failure. Quality defects may fail to be detected or remediated as a result of a number of factors, many of which are outside of our control, including

- manufacturing errors;

- technical or mechanical malfunctions in the manufacture process;

- human error or malfeasance by our quality control personnel;

- tampering by third parties; and/or
- quality issues with the raw materials we produce or purchase.

In addition, failure to detect quality defects in our products or to prevent such defective products from being delivered to end-users could result in patient injury or death, product recalls or withdrawals, license revocation or regulatory fines, product liabilities or other problems that could seriously harm our reputation and business, expose us to liability, and materially and adversely affect our revenue and profitability.

Recently enacted and future legislation may increase the difficulty and cost for us to obtain regulatory approval and commercialize our product candidates and affect the prices we may obtain.

In China, and some other jurisdictions, a number of legislative and regulatory changes and proposed changes regarding healthcare could prevent or delay regulatory approval of our product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell our products and any product candidates for which we obtain regulatory approval. In recent years, there have been and will likely continue to be efforts to enact administrative or legislative changes to healthcare laws and policies, including measures which may result in more rigorous coverage criteria and downward pressure on the price that we receive for any approved product. Any reduction in reimbursement from government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our products.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for medical devices. We cannot be sure whether additional legislative changes will be enacted, or whether NMPA regulations, guidance or interpretations will be changed, or what the impact of such changes on the regulatory approvals of our product candidates, if any, may be. The revised draft amendment to the Regulations on the Supervision and Administration of Medical Devices was issued in February 2021 and became effective on June 1, 2021. The impact of these more specific requirements and whether it will adversely affect the registration of our products with NMPA is yet to be observed. Please refer to the paragraphs headed "Regulatory Overview – Laws and Regulations Relating to Medical Devices – Regulations on the Supervision and Administration of Medical Devices (2021 Revision)" in this document for more details. Further, on July 19, 2019, the General Office of the State Council issued the Notice on Printing and Distributing the Reform Plan for the Management of High-value Medical Consumables (國務院辦公廳關於印發治理高值醫用耗材改革方案的通知), which encourages local governments to adopt the "Two Invoice System" on a case-by-case basis in order to reduce the circulation of high-value medical consumables and promote the transparency of purchase and sales. Please refer to the paragraphs headed "Regulatory Overview – Laws and Regulations Relating to Medical Devices – Two Invoice System" in this document for more details.

Risks Relating to Our Intellectual Property Rights

If we are unable to obtain and maintain patent protection for our products and product candidates through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us.

Our success depends in large part on our ability to protect our proprietary technology, products and product candidates from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We seek to protect the technology, products and product candidates that we consider commercially important by filing patent applications in the PRC, relying on trade secrets or medical regulatory protection or employing a combination of these methods. This process is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner and not all our ongoing patent applications may be finally granted. We may also fail to identify patentable aspects of our R&D output before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in all such fields and territories.

Patents may be invalidated and patent applications may not be granted for a number of reasons, including known or unknown prior deficiencies in the patent application or the lack of novelty of the underlying invention or technology. We may also fail to identify patentable aspects of our R&D output in time to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements or include such provisions in our relevant agreements with parties who have access to confidential or patentable aspects of our R&D output, such as our employees, consultants, advisors and other third parties, any of these parties may breach such agreements and disclose such output before a patent application is filed, jeopardizing our ability to seek patent protection. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries. Patent applications in China and other jurisdictions are typically not published until 18 months after filing, or in some cases, not at all.

Under the Patent Law of the PRC (中華人民共和國專利法) promulgated by the Standing Committee of the NPC, as amended, patent applications are maintained in confidence until their publication at the end of 18 months from the filing date. The publication of discoveries in the scientific or patent literature frequently occurs substantially later than the date on which the underlying discoveries were made and the date on which patent applications were filed. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications or that we were the first to file for patent protection of such inventions.

Furthermore, the PRC has adopted the "first-to-file" system under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met. Under the first-to-file system, even after reasonable investigation we may be unable to determine with certainty whether any of our products, processes, technologies, inventions, improvement and other related matters have infringed upon the intellectual property rights of

others, because such third party may have filed a patent application without our knowledge while we are still developing that product, and the term of patent protection starts from the date the patent was filed, instead of the date it was issued. Therefore, the validity of issued patents, patentability of pending patent applications and applicability of any of them to our programs may be lower in priority than third-party patents issued on a later date if the application for such patents was filed prior to ours and the technologies underlying such patents are the same or substantially similar to ours. In addition, we may be involved in claims and disputes of intellectual property infringement in other jurisdictions. In addition, under PRC patent law, any organization or individual that applies for a patent in a foreign country for an invention or utility model accomplished in China is required to report to the CNIPA, for confidentiality examination. Otherwise, if an application is later filed in China, the patent right will not be granted.

The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we license or own currently or in the future are to be issued as patents, they may not be issued in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. In addition, the patent position of medical device companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in the PRC, and other countries. We may be subject to a third-party pre-issuance submission of prior art to the CNIPA, or other related intellectual property offices, or become involved in post-grant proceedings such as opposition, derivation, revocation and re-examination, or inter partes review, or interference proceedings or similar proceedings in foreign jurisdictions challenging our patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology, products or product candidates and compete directly with us without payment to us, or result in our inability to manufacture or commercialize products and product candidates without infringing, misappropriating or otherwise violating third-party patent rights. Moreover, we may have to participate in interference proceedings declared by the CNIPA, or other related intellectual property offices to determine priority of invention or in post-grant challenge proceedings, such as oppositions in a foreign patent office, that challenge the priority of our invention or other features of patentability of our patents and patent applications. Such challenges may result in loss of patent rights, loss of exclusivity, or in patent claims being narrowed, invalidated, or held unenforceable, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology, products and product candidates. Such proceedings also may result in substantial costs and require significant time from our scientists, experts and management, even if the eventual outcome is favorable to us. Consequently, we do not know whether any of

our technologies, products or product candidates will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner.

Furthermore, although various extensions may be available, the life of a patent and the protection it affords is limited. We may face competition for any approved product candidates even if we successfully obtain patent protection once the patent life has expired for the product. The issued patents and pending patent applications, if issued, for our products and product candidates are expected to expire on various dates as described in "Business – Intellectual Property Rights" of this Document. Upon the expiration of our issued patents or patents that may issue from our pending patent applications, we will not be able to assert such patent rights against potential competitors and our business and results of operations may be adversely affected.

Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such product candidates might expire before or shortly after such product candidates are commercialized. As a result, our patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Moreover, some of our patents and patent applications are, and may in the future be, co-owned with third parties. If we are unable to obtain an exclusive license to any such third-party co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

We may not be able to protect our intellectual property rights.

Filing, prosecuting, maintaining and defending patents on products and product candidates in all countries throughout the world could be prohibitively expensive for us, and our intellectual property rights in some countries can have a different scope and strength from those in some other countries. In addition, the laws of certain countries do not protect intellectual property rights to the same extent as the laws of certain other countries do. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries, or from selling or importing medical products made using our inventions in and into certain jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and further, may export otherwise infringing products to certain jurisdictions where we have patent protection but where enforcement rights are not as strong as those in certain other countries. These products may compete with our products and product candidates and our patent rights or other intellectual property rights may not be effective or adequate to prevent them from competing.

As of the Latest Practicable Date, we owned 39 patents and 43 patent applications, any of which may be the subject of a governmental or third-party objection and not all our ongoing patent applications may be finally granted, which could prevent the maintenance or issuance of the same. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business. Moreover, as our products mature, our reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, our business could be materially adversely affected.

Many companies have encountered significant problems in protecting and defending intellectual property rights in certain jurisdictions, including China. The legal systems of some countries do not favor the enforcement of patents, trade secrets and other intellectual property, particularly those relating to products, which could make it difficult in those jurisdictions for us to stop the infringement or misappropriation of our patents or other intellectual property rights, or the marketing of competing products in violation of our proprietary rights.

We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time consuming and unsuccessful. Our patent rights relating to our products and product candidates could be found invalid or unenforceable if challenged in court or before the CNIPA or courts or related IP agencies in other jurisdictions.

Competitors may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. To counter infringement or unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. This can be expensive and time consuming. Any claims that we assert against perceived infringers could also provoke these parties to assert counterclaims against us alleging that we infringe their intellectual property rights. Many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce and/or defend their intellectual property rights than we can. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. An adverse result in any litigation proceeding could put our patents, as well as any patents that may issue in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, some of our confidential information could be compromised by disclosure during this type of litigation.

Defendant counterclaims alleging invalidity or unenforceability are commonplace, a third party can assert invalidity or unenforceability of a patent on numerous grounds. Third parties may also raise similar claims before administrative bodies in China or abroad, even outside the context of litigation. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our products or product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity of our patents, for example, we, our patent counsel, and the patent examiner could be unaware of invalidating prior art during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our products or product candidates. Such a loss of patent protection could have a material adverse impact on our business. We may not be able to prevent misappropriation of our trade secrets or confidential information, particularly in countries where the laws may not protect those rights as fully as we expect.

If we are sued for infringing intellectual property rights of third parties, such litigation could be costly and time consuming and could prevent or delay us from developing or commercializing our product candidates.

Our commercial success depends in part on our avoiding infringement of the patents and other intellectual property rights of third parties. We are aware of numerous issued patents and pending patent applications belonging to third parties that exist in fields in which we are developing our product candidates. We may also be unaware of third-party patents or patent applications, and given the dynamic area in which we operate, additional patents are likely to be issued that relate to aspects of our business. There are a substantial amount of litigation and other claims and proceedings involving patent and other intellectual property rights in the medical device industry generally. As the medical device industry expands and more patents are issued, the risk increases that our product candidates may give rise to claims of infringement of the patent rights of others.

Third parties may assert that we are using technology in violation of their patent or other proprietary rights. Defense of these claims, regardless of their merit, could involve substantial litigation expense and divert our technical personnel, management personnel, or both from their normal responsibilities. Even in the absence of litigation, we may seek to obtain licenses from third parties to avoid the risks of litigation, and if a license is available, it could impose costly royalty and other fees and expenses on us.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for noncompliance with these requirements.

Periodic maintenance fees on any issued patent are due to be paid to the CNIPA, and other patent agencies in several stages over the lifetime of the patent. The CNIPA, and various governmental patent agencies require compliance with a number of procedural, documentary,

fee payment, and other similar provisions during the patent application process. Although an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees, and failure to properly legalize and submit formal documents. In any such event, our competitors might be able to enter the market, which would have a material adverse effect on our business.

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.

Depending on decisions by the NPC and the CNIPA, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future. There could be changes in the laws of relevant jurisdictions that may impact the value of our patent rights or our other intellectual property rights. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents once obtained, if any.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

In addition to our issued patent and pending patent applications, we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our products and product candidates. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements or include such undertakings in the agreement with parties that have access to them, such as our employees, corporate collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisors and other third parties. We also enter into employment agreement or consulting agreement with our employees and consultants that includes undertakings regarding assignment of inventions and discoveries. However, any of these parties may breach such agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. If any of our trade secrets were lawfully obtained or independently developed by a competitor, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed.

Furthermore, many of our employees, including our senior management, were previously employed at other medical device companies, including our competitors or potential competitors. Some of these employees, including each member of our senior management, executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such employee's former employer. We are not aware of any material threatened or pending claims related to these matters or concerning the agreements with our senior management, but in the future litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while we typically require our employees, consultants and contractors involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own, which may result in claims by or against us related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel.

Risks Relating to Our Reliance on Third Parties

If the third parties with which we contract for pre-clinical research and clinical trials do not perform in an acceptable manner, or if we suffer setbacks in these pre-clinical studies or clinical trials, we may be unable to develop and commercialize our product candidates as anticipated.

We rely on third parties, including leading academic institutions, public hospitals, CROs and CRCs, to assist us in designing, implementing and monitoring our pre-clinical research and conducting clinical trials. As of the Latest Practicable Date, we worked with a number of CROs, CRCs and hospitals. If any of these parties terminates its agreements with us, the development of the product candidates covered by those agreements could be substantially delayed. In addition, these third parties may not successfully carry out their contractual obligations, meet expected deadlines or follow regulatory requirements, including clinical, laboratory and manufacturing guidelines. Our reliance on these third parties may result in delays in completing, or in failing to complete, these studies if they fail to perform in accordance with the contractual arrangements. Furthermore, if any of these parties fail to perform their obligations under our agreements with them in the manner specified in those agreements, the NMPA, EMA and/or other comparable regulatory authorities may not accept the data generated by those studies, which would increase the cost of and the development time

for the relevant product candidate. If any of the pre-clinical studies or clinical trials of our product candidates is affected by any of the above-mentioned reasons, we will be unable to meet our anticipated development or commercialization timelines, which would have a material adverse effect on our business and prospects.

If we cannot maintain or develop relationships with hospitals and physicians, our results of operations and prospects could be adversely affected.

We collaborate with hospitals and physicians across China in many aspects of our business, and our success in part depends on our ability to maintain our relationships with our existing partner hospitals and physicians and continue to build relationships with additional hospitals and physicians.

We focus on clinical utility and academic promotion to market our products to physicians and hospitals. We have conducted clinical trials and research in cooperation with 17 scientific institutions in China. Any deterioration or termination of our relationships with these partner hospitals could result in temporary or permanent loss of our revenue. In addition, we will need to continue to expand our collaboration with new hospitals, which may involve a lengthy and costly process, including going through tender procedures, the outcome of which is subject to uncertainties, and complying with the respective hospitals' operating protocols. If we fail to enter into collaboration with additional hospitals in a timely and cost-effective manner, our business and prospects could be adversely affected. Furthermore, we rely on hospitals and physicians to promote and raise awareness of our products to mass market. If we fail to maintain or expand our relationships with hospitals and physicians, or if hospitals and physicians are not receptive to our products, the development and marketing of our products could suffer, which could have a material adverse effect on our business, financial condition, and results of operations.

Moreover, we have, and may from time to time, seek NMPA approval for additional products. NMPA approval involves, among other things, successful completion of clinical trials for these products. We may rely on our partner hospitals to obtain sufficient data and samples to cost-effectively and timely perform these clinical trials. If we fail to establish or maintain clinical collaboration with our partner hospitals, our business and results of operations may be harmed.

A limited number of customers accounted for a substantial portion of our revenue during the Track Record Period, and any decreases in our future sales to them could adversely affect our financial condition and results of operations.

For the years ended December 31, 2019 and 2020, the aggregate revenue generated from our five largest customers were RMB4.4 million and RMB24.3 million, representing 90.0% and 87.8% of our revenue, respectively. Sales to our largest customer for the same periods were RMB1.5 million and RMB21.6 million, representing 30.8% and 78.3% of our revenue, respectively. Our five largest customers during the Track Record Period included medical

device distributors and companies in China and overseas. It is likely that we will continue to be dependent upon a limited number of customers for a significant portion of our revenues for the foreseeable future and, in some cases, the portion of our revenues attributable to one single customer may increase in the future. The loss of one or more major customers or a reduction in purchase from any major customer would reduce our revenues.

We may establish or seek collaborations or strategic alliances or enter into licensing arrangements in the future, and we may not realize the benefits of such collaborations, alliances or licensing arrangements.

We may from time to time establish or seek strategic alliances, form joint ventures or collaborations, or enter into licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our product candidates and any future product candidates that we may develop.

We face significant competition in seeking appropriate strategic partners and the negotiation process for the collaboration, alliances or licensing arrangements can be time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our product candidates because they may be deemed to be at too early of a development stage for collaborative effort and third parties may not view our product candidates as having the requisite potential to demonstrate safety and efficacy or commercial viability. If and when we collaborate with a third party for development and commercialization of a product candidate, we can expect to relinquish some or all of the control over the future success of that product candidate to the third party. For any products or product candidates that we may seek to in-license from third parties, we may face significant competition from other medical device companies with greater resources or capabilities than us, and any agreement that we do enter may not result in the anticipated benefits.

Further, collaborations involving our products and product candidates are subject to numerous risks, which may include the following:

- collaborators have significant discretion in determining the efforts and resources that they will apply to a collaboration;

- collaborators may not pursue development and commercialization of our product candidates or may elect not to continue or renew development or commercialization programs based on clinical trial results, or change their strategic focus due to the acquisition of competitive products, availability of funding, or other external factors, such as a business combination that diverts resources or creates competing priorities;

- collaborators may delay clinical trials, provide insufficient funding for a clinical trial, stop a clinical trial, abandon a product candidate, repeat or conduct new clinical trials, or require a new design of a product candidate for clinical testing;

- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our products or product candidates;

- a collaborator with marketing and distribution rights to one or more products may not commit sufficient resources to their marketing and distribution;

- collaborators may not properly maintain or defend our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;

- disputes may arise between us and a collaborator that cause the delay or termination of the research, development or commercialization of our product candidates, or that result in costly litigation or arbitration that diverts management attention and resources;

- collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable product candidates; and/or

- collaborators may own or co-own intellectual property covering our products that results from our collaborating with them, and in such cases, we would not have the exclusive right to commercialize such intellectual property.

As a result, we may not be able to realize the benefit of current or future collaborations, strategic partnerships or the license of our third-party products if we are unable to successfully integrate such products with our existing operations and company culture, which could delay our timelines or otherwise adversely affect our business. We also cannot be certain that, following a strategic transaction or license, we will achieve the revenue or specific net income that justifies such transaction. If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a product candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our product candidates or bring them to market and generate product sales revenue, which would harm our business prospects, financial condition and results of operations.

We rely on a limited number of suppliers and may not be able to find substitutes or immediately transition to alternative suppliers. A significant interruption in the operations of our suppliers could potentially affect our operations and any material misconduct or disputes against our suppliers could potentially harm our business and reputation.

We rely on several suppliers for certain equipment and other materials which we use in our operations. For the years ended December 31, 2019 and 2020, purchases from our five largest suppliers in aggregate accounted for 58.1% and 51.0% of our total purchases, respectively, and purchases from our largest supplier accounted for 50.5% and 31.0% of our total purchases for the same periods, respectively. Certain of our suppliers are subject to various regulations and are required to obtain and maintain various qualifications, government licenses and approvals. If any of these suppliers loses its qualification or eligibility because of its failure to comply with regulatory requirements, we may not be able to find alternative suppliers in a timely manner or at all. Some of our suppliers import certain equipment and materials from manufacturers located outside China and resell to us. As a result, trade or regulatory embargoes imposed by foreign countries or China could also result in delays or shortages that could harm our business. Moreover, general economic conditions could also adversely affect the financial viability of our suppliers, resulting in their inability to provide materials and services used in our operations. In addition, suppliers may fail to supply products that meet our quality standards. If we are unable to identify alternative materials or suppliers and secure approval for their use in a timely manner, our business, operations and the development product candidates could be harmed. Any change in suppliers could require significant effort or investment in circumstances where the items supplied are integral to product performance or incorporate unique technology, and the loss of any existing supply contract could have a material adverse effect on us. A significant interruption in the operations of our suppliers could potentially affect our operations and any material misconduct or disputes against our suppliers could potentially harm our business and reputation.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We have incurred net losses since our inception and may incur net losses for the foreseeable future, and you may lose substantially all your* [REDACTED] *in us given the high risks involved in the medical device business.

We are a commercial stage medical device company. [**REDACTED**] in medical device development is highly speculative and entails substantial upfront capital expenditures and significant risk that a product candidate will fail to obtain regulatory approval or become commercially viable.

We continue to incur significant expenses related to our ongoing operations. As a result, we incurred losses during the Track Record Period. We incurred net losses of RMB66.6 million and RMB100.5 million for the years ended December 31, 2019 and 2020, respectively. Substantially all of our operating losses were resulted from costs incurred in connection with our selling and distribution expenses, research and development expenses and administrative expenses.

We may continue to incur losses for the foreseeable future, and the losses may increase as we expand our development of, and seek regulatory approvals for, our product candidates, and commercialize our products. Typically, it takes many years to develop one new product from the moment it is designed to when it is ready for commercialization. In addition, we will start incurring costs associated with being and maintaining the status of a public company in Hong Kong after the [**REDACTED**]. We will also incur costs in support of our further development and growth. The size of our future net losses will depend, in part, on the number and scale of our product development programs and the associated costs of those programs, the cost of commercializing any approved products, our ability to generate revenues and other payments we make or receive with arrangements with third parties. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our failure to become and remain profitable would decrease the value of our Company and could impair our ability to raise capital, maintain our R&D efforts, expand our business or continue our operations.

We may need to obtain additional financing to fund our operations, and we had net cash outflows from our operating activities during the Track Record Period. If we are unable to obtain that financing, we may be unable to complete the development and commercialization of our primary product candidates.

Our product candidates will require completion of clinical development, regulatory review, significant marketing efforts and substantial investment before they can generate revenue. Our operations have consumed substantial amounts of cash since inception. We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. Our liquidity and financial condition may be materially and adversely affected by negative net cash flows, and we cannot assure you that we will have sufficient cash from other sources to fund our operations. If we resort to other financing activities to generate additional cash, we will incur financing costs and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us, or at all, and if we raise finance by issuing further equity securities, your interest in our Company may be diluted. If we continue to have negative operating cash flows in the future, our liquidity and financial condition may be materially and adversely affected.

We expect to continue to spend substantial amounts on research and development, advancing the clinical development of our product candidates, commercializing our products and launching and commercializing any product candidates for which we receive regulatory approval. Our existing cash and cash equivalents may not be sufficient to enable us to complete all global development or commercially launch all of our current product candidates for the anticipated uses and to invest in additional programs. Accordingly, we may require further funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources. We cannot assure you that our financial resources will be adequate to support our operations. Our future funding requirements will depend on many factors, including:

- revenue and cash generated from our commercialized products;

- selling and marketing costs associated with our products and any existing or future product candidates that may be approved, including the cost and timing of expanding our marketing and sales capabilities;

- the progress, timing, scope and costs of our clinical trials, including the ability to timely enroll subjects in our planned and potential future clinical trials;

- the outcome, timing and cost of regulatory approvals of our product candidates;

- the number and characteristics of product candidates that we may develop;

- the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;

- the terms and timing of any potential future collaborations, licensing or other arrangements that we may establish;

- cash requirements of any future acquisitions and/or the development of other product candidates;

- the cost and timing of development and completion of commercial-scale internal or outsourced, if any, manufacturing activities; and/or

- our headcount growth and associated costs.

Adequate additional funding may not be available to us on acceptable terms, or at all. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our research and development programs or future commercialized efforts.

We have historically received government grants and subsidies for our R&D activities and there can be no assurances that we will continue to receive such grants or subsidies in the future.

We have historically received government grants in the form of subsidies for certain of our product development projects. For the years ended December 31, 2019 and 2020, we recognized government grants as other income of RMB6.8 million and RMB9.6 million, respective. For further details of our government grants, see "Financial Information."

Moreover, our growth has also been supported by favorable government policies. The timing, amount and criteria of government grants and other favorable policies are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate such grants or policies at any time. Our eligibility for government grants and other favorable policies is dependent on a variety of factors, including the

assessment of our improvement on existing technologies, relevant government policies, the availability of funding at different granting authorities and the research and development progress made by other peer companies. In addition, some of the government grants and policies are on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. In addition, the policies under which we historically received government grants may be halted by the relevant government entities at their sole discretion. There is no assurance of the continued availability of the government grants and other favorable policies currently enjoyed by us. Any reduction or elimination of such government grants and other policies would materially adversely affect our business, financial condition, results of operations and prospects.

Future tax payments or the discontinuation of any of the preferential tax treatments currently available to use could reduce our profitability.

During the Track Record Period, we enjoyed preferential tax treatment, including super deduction of 175% of qualifying research and development expenses as tax deductible expenses, pursuant to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC which has been effective from 2018 onwards.

Our eligibility to receive these preferential tax treatment requires that we continue to qualify for them. The incentives are provided to us at the discretion of the central government or relevant local government authorities, which could determine at any time to eliminate or reduce these preferential tax treatment, generally with prospective effect. Since our receipt of the preferential tax treatment is subject to periodic time lags and changing government practice, as long as we continue to receive these preferential tax treatment, our net income in a particular period may be higher or lower relative to other periods depending on the potential changes in these preferential tax treatment in addition to any business or operational factors that we may otherwise experience. The discontinuation of preferential tax treatment currently available to us could have an adverse effect on our financial condition, results of operations, cash flows and prospects.

Certain covenants under our loan agreements may have material and adverse effect on our financial condition, results of operations, cash flows and business prospects.

Our loan agreements may contain certain covenants that impose certain restrictions on the disposition of our assets. Such loan agreements also include, and our future loan agreements may include, certain restrictive covenants whereby we may be required to obtain approval from our lenders to, among other things, incur additional debt, pledge assets, undertake guarantee obligations and dispose of or sell assets. If we are not granted such approvals, we may not be able to obtain additional financing or conduct certain other business activities that may be viewed as favorable to us, and we cannot assure you that our financial resources will be adequate to support our operations, and our financial condition, results of operations, cash flows and business prospects may be materially and adversely affected.

Raising additional capital may cause dilution to our Shareholders, restrict our operations or require us to relinquish rights to our technologies or product candidates.

We may seek additional funding through a combination of equity offerings, debt financings, collaborations and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our H Shares. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. In addition, issuance of additional equity securities, or the possibility of such issuance, may cause the market price of our H Shares to decline. In the event that we enter into collaborations or licensing arrangements in order to raise capital, we may be required to accept unfavorable terms, including relinquishing or licensing to a third party on unfavorable terms our rights to technologies or product candidates that we otherwise would seek to develop or commercialize ourselves or potentially reserve for future potential arrangements when we might be able to achieve more favorable terms.

Share-based payment may cause shareholding dilution to our existing Shareholders and have a material and adverse effect on our financial performance.

We adopted Employee Incentive Scheme and [**REDACTED**] Share Option Scheme for the benefit of our employees (including directors) as remuneration for their services provided to us to incentivize and reward the eligible persons who have contributed to the success of our Company. For details, see "Appendix VII – Statutory and General Information." In 2019 and 2020, we incurred share-based compensation of RMB7.6 million and RMB23.1 million, respectively. To further incentivize our employees and non-employees to contribute to us, we may grant additional share-based compensation in the future. Issuance of additional H Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

RISKS RELATING TO OUR GENERAL OPERATIONS

Our operations and business plans may be adversely affected by natural disasters, health epidemics and pandemics, civil and social disruption and other outbreaks, in particular the COVID-19 outbreak.

An outbreak of a respiratory disease COVID-19 was first reported in December 2019 and continues to expand globally. In March 2020, the World Health Organization characterized the COVID-19 outbreak as a global pandemic. Significant rises in COVID-19 cases have been reported since then, causing governments around the world to implement unprecedented measures such as city lockdowns, travel restrictions, quarantines and business shutdowns. The COVID-19 outbreak is expected to have an unprecedented impact on the global economy as it has significantly reduced market liquidity and depressed economic activities.

The COVID-19 outbreak has caused and may continue to cause a long-term adverse impact on the economy and social conditions in China and other affected countries, which may have an indirect impact on our industry and cause temporary suspension of projects and shortage of labor and raw materials, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. We are uncertain as to when the COVID-19 outbreak will be contained globally, and we also cannot predict whether COVID-19 will have long-term impact on our business operations. Our operations could also be disrupted if any of our employees or employees of our distributors, suppliers and other business partners were suspected of contracting or contracted COVID-19, since this could require us and our distributors, suppliers and other business partners to quarantine some or all of these employees and disinfect facilities used for operations. In addition, the commencement of new clinical trials for other product candidates in our development pipeline could also be delayed or prevented by any delay or failure in subject recruitment or enrollment. Our commercialization plan for commercial-ready or near commercial-ready assets could also be disrupted. If we are not able to effectively and efficiently develop and commercialize our product candidates as planned, we may not be able to grow our business and generate revenue from sales of our product candidates as anticipated, our business operations, financial condition and prospects may subsequently be materially and adversely affected.

In addition, any future occurrence of force majeure events, natural disasters or outbreaks of other epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, swine influenza caused by the H1N1 virus, or H1N1 influenza or the Ebola virus, may materially and adversely affect our business, financial condition and results of operations. Moreover, the PRC has experienced natural disasters such as earthquakes, floods and droughts in the past few years. Any future occurrence of severe natural disasters in China may materially and adversely affect its economy and our business. We cannot assure you that any future occurrence of natural disasters or outbreaks of epidemics and contagious diseases or the measures taken by the Chinese government or other countries in response to such contagious diseases will not seriously disrupt our operations or those of our customers, which may materially and adversely affect our business, financial condition and results of operations.

Our future success depends on our ability to retain our executives, key personnel in our R&D team, manufacturing, marketing team and to attract, retain and motivate qualified personnel.

Our business and growth depend on the continued service of our senior management and personnel in our R&D team to develop product candidates, our manufacturing team to manufacture marketed products and our sales and marketing team to promote our products. Although we have formal employment agreements with each of our employees, these agreements do not prevent them from terminating their employment with us at any time. The loss of the services of any of these persons could impede the achievement of our research, development and commercialization objectives.

To induce valuable employees to remain at our Company, in addition to salary and cash incentives, we have provided share awards to our employees. The value to employees of these equity grants may be significantly affected by movements in the Share price that are beyond our control, and may at any time be insufficient to counteract more lucrative offers from other companies. Although we have employment agreements with our key employees, any of our employees could leave our employment at any time, with or without notice.

In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our discovery, clinical development and commercialization strategy. The loss of the services of our executive officers or other key employees and consultants could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy.

Furthermore, replacing executive officers, key employees or consultants may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel or consultants on acceptable terms given the competition among numerous medical device companies for similar personnel.

We also experience competition for the recruiting of research and development and clinical personnel from universities and research institutions. Our consultants and advisors may be engaged by our competitors and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.

We were founded in 2012. Our operations to date have focused on business planning, raising capital, establishing our intellectual property portfolio, conducting preclinical studies and clinical trials of our product candidates and the commercialization of our products. Other than Thrombite CRD, Ultrafree DCB, intracranial support catheter, peripheral drug-eluting stent system, peripheral stent system, PTA balloon catheter, snare retrieval kit for IVC filter and high pressure PTA balloon catheter, we have not yet obtained regulatory approvals for our other products and product candidates. We have not manufactured any products other than the abovementioned products on a commercial scale and have only generated revenues from the seven approved products. Our limited operating history, particularly in light of the rapidly evolving neurovascular and peripheral-vascular field, may make it difficult to evaluate our current business and reliably predict our future performance. We may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. If we do not address these risks and difficulties successfully, our business will suffer.

We have significantly increased the size and capabilities of our organization, and we may experience difficulties in managing our growth.

As our development and commercialization plans and strategies evolve, we need to recruit a significant number of additional managerial, operational, manufacturing, sales, marketing, financial and other personnel. Our recent growth and any future growth will impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, maintaining and motivating additional employees;

- managing our internal development efforts effectively, including the clinical and regulatory authority review process for our product candidates, while complying with our contractual obligations to contractors and other third parties; and

- improving our operational, financial and management controls, reporting systems and procedures.

Our future financial performance and our ability to commercialize our products and product candidates will depend, in part, on our ability to effectively manage our recent growth and any future growth, and our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time to managing these growth activities.

We currently rely, and for the foreseeable future will continue to rely, in substantial part on certain independent organizations, advisors and consultants to provide certain services. There can be no assurance that the services of these independent organizations, advisors and consultants will continue to be available to us on a timely basis when needed, or that we can find qualified replacements. There can be no assurance that we will be able to manage our existing consultants or find other competent outside contractors and consultants on economically reasonable terms, if at all.

If we are not able to effectively manage our growth and further expand our organization by hiring new employees and expanding our groups of consultants and contractors as needed, we may not be able to successfully implement the tasks necessary to further develop and commercialize our products and product candidates and, accordingly, may not achieve our research, development and commercialization goals.

If we engage in acquisitions or strategic partnerships, this may increase our capital requirements, dilute our shareholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

From time to time, we may evaluate various acquisitions and strategic partnerships, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses. Any completed, in-process or potential acquisition or strategic partnership may entail numerous risks, including:

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent or unforeseen liabilities;
- the issuance of our equity securities;
- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products and product candidates and regulatory approvals; and/or
- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

In addition, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense.

In the future we may acquire emerging assets and we may fail to achieve successful and efficient synergy or we may fail to manage the acquired the company.

We may not achieve the operational or economic synergies expected from our future acquisition. These synergies are inherently uncertain, and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control. If we achieve the expected benefits, they may not be achieved within the anticipated time frame. Also, the synergies from our future acquisition may be offset by costs incurred in the acquisition, increases in other expenses, operating losses or problems in the business unrelated to our collaboration. As a result, there can be no assurance that these synergies will be achieved.

Additionally, our future acquired target may not provide us with the intellectual property rights, technology, R&D capability, production capacity or sales and marketing infrastructure we had anticipated, or they may be subject to unforeseen liabilities. We may be unable to successfully increase the efficiencies of the acquired businesses in the manner we contemplated or devote more resources and management attention than desirable to the integration and management of the acquired businesses. Hence, there can be no guarantee that we will be able to enhance our post-acquisition performance or grow our business through our recent or future acquisitions.

Product and professional liability claims or lawsuits could cause us to incur substantial liabilities.

We face an inherent risk of product liability as a result of the commercialization of our products in China and the clinical testing and any future commercialization of our product candidates globally. For example, we may be sued if our products or product candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the medical device product, negligence, strict liability or a breach of warranties. Claims could also be asserted under applicable consumer protection acts. If we cannot successfully defend ourselves against or obtain indemnification from our collaborators for product liability claims, we may incur substantial liabilities or be required to limit commercialization of our products and product candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our products;

- injury to our reputation;
- withdrawal of clinical trial participants and inability to continue clinical trials;
- initiation of investigations by regulators;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients, product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- exhaustion of any available insurance and our capital resources;
- the inability to commercialize any product candidate; and/or
- a decline in our Share price.

If we are unable to obtain sufficient product liability insurance at an acceptable cost, potential product liability claims could prevent or inhibit the commercialization of our products and product candidates. We currently do not hold any product liability insurance coverage, and we may be unable to acquire such insurance at a reasonable cost or in an amount adequate to satisfy any liability that may arise, or we may not be able to obtain additional or replacement insurance at a reasonable cost, if at all. Our insurance policies may also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We may have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts. Even if our agreements with any future collaborators entitle us to indemnification against losses, such indemnification may not be available or adequate should any claim arise.

If we become a party to litigations, legal or contractual disputes, governmental investigations or administrative proceedings, our management's attention may be diverted and we may incur substantial costs and liabilities.

We may from time to time become subject to various litigation, legal or contractual disputes, investigations or administrative proceedings arising in the ordinary course of our business, including but not limited to various disputes with or claims from our suppliers, customers, contractors, business partners and other third parties that we engage for our business operations. On-going or threatened litigation, legal or contractual disputes,

investigations or administrative proceedings may divert our management's attention and consume their time and our other resources. In addition, any similar claims, disputes or legal proceedings involving us or our employees may result in damages or liabilities, as well as legal and other costs and may cause a distraction to our management. Furthermore, any litigation, legal or contractual disputes, investigations or administrative proceedings which are initially not of material importance may escalate and become important to us, due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. If any verdict or award is rendered against us or if we settle with any third parties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business projects. In addition, negative publicity arising from litigation, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands and products. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

We may be subject, directly or indirectly, to applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China and other jurisdictions, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

We may from time to time become subject to various litigation, legal or contractual disputes, investigations or administrative proceedings arising in the ordinary course of our business, including but not limited to various disputes with or claims from our suppliers, customers, contractors, business partners and other third parties that we engage for our business operations. On-going or threatened litigation, legal or contractual disputes, investigations or administrative proceedings may divert our management's attention and consume their time and our other resources. In addition, any similar claims, disputes or legal proceedings involving us or our employees may result in damages or liabilities, as well as legal and other costs and may cause a distraction to our management. Furthermore, any litigation, legal or contractual disputes, investigations or administrative proceedings which are initially not of material importance may escalate and become important to us, due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. If any verdict or award is rendered against us or if we settle with any third parties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business projects. In addition, negative publicity arising from litigation, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands and products. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

If our employees, third-party suppliers, distributors, consultants and commercial partners engage in bribery or corrupt practices or other improper conduct, we may be subject to liability and our reputation and business could be harmed.

We are subject to the anti-bribery laws of various jurisdictions, particularly in China. As our business expands, the applicability of the applicable anti-bribery laws to our operations has increased. Our procedures and controls to monitor compliance with anti-bribery law may fail to protect us from reckless or criminal acts committed by our employees or agents. We could be liable for actions taken by our employees or distributors that violate anti-bribery, anti-corruption and other related laws and regulations in China or other countries. The government authorities may seize the products involved in any illegal or improper conduct engaged in by our employees or distributors. We may be subject to claims, fines or suspension of our operations. Our reputation, our sales activities or the price of our Shares could be adversely affected if our Company is associated with any negative publicity as a result of illegal or improper actions, or allegations of illegal or improper actions, taken by our employees or distributors.

It is also possible that the Chinese government or other government authorities in countries where we sell our products could adopt new or different regulations affecting the way in which medical devices are sold to address bribery, corruption or other concerns. Any such new or different regulations could possibly increase the costs incurred by us, our employees or distributors in selling our products or impose restrictions on sales and marketing activities, which could in turn increase our costs. As we currently depend substantially on distributors for the sale of our products, any misconduct by our distributors or changes in the regulatory environment regarding the sale of medical devices could have a material adverse impact on our business, financial condition and results of operations.

Our employees, third-party suppliers, distributors, consultants and commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements.

We are exposed to the risk of fraud or other misconduct by our employees, third-party suppliers, distributors, consultants and commercial partners. Misconduct by these parties could include intentional failures to comply with the regulations of NMPA and overseas regulators that have jurisdictions over us, comply with healthcare fraud and abuse laws and regulations in China and abroad, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing, and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Such misconduct could also involve the improper use of information, including sensitive information such as personal data and other privacy, obtained in the course of clinical studies, which could result in regulatory sanctions and cause serious harm to our reputation. We provide training to our employees on a regular basis, but it is not always possible to identify and deter employee misconduct, and

the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses, or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of significant civil, criminal and administrative penalties, including, without limitation, damages, monetary fines, individual imprisonment, disgorgement of profits, contractual damages, reputational harm, diminished profits and future earnings, additional reporting or oversight obligations if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with the law and curtailment or restructuring of our operations, which could have a significant impact on our business. Whether or not we are successful in defending against such actions or investigations, we could incur substantial costs, including legal fees and divert the attention of management in defending ourselves against any of these claims or investigations.

In addition, we may have disputes with our employees, third-party suppliers, consultants and commercial partners due to such misconduct or for other reasons, such as quality of products or services provided by these third-parties, which may result in suspension or termination of supply of products or services to us, suspension or termination of certain of our production or research and development activities, litigation or arbitrations, contractual damages and other payments by us, other liabilities of ours, write off of amounts paid or receivables, and other negative impacts on our business operations, and such results may have a material adverse effect on our business, financial condition and results of operations.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials, including chemicals. Our operations also produce hazardous waste. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We could also incur significant costs associated with civil or criminal fines and penalties.

Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of or exposure to hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage, use or disposal of biological or hazardous materials.

In addition, we may be required to incur substantial costs to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

If we or our business partners fail to protect patient data and privacy, our reputation will be damaged and we might be subject to fines or other regulatory punishments.

The personal information of patients or subjects for our clinical trials is highly sensitive and we are subject to strict requirements under the applicable privacy protect regulations in the relevant jurisdictions. Whilst we have adopted security policies and measures to protect our proprietary data and patients' privacy, privacy leakage incidents might not be avoided due to human error, employee misconduct or system breakdown. We also cooperate with third parties including principal investigators, hospitals, CROs and SMOs for our clinical trials. Any leakage or abuse of patient data by our third-party partners may be perceived by the patients as a result of our failure. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of information security that results in the unauthorized release or transfer of personally identifiable information or other patient data, could cause our customers to lose trust in us and could expose us to legal claims. Whilst we have made efforts to ensure our compliance with the applicable privacy regulations in various jurisdictions, we may not be capable of adjusting our internal policies in a timely manner and any failure to comply with applicable regulations could also result in regulatory enforcement actions against us.

Failure in our internal computer systems, information technology infrastructure, storage systems or equipment may cause significant disruptions to our operations and our research and development efforts.

Despite the implementation of security measures, our internal computer systems are vulnerable to damage from computer viruses and unauthorized access. Although to our knowledge we have not experienced any material system failure or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations.

In the ordinary course of our business, we collect and store sensitive data, including, among other things, legally protected patient health information, personally identifiable information about our employees, intellectual property, and proprietary business information. We manage and maintain our applications and data utilizing on-site systems and outsourced vendors. These applications and data encompass a wide variety of business critical information including R&D information, commercial information and business and financial information. Because information systems, networks and other technologies are critical to many of our operating activities, shutdowns or service disruptions at our Company or vendors that provide information systems, networks, or other services to us pose increasing risks. Such disruptions may be caused by events such as computer hacking, phishing attacks, ransomware, dissemination of computer viruses, worms and other destructive or disruptive software, denial

of service attacks and other malicious activity, as well as power outages, natural disasters (including extreme weather), terrorist attacks or other similar events. Such events could have an adverse impact on us and our business, including loss of data and damage to equipment and data. In addition, system redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient to cover all eventualities. Significant events could result in a disruption of our operations, damage to our reputation or a loss of revenues. In addition, we may not have adequate insurance coverage to compensate for any losses associated with such events.

We could be subject to risks caused by misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in the information systems and networks of our Company and our vendors, including personal information of our employees and patients, and company and vendor confidential data. In addition, outside parties may attempt to penetrate our systems or those of our vendors or fraudulently induce our personnel or the personnel of our vendors to disclose sensitive information in order to gain access to our data and/or systems. Like other companies, we have on occasion experienced, and will continue to experience, threats to our data and systems, including malicious codes and viruses, phishing, and other cyber-attacks. The number and complexity of these threats continue to increase over time. If a material breach of our information technology systems or those of our vendors occurs, the market perception of the effectiveness of our security measures could be harmed and our reputation and credibility could be damaged. We could be required to expend significant amounts of money and other resources to repair or replace information systems or networks. In addition, we could be subject to regulatory actions and/or claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims for misuse or inappropriate disclosure of data, as well as unfair or deceptive practices. Although we develop and maintain systems and controls designed to prevent these events from occurring, and we have a process to identify and mitigate threats, the development and maintenance of these systems, controls and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated. Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated entirely. As we outsource one of our information systems to vendors, engage in more electronic transactions with CROs, and rely more on cloud-based information systems, the related security risks will increase and we will need to expend additional resources to protect our technology and information systems.

If we or parties on whom we rely fail to maintain the necessary licenses for the development, production, sales and distribution of our products, our ability to conduct our business could be materially impaired.

We are required to obtain, maintain and renew various permits, licenses and certificates to develop, produce, promote and sell our products. Third parties, such as research institutions, distributors and suppliers on whom we may rely to develop, produce, promote, sell and distribute our products, may be subject to similar requirements. We and third parties on whom we rely may be also subject to regular inspections, examinations, inquiries or audits by

regulatory authorities, and an adverse outcome of such inspections, examinations, inquiries or audits may result in the loss or non-renewal of the relevant permits, licenses and certificates. Moreover, the criteria used in reviewing applications for, or renewals of permits, licenses and certificates may change from time to time, and there can be no assurance that we or the third parties on whom we rely will be able to meet new criteria that may be imposed to obtain or renew the necessary permits, licenses and certificates. Many of such permits, licenses and certificates are material to the operation of our business, and if we or parties on whom we rely fail to maintain or renew material permits, licenses and certificates, our ability to conduct our business could be materially impaired. Furthermore, if the interpretation or implementation of existing laws and regulations change, or new regulations come into effect, requiring us or parties on whom we rely to obtain any additional permits, licenses or certificates that were previously not required to operate our business, there can be no assurance that we or parties on whom we rely will successfully obtain such permits, licenses or certificates.

Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.

Our operations, and those of our third-party research institution collaborators, suppliers and other contractors and consultants, could be subject to natural or man-made disasters or business interruptions, for which we are predominantly self-insured. In addition, we partially rely on our third-party research institution collaborators for conducting R&D of our product candidates, and they may be affected by government shutdowns or withdrawn funding. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses. Damage or extended periods of interruption to our corporate, development, research or manufacturing facilities due to fire, natural disaster, power loss, communications failure, unauthorized entry or other events could cause us to cease or delay development or commercialization of some or all of our product candidates.

If we fail to effectively expand our international business, our business prospects may be adversely affected.

During the Track Record Period, we have obtained CE Mark for six products and commercialized four products in Europe, including Thrombite CRD, peripheral stent system, PTA balloon catheter and high pressure PTA balloon catheter. We plan to broaden our sales and expand our presence globally. However, our limited experience in overseas markets may expose us to risks and uncertainties, including but not limited to the following:

- dealing with regulatory regimes, regulatory bodies and government policies which may differ materially from those in the PRC or with which we may be unfamiliar;

- substantial time which may be required for us to obtain approval for registering and selling our products in additional countries, especially in developed countries;

- commercializing our products in new markets where we have limited experience with the dynamics and no sales and marketing infrastructure;
- higher costs for new product development and reliance on overseas partners for the development, commercialization and marketing of our products;
- product liability litigation and regulatory scrutiny arising from the marketing and sale of products in overseas markets and the costs incurred dealing with such procedures, as well as our ability to obtain insurance to adequately protect us from any resulting liabilities;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness and inflation; difficulty of effective enforcement of contractual provisions in local jurisdictions;
- compliance with tax, employment, immigration and labor laws for employees traveling abroad;
- the effects of applicable foreign tax structures and potentially adverse tax consequences;
- currency fluctuations, which could result in increased operating expenses and reduced revenue;
- workforce uncertainty and labor unrest; and
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

Such risks are outside of our control. There is no assurance that any of these risks will not happen. If any of the above-mentioned risk happens and as a result we fail to effectively expand our international business, our business prospects may be adversely affected.

Our insurance coverage may not completely cover the risks related to our business and operations.

Our operations are subject to hazards and risks associated with our research and manufacturing operations, which may cause significant harm to persons or damage to properties. We maintain different types of insurance policies, including social insurance for all of our employees. For details, see "Business – Insurance." However, there is no assurance that our insurance policies will be adequate to cover all losses incurred. Losses incurred and associated liabilities may have a material adverse effect on our results of operation if such losses or liabilities are not covered by our insurance policies.

We do not own the real property for our current major operation sites and may be subject to risks relating to leased properties.

We do not own the real property for our current major operations. As of the Latest Practicable Date, we lease an aggregate area of approximately 3,900 sq.m. in Hangzhou and approximately 3,300 sq.m. in Zhuhai for our current major operations. Upon expiration of the leases, we will need to negotiate for renewal of the leases and may have to pay increased rent. We cannot assure you that we will be able to renew our leases on terms which are favorable or otherwise acceptable to us, or at all. If we fail to renew any of our leases or if any of our leases are terminated or if we cannot continue to use any of our leased property, we may need to seek an alternative location and incur expenses related to such relocation, and our operation and businesses may also be disrupted or even suspended if we are not able to complete the relocation, including the reconstruction of relevant facilities in the new location, in a timely manner.

We are subject to other risks related to our leased properties. For example, lessors for our leased properties may be mortgaged to commercial banks in China before leasing to us. These properties are being used as our offices, manufacturing facilities and laboratories. In case such properties we leased are transferred due to the enforcement of mortgages, which had been set before the properties were leased to us, we may be required to relocate. As of the Latest Practicable Date, we had not been aware of any enforcement of the mortgages of our properties. We cannot assure you that in the future, we may not encounter such challenges. In the event of relocation, we may incur additional costs, which could adversely affect our daily operation and cause an impact on our financial condition.

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, we had not completed the relevant property leasing registrations for some of our leased properties. According to our PRC Legal Advisers, the failure to complete the registration process does not affect the validity of the property lease agreements but a maximum penalty of RMB10,000 may be imposed on us for the non-registration of each lease. We cannot assure we will not be subject to any penalties arising from the non-registration of lease agreements in the future. As advised by our PRC Legal Advisor, such non-compliance does not affect the validity of the property lease agreement according to PRC Civil Code and will not have a material adverse effect on the [**REDACTED**].

In addition, one of the leased properties we use for general office purpose is located on allocated land (劃撥地). According to relevant laws and regulations, the lease of such property on allocated land must be approved by and registered with the appropriate government authorities in the PRC. In the event that the owner of the land had not obtained the necessary approval nor completed the registration, such property lease agreement may be deemed invalid and we may be forced to relocate our office. In addition, the lessor of the leased property is

not the property owner. At present, we have not received a confirmation from the property owner about agreeing to the lessor to rent this property. Therefore, whether the lessor has the right to lease the above property cannot be effectively confirmed. As of the Latest Practicable Date, our operation on the allocated land had not been disrupted nor were we forced to relocate our office, however, we can give no assurance that we will not be subject to any loss in the future. As advised by our PRC Legal Advisor, the replacement of our office on such allocated land is easy to locate if relocation is needed and the lease of such property on allocated land will not have a material adverse effect on the [**REDACTED**].

The construction of our own manufacturing facilities had encountered unanticipated delays which may result in breach of contract claims and liabilities to us.

The construction of our own manufacturing facilities had encountered unanticipated delays which may result in breach of contract claims and liabilities to us. Pursuant to the land use right transfer agreement entered into between the company and Yuhang Branch of Hangzhou Municipal Bureau of Land and Resources, as well as the Industrial construction project performance supervision agreement entered into between the company and Administration Committee of Hangzhou Future SCI-TECH City, we were required to commence and complete construction of our new facilities within a stipulated time period. We were not able to comply with the commencement requirement and we completed the construction on schedule. As of the Latest Practicable Date, we have not been required to pay any administrative penalties. Our PRC Legal Adviser has advised that, although such delays in the construction do not meet the criteria for constituting idle land under PRC laws and regulations, and the breach of contract would not affect our interest in, or the term of, the land use right, we may be asked to pay liquidated damages equal to 0.05% of the consideration for the land use right transfer for each day of delay in commencing construction. As advised by our PRC Legal Advisor, our delay in commencement of such construction will not have a material adverse effect on the [**REDACTED**].

If we fail to maintain or implement an effective internal control system, our financial reporting accuracy and our stock price may be adversely affected.

If we fail to maintain or implement an effective internal control system over financial reporting, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could, in turn, limit our access to capital markets, harm our results of operations and lead to a decline in the trading price of our H Shares. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential penalties, regulatory investigations and civil or criminal sanctions.

Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners may affect our reputation and, as a result, our business, financial conditions and results of operations may be negatively affected.

We, our Shareholders, Directors, officers, employees and business partners may be subject to negative media coverage and publicity from time to time. Such negative coverage in the media and publicity could threaten the perception of our reputation. In addition, to the extent our employees and business partners were incompliant with any laws or regulations, we may also suffer negative publicity or harm to our reputation. As a result, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity, and may not be able to diffuse them to the satisfaction of our investors and customers.

We are exposed to risks in connection with the wealth management products we purchased.

Our financial assets at fair value through profit or loss increased from RMB52.0 million as of December 31, 2019 to RMB157.7 million as of December 31, 2020, which was primarily attributable to our increased investment in wealth management products as a result of our increased cash on hand. Pursuant to the Guidance on Regulating Financial Institution's Asset Management Business (《關於規範金融機構資產管理業務的指導意見》) promulgated by the People's Bank of China, the China Banking and Insurance Regulatory Commission, the China Security Regulatory Commission and the State Administration of Foreign Exchange on April 27, 2018, financial institutions selling wealth management products shall not guarantee the returns of principal and interest of such products. As a result, the returns of our investments on the wealth management products were not guaranteed, and therefore were measured at fair value through profit or loss. We are exposed to credit risks in relation to these financial assets, which may adversely affect their fair value. Net changes in their fair value are recorded as our other income or losses, and therefore directly affect our results of operations. We may continue to invest in wealth management products in the future when we believe that we have surplus cash on-hand and the potential investment returns are stable and attractive. However, there can be no assurance that our internal management and investment strategy will be effective and adequate with respect to our purchased wealth management products. We cannot guarantee that we will not experience losses with respect to such investments in the future or that such losses or other potentially negative consequences due to such investments will not have material adverse effects on our business, results of operations and prospects.

RISKS RELATING TO DOING BUSINESS IN CHINA

The medical device industry in China is highly regulated and such regulations are subject to change which may affect approval and commercialization of our product candidates.

We conduct the majority of our operations in China. The medical device industry in China is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new devices. In recent years, the regulatory framework in China regarding the medical device industry has undergone significant changes, and we expect that it will continue to undergo significant changes. Any such changes or amendments may result in increased compliance costs on our business or cause delays in or prevent the successful development or commercialization of our product candidates in China and reduce the benefits we believe are available to us from developing and manufacturing interventional medical device in China.

Changes in the political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.

Due to our extensive operations in China, our business, results of operations, financial condition and prospects may be influenced to a significant degree by economic, political, legal and social conditions in China. China's economy differs from the economies of developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources.

While the PRC economy has experienced significant growth over the past 30 years, growth has been uneven across different regions and among various economic sectors of China. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are currently applicable to us. In addition, in the past the PRC government implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and results of operation. More generally, if the business environment in China deteriorates from the perspective of domestic or international investment, our business in China may also be adversely affected.

There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.

The majority of our operations are conducted in China, and are governed by PRC laws, rules and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly enhanced the protections afforded to various forms of foreign investment in China. However, China has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to significant degrees of interpretation by PRC regulatory agencies. In particular, because these laws, rules and regulations are relatively new and often give the relevant regulator significant discretion in how to enforce them, and because of the limited number of published decisions and the non-binding nature of such decisions, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

Additionally, the reform of the medical device approval system in 2017 may face implementation challenges. The timing and full impact of such reforms is uncertain and could prevent us from commercializing our product candidates in a timely manner. In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business, financial condition and results of operations.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are incorporated under the laws of the PRC, and substantially all of our assets are located in the PRC. In addition, a majority of our Directors, Supervisors and senior management personnel reside within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon our Directors, Supervisors and senior management personnel, including with respect to matters arising under the U.S. federal securities laws or applicable state securities laws.

On July 14, 2006, the Supreme People's Court of the PRC and the government of Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned* (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "**Arrangement**"). Under the Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court

agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly selected as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the Arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the Arrangement remain uncertain. In addition, the PRC has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and most other western countries, and Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgment of a court in the United States or any other jurisdictions mentioned above in relation to any matter that is not subject to a binding arbitration provision may be difficult or impossible.

We are a PRC enterprise and we are subject to PRC tax on our global income, and the dividends payable to* [REDACTED] *and gains on the sale of our H Shares by our* [REDACTED] *are subject to PRC tax.

As a PRC-incorporated company, under applicable PRC tax laws, we are subject to a tax of 25% on our global income. Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares. Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (中華人民共和國個人所得税法) with respect to PRC source income or gains at a rate of 20% unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. We are required to withhold related tax from dividend payments. Pursuant to applicable regulations, domestic non-foreign-invested enterprises issuing shares in Hong Kong may generally, when distributing dividends, withhold individual income tax at the rate of 10%. However, withholding tax on distributions paid by us to non-PRC individuals may be imposed at other rates pursuant to applicable tax treaties (and up to 20% if no tax treaty is applicable) if the identity of the individual holder of shares and the tax rate applicable thereto are known to us. There is uncertainty as to whether gains realized upon disposition of shares by non-PRC individuals are subject to PRC individual income tax.

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or that have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to PRC EIT at the rate of 10% on dividends received from PRC companies and gains realized upon disposition of equity interests in the PRC companies pursuant to the EIT Law and other applicable PRC tax regulations and statutory documents, which may be reduced or eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the non-resident enterprise resides. Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends

paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by non-resident enterprise holders of shares through the sale or transfer by other means of shares.

There remains significant uncertainty as to the interpretation and application of the relevant PRC tax laws by the PRC tax authorities, including whether and how individual income tax or EIT on gains derived by holders of our H Shares from their disposition of our H Shares may be collected. If any such tax is collected, the value of our H Shares may be materially and adversely affected.

Payment of dividends is subject to restrictions under PRC law and regulations.

Under PRC law and regulations, we may only pay dividends out of distributable profits. Distributable profits are our after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in periods for which our financial statements indicate we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years.

Moreover, our operating subsidiary in the PRC may not have distributable profit as determined under PRC GAAP. Accordingly, we may not receive sufficient distributions from our subsidiary for us to pay dividends. Failure by our operating subsidiary to pay us dividends could adversely impact our ability to make dividend distributions to our Shareholders and our cash flow, including periods in which we are profitable.

Any failure to comply with PRC regulations regarding our employee equity incentive plans or the mandatory social insurance may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Our directors, executive officers and other employees who are PRC residents have participated in our employee equity incentive plans. We also face regulatory uncertainties that could restrict our ability to adopt additional equity incentive plans for our directors and employees under PRC law.

According to the Social Insurance Law of the PRC implemented on December 29, 2018 and other applicable PRC regulations, any employer operating in China must open social insurance registration accounts and contribute social insurance premium for its employees. Any failure to make timely and adequate contribution of social insurance premium for its employees may trigger an order of correction from competent authority requiring the employer to make up the full contribution of such overdue social insurance premium within a specified period of time, and the competent authority may further impose fines or penalties.

During the Track Record Period, we did not pay social insurance and housing provident fund in full for some of our employees based on their actual salary level. As a result, we may be required by competent authorities to pay the outstanding amount, and could be subject to late payment penalties or enforcement application made to the court. As of the Latest Practicable Date, no competent government authorities had imposed administrative action, fine or penalty to us with respect to this non-compliance incident nor had any competent government authorities required us to settle the outstanding amount of social insurance payments and housing provident fund contributions. We made provisions of RMB1.7 million as of December 31, 2020 in connection with the shortfall amount of the social insurance and housing provident fund contribution during the Track Record Period. As advised by our PRC Legal Advisor, such non-compliance will not have a material adverse effect on our financial condition or results of operations as a whole and the [**REDACTED**]. For details, see "Business – Legal Proceedings and Non-compliance – Non-compliance." We cannot assure you that the competent local government authorities will not require us to pay the outstanding amount within a specified time limit or impose late fees or fines on us, which may materially and adversely affect our financial condition and results of operations.

Restrictions on currency exchange may limit our ability to utilize our revenue effectively.

The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. The RMB is currently convertible under the "current account," which includes dividends, trade and service-related foreign exchange transactions, but not under the "capital account," which includes foreign direct investment and loans, including loans we may secure from our onshore subsidiary. Currently, we and our PRC subsidiaries may purchase foreign currency for settlement of "current account transactions," including payment of dividends to us, without the approval of SAFE by complying with certain procedural requirements. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Since a portion of our revenue is denominated in RMB, any existing and future restrictions on currency exchange may limit our ability to utilize revenue generated in RMB to fund our business activities outside of the PRC or pay dividends in foreign currencies to holders of our H Shares. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, SAFE and other relevant PRC governmental authorities. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiary.

***Governmental control of currency conversion, and restrictions on the remittance of Renminbi into and out of China, may adversely affect the value of your* [REDACTED].**

The Renminbi is not currently a freely convertible currency, as the PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and in certain cases, the remittance of currency out of China. A substantial majority of our future revenue is expected to be denominated in Renminbi and we will need to convert Renminbi into foreign

currencies for the payment of dividends, if any, to holders of our H Shares. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments, or otherwise satisfy our foreign currency denominated obligations.

Under China's current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC Government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Since 2015, in response to China's declining foreign currency reserves, the PRC Government has placed increasingly stringent restrictions on the convertibility of the Renminbi into foreign currencies. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

Our business benefits from certain financial incentives and discretionary policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.

In the past, local governments in China granted certain financial incentives from time to time to us and our PRC subsidiary as part of our efforts to encourage the development of local businesses. We recognized RMB6.8 million and RMB9.6 million of government grants as other income for the years ended December 31, 2019 and 2020, respectively. The timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives at any time. In addition, some of the government financial incentives are granted on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. We cannot guarantee that we will satisfy all relevant conditions, and if we fail to satisfy any such conditions, we may be deprived of the relevant incentives. We cannot assure you of the continued availability of the government incentives currently enjoyed by us. Any reduction or elimination of incentives would have an adverse effect on our results of operations.

The political relationships between China and other countries may affect our business operations.

During the Track Record Period, we purchased raw materials and equipment for our products from certain overseas suppliers, and we procured the services from and were in collaboration with entities in foreign countries and regions, in particular the United States. We may also engage in cross-border sales of our products between the U.S. and China in the future. Our business is therefore subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in those foreign countries and regions. Tensions and political concerns between China and the relevant foreign countries or regions may adversely affect our business, financial condition, results of operations, cash flows and prospects.

China's political relationships with those foreign countries and regions may affect the prospects of our relationship with third parties. There can be no assurance that our existing or potential service providers or collaboration partners will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships between China and the relevant foreign countries or regions.

In the event that China and/or the United States impose import tariffs, trade restrictions or other trade barriers affecting the importation of raw materials or equipment, we may not be able to obtain a steady supply of raw materials or equipment at competitive prices, and our business and operations may be materially and adversely affected. Furthermore, our products may be subject to punitive tariffs or other trade barriers, if we engage in cross-border sales between the U.S. and China. Although as of the Latest Practicable Date, none of our products or product candidates was subject to any punitive tariff due to the trade tension between the U.S. and China, the governments may impose such tariff or even restrict the sales of our products in the future.

RISKS RELATING TO THE [REDACTED]

No public market currently exists for our H Shares, and an active trading market for our H Shares may not develop and the market price for our H Shares may decline or became volatile.

No public market currently exists for our H Shares. The initial [**REDACTED**] for our H Shares to the public will be the result of negotiations between our Company and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), and the [**REDACTED**] may differ significantly from the market price of the H Shares following the [**REDACTED**]. We have applied to the Hong Kong Stock Exchange for the [**REDACTED**] of, and permission to deal in, the H Shares. A [**REDACTED**] on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid trading market for our H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the market price of the H Shares will rise following the [**REDACTED**].

***The price and trading volume of our H Shares may be volatile, which could lead to substantial losses to* [REDACTED].**

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as the results of clinical trials of our product candidates, the results of our applications for approval of our product candidates, regulatory developments affecting our industry, healthcare, health insurance and other related matters, fluctuations in our revenue, earnings, cash flows, investments and expenditures, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Hong Kong Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and our H Shares may be subject to changes in price not directly related to our performance.

***There will be a gap of several days between pricing and trading of our H Shares, and the price of our H Shares when trading begins could be lower than the* [REDACTED].**

The initial price to the public of our H Shares sold in the [**REDACTED**] is expected to be determined on the [**REDACTED**]. However, the H Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be not more than five Business Days after the [**REDACTED**]. As a result, [**REDACTED**] may not be able to sell or otherwise deal in the H Shares during that period. Accordingly, holders of our H Shares are subject to the risk that the price of the H Shares when trading begins could be lower than the [**REDACTED**] as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

Future sales or perceived sales of a substantial number of our H Shares in the public market following the* [REDACTED] *could materially and adversely affect the price of our H Shares and our ability to raise additional capital in the future, and may result in dilution of your shareholding.

Prior to the [**REDACTED**], there has not been a public market for our H Shares. Future sales or perceived sales by our existing Shareholders of our H Shares after the [**REDACTED**] could result in a significant decrease in the prevailing market price of our H Shares. Only a limited number of the H Shares currently outstanding will be available for sale or issuance immediately after the [**REDACTED**]due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our H Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price of our H Shares and our ability to raise equity capital in the future.

In addition, our Shareholders would experience dilution in their shareholdings upon offer or sale of additional share capital or share capital-linked securities by our Company in future offerings. If additional funds are raised through our issuance of new share capital or share capital-linked securities other than on a pro rata basis to existing Shareholders, the shareholdings of such Shareholders may be reduced and such new securities may confer rights and privileges that take priority over those conferred by the [**REDACTED**].

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares may be converted into H Shares and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares, the requisite internal approval processes (but without the necessity of Shareholders' approval by class) have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, have been obtained. In addition, such conversion, trading and listing must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the [**REDACTED**] of all or any portion of our Domestic Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of shares for entry on the [**REDACTED**]. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the trading price of H Shares.

As the* [REDACTED] *of our* [REDACTED] *is higher than our net tangible book value per share, purchasers of our H Shares in the* [REDACTED] *may experience immediate dilution upon such purchases. Purchasers of H Shares may also experience further dilution in shareholdings if we issue additional H Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**], and our existing Shareholders will receive an increase in the [**REDACTED**] per Share of their H Shares. In order to expand our business, we may consider offering and issuing additional H Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per share of their H Shares if we issue additional H Shares in the future at a price that is lower than the net tangible asset value per Share at that time.

Our Single Largest Group of Shareholders have significant influence over our Company and their interests may not be aligned with the interest of our other shareholders.

Immediately following the [**REDACTED**], our Single Largest Group of Shareholders will hold in aggregate approximately [**REDACTED**]% of our Shares, assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme. Our Single Largest Group of Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have

significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, and our management. Our Single Largest Group of Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Single Largest Group of Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the H Shares as part of a sale of our Company and may significantly reduce the price of our H Shares.

***Because we do not expect to pay dividends in the foreseeable future after the* [REDACTED]*, you must rely on price appreciation of our H Shares for a return on your* [REDACTED].**

We intend to retain most, if not all, of our available funds and any future earnings after the [**REDACTED**] to fund the development and commercialization of our pipeline product candidates. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an [**REDACTED**] in our H Shares as a source for any future dividend income.

Our Board has complete discretion as to whether to distribute dividends. Even if our Board declares and pays dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions (if any) received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your [**REDACTED**] in our H Shares will likely depend entirely upon any future price appreciation of our H Shares. There is no guarantee that our H Shares will appreciate in value after the [**REDACTED**] or even maintain the price at which you purchased the H Shares. You may not realize a return on your [**REDACTED**] in our H Shares and you may even lose your entire [**REDACTED**] in our H Shares.

We have significant discretion as to how we will use the net* [REDACTED] *of the* [REDACTED]*, and you may not necessarily agree with how we use them.

Our management may spend the net [**REDACTED**] from the [**REDACTED**] in ways with which you may not agree or which do not yield a favorable return to our shareholders. We plan to use the net [**REDACTED**] from the [**REDACTED**] to fund:

- ongoing and planned R&D and commercialization of our most promising product candidates,

- the expansion of our product portfolio through internal research and/or potential acquisitions, and

- general working capital.

For details, see "Future Plans and Use of [**REDACTED**] – Use of [**REDACTED**].

However, our management will have discretion as to the actual application of our net [**REDACTED**]. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net [**REDACTED**] from this [**REDACTED**].

Facts, forecasts and statistics in this document relating to the neurovascular and peripheral-vascular intervention industry may not be fully reliable.

Facts, forecasts and statistics in this document relating to the neurovascular and peripheral-vascular interventional device industry in and outside China are obtained from various sources that we believe are reliable, including official government publications as well as a report prepared by Frost & Sullivan that we commissioned. However, we cannot guarantee the quality or reliability of these sources. Neither we, the [**REDACTED**], the [**REDACTED**], the Joint Sponsors, the [**REDACTED**] nor our or their respective affiliates or advisers have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the industry statistics in this document may be inaccurate and you should not place undue reliance on it. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

***You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the* [REDACTED].**

Subsequent to the date of this document but prior to the completion of the [**REDACTED**], there may be press and media coverage regarding us and the [**REDACTED**], which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective [**REDACTED**] are cautioned to make their [**REDACTED**] decisions on the basis of the information contained in this document only and should not rely on any other information.

You should rely solely upon the information contained in this document, the [**REDACTED**] and any formal announcements made by us in Hong Kong in making your [**REDACTED**] decision regarding our H Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our H Shares, the [**REDACTED**] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication.

Accordingly, prospective [**REDACTED**] should not rely on any such information, reports or publications in making their decisions as to whether to [**REDACTED**] in our [**REDACTED**]. By applying to purchase our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the [**REDACTED**].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the [**REDACTED**], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Hong Kong Stock Exchange, including but not limited to compliance by us with Rules 19A.05 to 19A.07 of the Listing Rules.

Our headquarters are based, and most of the business operations of our Company and our subsidiary are managed and conducted in the PRC. Our executive Directors ordinarily reside in the PRC and they play very important roles in our Company's business operations, it is in our best interests for them to be based in places where our Group has significant operations. We consider it practically difficult and commercially unreasonable for us to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing our executive Directors or appointment of additional executive Directors. Therefore, our Company does not have, and does not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] us, a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules subject to the following conditions:

1. We have appointed Dr. Zhao and Mr. Kai Cheong Willie Cheung ("**Mr. Cheung**") as our authorized representatives ("**Authorized Representatives**") pursuant to Rules 3.05 and 19A.07 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Hong Kong Stock Exchange. The Authorized Representatives will be readily contactable by phone, facsimile and email to promptly deal with enquiries from the Hong Kong Stock Exchange, and will also be available to meet with the Hong Kong Stock Exchange to discuss any matter within a reasonable period of time upon request of the Hong Kong Stock Exchange;

2. When the Hong Kong Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. Our Company will also inform the Hong Kong Stock Exchange promptly in respect of any changes in the authorized representatives. We have provided the Hong Kong Stock Exchange with the contact details (i.e. mobile phone number, office phone number and email address) of all Directors to facilitate communication with the Hong Kong Stock Exchange;

3. All Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period upon the request of the Stock Exchange;

4. We have appointed Rainbow Capital (HK) Limited as our compliance advisor (the "**Compliance Advisor**") upon [**REDACTED**] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [**REDACTED**] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**]. The Compliance Advisor will have access at all times to our Authorized Representatives, our Directors and our senior management as prescribed by Rule 19A.05(2) of the Listing Rules, who will act as the additional channel of communication with the Hong Kong Stock Exchange when the Authorized Representatives are not available; and

5. We have provided the Hong Kong Stock Exchange with the names, mobile phone numbers, office phone numbers, fax numbers and email addresses of at least two of the Compliance Advisor's officers who will act as our Compliance Advisor's contact persons between the Hong Kong Stock Exchange and our Company pursuant to Rule 19A.06(4) of the Listing Rules.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARY

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Institute of Chartered Secretaries;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Hong Kong Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Our Company has appointed Mr. Quanwei Yuan ("**Mr. Yuan**"), our Chief Financial Officer, as one of our joint company secretaries. He has extensive experience in board and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. Cheung, a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Mr. Yuan for an initial period of three years from the [**REDACTED**] to enable Mr. Yuan to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Since Mr. Yuan does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Yuan may be appointed as a joint company secretary of our Company. Pursuant to the Guidance Letter HKEX-GL108-20, the waiver will be for a fixed period of time ("**Waiver Period**") and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 ("**Qualified Person**") and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial period of three years from the [**REDACTED**], and is granted on the condition that Mr. Cheung will work closely with Mr. Yuan to jointly discharge the duties and

responsibilities as company secretary and assist Mr. Yuan in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Mr. Cheung will also assist Mr. Yuan in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Mr. Cheung is expected to work closely with Mr. Yuan and will maintain regular contact with Mr. Yuan, the Directors, the Supervisors and the senior management of our Company. The waiver will be revoked immediately if Mr. Cheung ceases to provide assistance to Mr. Yuan as a joint company secretary for the three-year period after the [**REDACTED**] or where there are material breaches of the Listing Rules by our Company. In addition, Mr. Yuan will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. Mr. Yuan will also be assisted by (a) Compliance Advisor of our Company, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisors of our Company, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Before the expiration of the initial three-year period, the qualifications of Mr. Yuan will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Hong Kong Stock Exchange to enable it to assess whether Mr. Yuan, having benefited from the assistance of Mr. Cheung for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

[**REDACTED**]

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

[**REDACTED**]

EXEMPTION FROM COMPLIANCE WITH SECTION 342(1) OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE AND PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all documents to include matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (the "**Third Schedule**"), and set out the reports specified in Part II of the Third Schedule.

Paragraph 27 of Part I of the Third Schedule requires a company to include in its document a statement as to the gross trading income or sales turnover (as the case may be) of the company during each of the three financial years immediately preceding the issue of the document, including an explanation of the method used for the computation of such income or turnover and a reasonable breakdown between the more important trading activities.

Paragraph 31 of Part II of the Third Schedule further requires a company to include in its document a report by the auditors of the company with respect to (i) the profits and losses of the company for each of three financial years immediately preceding the issue of the document and (ii) the assets and liabilities of the company of each of the three financial years immediately preceding the issue of the document.

Section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance provides that the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from the compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interest of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or would otherwise be unnecessary or inappropriate.

Rule 4.04(1) of the Listing Rules requires that the consolidated results of the issuer and its subsidiaries in respect of each of the three financial years immediately preceding the issue of the [**REDACTED**] document be included in the accountants' report to this document.

Our Company is a Biotech Company as defined under Chapter 18A of the Listing Rules and is seeking a [**REDACTED**] under Chapter 18A of the Listing Rules. Rule 18A.03(3) of the Listing Rules requires that a Biotech Company must have been in operation in its current line of business for at least two financial years prior to [**REDACTED**] under substantially the same management. Rule 18A.06 of the Listing Rules requires that a Biotech Company must comply with Rule 4.04 of the Listing Rules modified so that references to "three financial years" or "three years" in Rule 4.04 shall instead be references to "two financial years" or "two years",

as the case may be. Further, pursuant to Rule 8.06 of the Listing Rules, the latest financial period reported on by the reporting accountants for a new applicant must not have ended more than six months from the date of the [**REDACTED**] document.

In compliance with the abovementioned requirements under the Listing Rules, the accountant's report of our Company set out in Appendix I to this Document is currently prepared to cover the two financial years ended December 31, 2019 and 2020.

As such, the Joint Sponsors have applied, on behalf of our Company, to the SFC for a certificate of exemption from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule regarding the inclusion of the accountant's report covering the full two financial years immediately preceding the issue of this Document on the following grounds:

(a) our Company is primarily engaged in the discovery, development, manufacturing and commercialization of biotech products, and falls within the scope of Biotech Company as defined under Chapter 18A of the Listing Rules. Our Company will fulfill the additional conditions for [**REDACTED**] required under Chapter 18A of the Listing Rules;

(b) given that our Company is only required to disclose its financial results for each of the two financial years ended December 31, 2019 and 2020 under Chapter 18A of the Listing Rules and preparation of the financial results for the year ended December 31, 2018 would require additional work to be performed by our Company and our auditors, strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule would be unduly burdensome for our Company;

(c) as of the Latest Practicable Date, we had generated limited revenue from product sales. Major financing activities conducted by the Company since its incorporation include the [**REDACTED**] Investments, the details of which have been fully disclosed in the section headed "History, Development and Corporate Structure – [**REDACTED**] Investments" in this Document;

(d) notwithstanding that the financial results set out in this Document are only for the two financial years ended December 31, 2019 and 2020 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this Document pursuant to the relevant requirements; and

(e) the Accountant's Report covering the two financial years ended December 31, 2019 and 2020 (as set out in Appendix I to this Document), together with other disclosures in this Document, have already provided adequate and reasonable up-to-date information in the circumstances for the potential [**REDACTED**] to make an informed assessment of the business, assets and liabilities, financial position, management and prospects and to form a view on the track record of our Company. Therefore, the exemption would not prejudice the interest of the [**REDACTED**] public.

The SFC [has granted] a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule on the condition that particulars of the exemption are set out in this Document and that this Document will be issued on or before [**REDACTED**].

[**REDACTED**]

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Jonathon Zhong Zhao (趙中)	7-2 Taipu Dongyuan Xinhu Shangri La Liangzhu Subdistrict Yuhang District Hangzhou, China	American
Mr. Yang Xie (謝陽)	Room 2003, Building 3 500 Zhong Shan Nan Yi Road Huangpu District Shanghai, China	Chinese
Dr. Zheng Li (李崢)	Room 2308, Building 2 1083 Tangqi Road Xiangzhou District Zhuhai, China	Chinese
Non-Executive Directors		
Mr. Stephen Hui Wang (王暉)	Flat F, 68/F, Blk 3 the Harbourside 1 Austin Rd West Tsimshatsui, Kowloon Hong Kong	Chinese (Hong Kong)
Dr. Hai Lu (陸海)	No. 85 288 Langting Road Shanghai, China	Chinese
Dr. Steven Dasong Wang (王大松)	Flat G, 29/F, Block 1 Park Towers 1 King's Road Tin Hau Hong Kong	Chinese (Hong Kong)

Name	Address	Nationality
Independent Non- Executive Directors		
Dr. Jian Ji (計劍)	24-401 Gangwan Jiayuan 866 Yuhangtang Road Xihu District Hangzhou, China	Chinese
Mr. Hongze Liang (梁洪澤)	Flat A, 36/F, Block 1 The Leighton Hill 2B Broadwood Road Causeway Bay Hong Kong	Chinese (Hong Kong)
Ms. Yun Qiu (邱妘)	Room 401, No.101, Building 33 Tianshui Jiayuan Jiangbei District Ningbo, China	Chinese

SUPERVISORS

Name	Address	Nationality
Ms. Jie Liang (梁婕)	Yingyuetai Residential Zone Hangzhou Future SCI-TECH City Yuhang District Hangzhou, China	Chinese
Mr. Chunhui Men (門春輝)	Room 404, Building 1 73 Lingjiao City Qinhuai District Nanjing, China	Chinese
Ms. Hongbo Wang (王宏波)	No. 17 Fengshanli Tangjiawan Xiangzhou District Zhuhai, China	Chinese

For details with respect to our Directors and Supervisors, see the section headed "Directors, Supervisors and Senior Management" in this Document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

Morgan Stanley Asia Limited
46/F, International Commerce Centre
1 Austin Road West, Kowloon, Hong Kong

CLSA Capital Markets Limited
18/F, One Pacific Place
88 Queensway, Hong Kong

[**REDACTED**]

[**REDACTED**]

Legal Advisors to our Company

As to Hong Kong law and United States law

Davis Polk & Wardwell
18th Floor,
The Hong Kong Club Building
3A Chater Road
Hong Kong

As to PRC law

Grandall Law Firm (Shanghai)
27/F, Garden Square
968 West Beijing Road
Shanghai, China

Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong law and United.States law* **Clifford Chance** 27/F, Jardine House One Connaught Place Hong Kong *As to PRC law* **JunHe LLP** 26/F, HKRI Centre One HKRI Taikoo Hui 288 Shimen Road (No. 1) Shanghai, PRC
Reporting Accountant and Independent Auditor	**PricewaterhouseCoopers** *Certified Public Accountants and Registered Public Interest Entity Auditor* 22/F, Prince's Building Central Hong Kong
Industry Consultant	**Frost & Sullivan International Limited** 1706, One Exchange Square 8 Connaught Place Central, Hong Kong
Independent Property Valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 7th Floor, One Taikoo Place 979 King's Road Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office	1st & 2nd Floors, Building 1 No. 18 Keji Avenue Yuhang District, Hangzhou Zhejiang, China
Headquarters and Principal Place of Business in the PRC	1st & 2nd Floors, Building 1 No. 18 Keji Avenue Yuhang District, Hangzhou Zhejiang, China
Principal Place of Business in Hong Kong	40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Company's Website	**www.zyloxtb.com** *(The information contained in this website does not form part of this Document)*
Joint Company Secretaries	Mr. Quanwei Yuan (袁泉衛) 1st & 2nd Floors, Building 1 No. 18 Keji Avenue Yuhang District, Hangzhou Zhejiang, China Mr. Kai Cheong Willie Cheung (張啟昌) *(ACCA, CPA)* 40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Authorized Representatives	Dr. Jonathon Zhong Zhao (趙中) 7-2 Taipu Dongyuan Xinhu Shangri La Liangzhu Subdistrict Yuhang District Hangzhou, China Mr. Kai Cheong Willie Cheung (張啟昌) 40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong

Audit Committee	Ms. Yun Qiu (邱妘) (*Chairman*) Mr. Hongze Liang (梁洪澤) Dr. Jian Ji (計劍)
Remuneration Committee	Dr. Jian Ji (計劍) (*Chairman*) Dr. Jonathon Zhong Zhao (趙中) Mr. Hongze Liang (梁洪澤)
Nomination Committee	Dr. Jonathon Zhong Zhao (趙中) (*Chairman*) Ms. Yun Qiu (邱妘) Dr. Jian Ji (計劍)
Compliance Advisor	**Rainbow Capital (HK) Limited** Room 5B, 12/F Tung Ning Building No. 2 Hillier Street Sheung Wan Hong Kong

[**REDACTED**]

Principal Banks	**Industrial and Commercial Bank of China Hangzhou Xiyuan Branch** 128 Shanxi Yuan Road Yuhang Town, Yuhang District Hangzhou, China **Bank of China Kechuang Branch** Building 4, Haichuangyuan, 998 Wenyi West Road Yuhang District Hangzhou, China

Bank of Nanjing Yuhang Branch
168 Linping Century Avenue
Nanyuan Subdistrict
Yuhang District
Hangzhou, China

China CITIC Bank Hushu Branch
195 Hushu South Road
Gongshu District
Hangzhou, China

Industrial and Commercial Bank of China Hangzhou Science and Technology Branch
998 Wenyi West Road
Yuhang District
Hangzhou, China

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the* [REDACTED]*. We believe that the sources of the information in this section and other sections of this document are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information from official and non-official sources has not been independently verified by us, the* [REDACTED]*, Joint Sponsors,* [REDACTED]*,* [REDACTED]*, any of the* [REDACTED]*, any of their respective directors and advisers, or any other persons or parties involved in the* [REDACTED] *(except Frost & Sullivan), and no representation is given as to its accuracy. Accordingly, the information from official and non-official sources contained herein may not be accurate and should not be unduly relied upon. For discussion of risks related to our industry, please see the section headed "Risk Factors – Risks Relating to our Business."

CHINA VASCULAR INTERVENTIONAL MEDICAL DEVICE MARKET

Overview of Vascular Interventional Treatment

Vascular diseases generally refer to the conditions that affect the circulatory system, typically consisting of neurovascular, coronary vascular and peripheral-vascular diseases. According to Frost & Sullivan, neurovascular disease is one of the leading cause of death in China which accounted for over 20% of the total mortality in 2019 in China and such percentage continues to rise. Peripheral-vascular diseases can lead to severe neuro- and cardio-vascular conditions such as heart attacks and strokes. Driven by a pressing clinical need for less invasive treatment to patients and more convenience to physicians, technology breakthroughs have been made in terms of minimally invasive endovascular interventional therapies, which generally involve transcatheter technique with fewer post-operative complications, which allows faster recovery and shorter hospital stay.

In recent years, interventional therapies are progressing quickly as a replacement of traditional surgeries. Within the domain of interventional therapy, neuro-intervention and peripheral-intervention markets in China are at emerging stage and are expected to experience rapid growth with accelerated expansion and technology evolvement, driven by the increasing health awareness, escalating incidence of cardiovascular diseases, enhancing patient affordability, improving clinical practice of physicians, and favorable policies to promote domestic products.

In early 2020, the COVID-19 pandemic imposed a temporary negative influence on the medical device industry in China. As the COVID-19 situation has been contained and business operations have gradually resumed, China's medical device market has also recovered to normal levels and the demand for various medical devices have been growing steadily. According to Frost & Sullivan, the estimates demonstrated in this document have taken into account the potential influence of COVID-19 pandemic till 2022.

From 2020 to 2022, the total number of neuro- and peripheral-interventional vascular procedures are estimated to be 482.1 thousand, 605.5 thousand and 750.5 thousand, respectively, according to Frost & Sullivan. The general growth rate of neuro- and peripheral-vascular interventional procedures performed in China showed a decreasing trend in 2020 due to COVID-19 pandemic and is recovering in 2021. Considering the current situation, it is expected that the general growth rate of neuro- and peripheral- vascular interventional procedures performed in China's healthcare institutions will fully recover in the year of 2022. The CAGR of neuro- and peripheral- vascular interventional procedures in 2015-2019 was 24.8%. In 2020, the outbreak of COVID-19 pandemic imposed a negative impact on elective surgical procedures in the first half of 2020. Although normal operations gradually recovered in the second half of 2020, the overall growth rate of the neuro- and peripheral- vascular interventional procedures in 2020 decreased to 4.3%. In 2021, it is expected that neuro- and peripheral- vascular interventional procedures will show a significant rebound at a growth rate of 25.6%. It is further estimated that in the year of 2022, with rising vaccination rate, the general growth rate will recover to the level before the outbreak of COVID-19 pandemic, reaching 23.9%.

Growth Drivers and Future Trends for Vascular Interventional Medical Devices in China

The China interventional medical device market is expected to grow significantly in the future due to the following factors:

Increasing prevalence and treatment rate along with aging population and public awareness

Most vascular diseases are age-related disease with an increased prevalence among the elderly group. Given the growth of the aging population in China, an increasing prevalence of vascular diseases is expected in the future. Through an emphasis on promoting healthy lifestyle, public health awareness and early screening for chronic diseases including vascular disease, the treatment rate for vascular disease will gradually increase. Neuro and peripheral vascular interventional device markets are still at early development stage in China. For example, mechanical thrombectomy (MT) is an advanced minimally invasive treatment of ischemic strokes, which is a major neurovascular disease. While MT procedure had a penetration rate of 3% in the U.S., its penetration rate in China was only 0.6% in 2019. While the penetration rate of peripheral artery diseases related surgery was 5.4% in the U.S., such penetration rate was only 0.2% in China in 2019.

Substitution of imported devices by domestic devices

Domestic vascular interventional devices currently account for a relatively smaller market share in China as compared to imported devices. However, domestic interventional devices will gradually replace the imported devices and such substitution is expected to accelerate mainly driven by (i) government policy support such as priority marketing approval through the Special Approval Procedures of Innovative Medical Devices promulgated by the NMPA and (ii) focus on technology innovation by domestic companies as a result of more research and development talents coming back to China from abroad and timely access and knowledge to the latest innovative technologies overseas. For example, domestic clot-retrieving stents have been approved by the NMPA with good clinical results to capture and remove the thrombi blocking blood vessels and domestic flow diverter stents have also been approved by the NMPA to treat intracranial aneurysm with an advantageous braided design structure and high compliance rate. In 2019, international players accounted for a market share of 93.3% in the neuro-interventional device market in China, and accounted for a market share of 90.3% in the peripheral artery interventional device market in China, indicating significant growth potential for domestic players and huge market space for domestic substitution. In the field of neuro- and peripheral-vascular interventional devices, international leading players including Boston Scientific, Johnson & Johnson, Medtronic, Stryker and Microvention. Domestic leading players including Microport, LifeTech Scientific and Zylox-Tonbridge Medical, who are gradually expanding their market share in China. During early 2020, the overall sales, after-sales services, number of new patent applications or registrations, and trainings offered to physicians of neuro- and peripheral-vascular interventional medical devices in China decreased due to the disruption (e.g. travel restrictions and social distancing polices) caused by COVID-19 pandemic, according to Frost & Sullivan. As the COVID-19 situation has been contained and business operations have gradually resumed, such sales, after-sales services, number of new patent applications or registrations, and trainings offered to physicians of neuro- and peripheral-vascular interventional medical devices have recovered to normal levels. According to Frost & Sullivan, there is no significant difference in the COVID-19 pandemic's influence on domestic products and imported products.

Increasing patient affordability supported by rising disposable income and price advantage of domestic products

In China, patient affordability to interventional procedures is improving primarily due to increase of basic medical insurance subsidies and continuous growth of disposable income, which has promoted the market penetration of interventional procedures in lower-tier cities and significantly increased the demands for interventional procedures from primary healthcare market. In addition, with more domestic products being approved and marketed in China, which have relatively lower prices compared to imported medical devices, vascular interventional device products are expected to be more affordable, providing more accessibility to patients in need. It will further propel the growth of vascular interventional device market in China.

Improving accessibility of vascular interventional therapy powered by the development of imaging technology

In recent years, the development of imaging technology and its increasing use in clinical practice have led to better visualization of the intravascular environment and higher detection rates of vascular diseases such as unruptured intracranial aneurysms, intermittent claudication and limb-threatening ischemia. Moreover, technological innovation such as ischemic penumbra has enabled the screening and prevention of stroke at an early stage, identifying more eligible patients at high risk of stroke and enlarging the patient pool. With the increasing use of AI algorithms, the back-end automation of imaging systems and analysis software will be accelerated in the next few years and assist physicians to achieve more efficient diagnosis.

Continuing technological innovation of vascular interventional industry

Vascular interventional devices are typically high-end products that require continuous technological advances. The continuing emergence and iteration of interventional medical devices will promote the development of China interventional medical device market. For example, surface coating of implantable and interventional medical devices, such as ultrasonic spray coating system, have emerged in the drug-eluting stents (DES) or drug coated balloons (DCB). The technological innovation of vascular intervention robots and navigation systems are also pushing the development of vascular intervention forward improving the safety, accuracy and efficiency of procedures. Technological advancement such as ischemic penumbra has enabled the screening and prevention of stroke at an early stage, identifying more eligible patients at high risk of stroke and enlarging the patient pool.

Increase in qualified practitioners

Vascular interventional therapy is a relatively new and highly complicated operation that has high requirements on practitioners' professional knowledge and training experience. In recent years, qualified practitioners are increasing because of the nationwide establishment of stroke centers, as well as the standardized training of physicians' intervention treatment in Chinese College of Interventionalists (CCI), driving the amount of vascular interventional procedures conducted in China. For example, the Consensus of Chinese Experts on Endovascular Interventional Therapy for Intracranial Aneurysms (《顱內動脈瘤血管內介入治療中國專家共識》) was released in November 2013 to promote the development of endovascular coiling practice in China. In 2015, nine ministries of the PRC government, including the National Health and Family Planning Commission, jointly released national guidelines 《關於開展專科醫師規範化培訓制度試點的指導意見》(國衛科教發[2015]97號) for a pilot project that standardizes the training for specialists, which greatly improved the training for physicians specialize in stroke treatment. Many hospitals in China have carried out standardized training for endovascular coiling, which will cultivate more specialists in endovascular coiling procedures.

Favorable policy support

Innovative medical device has made an enormous contribution to public health. Guidelines on the Development Plan of the Pharmaceutical Industry (《醫藥工業發展規劃指南》) was issued in 2016 to encourage the R&D and commercialization of innovative medical devices. Moreover, Thirteenth Five-year Plan of Health and Wellness (《"十三五"衛生與健康規劃》) issued in 2017 contemplates to implement an expanded national reimbursement list for innovative medical devices. Policies such as the Health China Initiative (2019-2030) (《健康中國行動(2019-2030年)》) issued in 2019 and the Guiding Principles for Construction and Management of Hospital Stroke Centers (Trial) (《醫院卒中中心建設與管理指導原則(試行)》) issued in 2016 support the research and development of neurovascular disease treatments. Chinese government has also been promoting clinical infrastructures for stroke treatment by establishing outpatient departments for strokes and green channels for stroke emergency in provincial, municipal and local primary hospitals. These government policies will sustain the further development of the vascular interventional medical device market. In addition, vascular interventional medical devices are currently not covered by the public medical insurance in China. Inclusion of vascular interventional medical devices under the public medical insurance in the future will also promote the growth of vascular interventional medical device market in China.

NEUROVASCULAR DISEASES AND NEURO-INTERVENTIONAL DEVICE MARKET

Overview of Neurovascular Disease

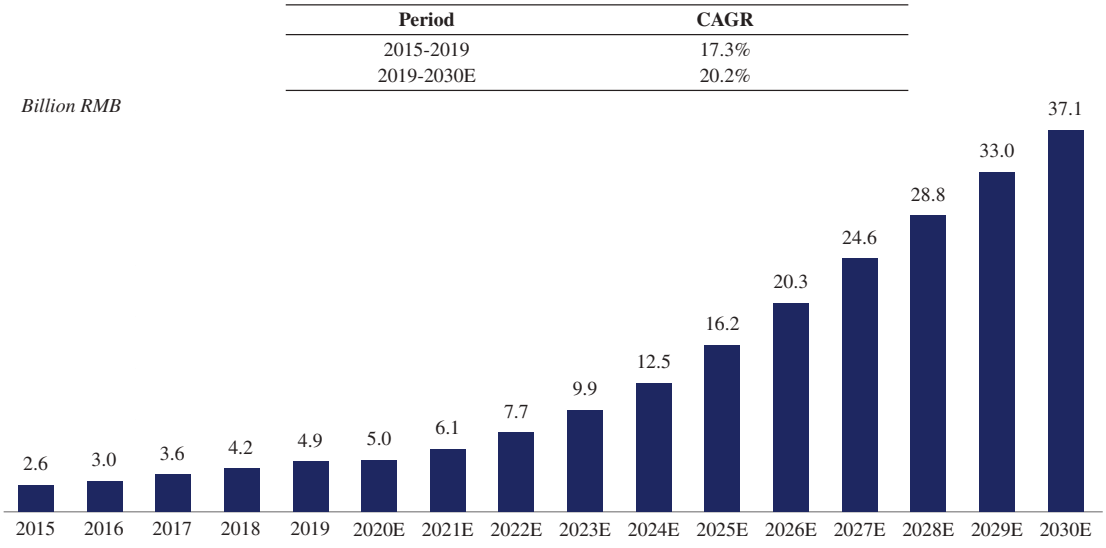
The neurovascular diseases mainly include ischemic neurovascular diseases and hemorrhagic stroke, which nowadays can be treated with neuro-interventional procedural methods as a result of technology innovation. Neuro-interventional procedure is normally performed with intravascular surgery technology to diagnose and treat neurovascular diseases through selective angiography, embolization, dilation, mechanical clearance, drug delivery, and other specific methods.

Neuro-interventional surgery is a minimally invasive operation to dredge and repair cerebral vascular access. It refers to the treatment of the diseased blood vessels by means of thrombus removal, dilation and embolization through femoral artery puncture with the support of digital subtraction angiography, including endovascular coiling, clot-retrieving stents, expansion support, dense braided stent, suction catheter, balloon dilatation catheter.

China Neuro-Interventional Device Market

The market size of China neuro-interventional medical device increased from RMB2.6 billion in 2015 to RMB4.9 billion in 2019 at a CAGR of 17.3% and is expected to further increase to RMB37.1 billion in 2030 at a CAGR of 20.2% from 2019 to 2030. The diagram below shows the historical and forecasted market size of neuro-interventional medical device in China for the periods indicated:

Historical and Forecasted Market Size of Neuro-interventional Devices in China, 2015-2030E



* *Market size refers to the exfactory price of devices.*

Source: Literature Research, Expert Interview and Frost & Sullivan Analysis

ISCHEMIC NEUROVASCULAR DISEASE AND CHINA ISCHEMIC STROKE NEURO-INTERVENTIONAL DEVICE MARKET

Ischemic neurovascular disease occurs when the blood vessel becomes blocked, usually from a clot formed from fat and cholesterol. In this case, blood cannot reach the brain, and the neurons suffer from the lack of nutrients and oxygen. In general, the ischemic neurovascular diseases can be categorized into subtypes based on clinical manifestations, which comprise ischemic stroke or acute ischemic stroke (AIS), transient ischemic attack (TIA), steal syndrome, intracranial atherosclerotic disease, and intracranial stenosis, a narrowing of an artery inside the brain which may lead to AIS and TIA.

Overview of Acute Ischemic Stroke

Acute ischemic stroke (AIS) is responsible for almost 90% of all strokes. AIS, caused by thrombotic or embolic occlusion of a cerebral artery, is characterized by the sudden loss of blood circulation to an area in the brain, resulting in a corresponding loss of neurologic function. With the growing and aging population, the number of new cases of acute ischemic stroke (AIS) is increasing steadily. The incidence of AIS in China grew from 2.8 million in 2015 to 3.4 million in 2019, and is estimated to reach 5.8 million in 2030 with a CAGR of 5.0%.

Treatment of Ischemic Stroke

Intravenous thrombolysis (IVT) has been proven to be an effective treatment to ischemic stroke if administered within a strict time window (4.5 hours) from symptom onset. However, the effect of IVT is limited on large vessel occlusions thrombi. Mechanical thrombectomy (MT) is an advanced treatment of ischemic strokes with longer treatment window up to 24 hours and wider indications. Stent retrieving thrombectomy procedure and aspiration thrombectomy are the two major subcategories of MT treatment.

Stent retrieving thrombectomy procedure (支架取栓) serves as the first-line neuro-interventional treatment for ischemic stroke, with Level I recommendation and Level A evidence recognized by Chinese Medical Association. Stent retrieving thrombectomy was newly recommended as the first-line treatment for AIS within 6 hours of symptom onset and receiving IVT within 4.5 hours of onset, according to American Heart Association (AHA) guideline published in 2015. Stent retrieving thrombectomy is a minimally invasive procedure in which interventional devices are used to remove a blood clot from a patient's cerebral artery. Using fluoroscopy or continuous x-ray, the physician pushes the devices into the patient's arteries through a set of catheters to the clot and then extracts the clot from the patient's artery. Medical devices used in stent retrieving thrombectomy procedures generally include clot retrieving stents and balloon guiding catheters, as well as general access devices such as microcatheters, distal access catheters and micro guidewires.

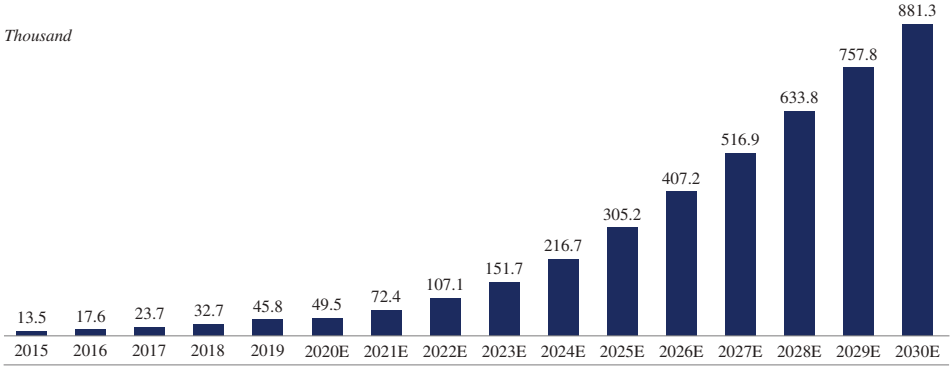
Aspiration thrombectomy (血栓抽吸) is experiencing fast development in recent years with great efficacy. It is a type of neuro-interventional therapy using the negative pressure to pump out the blood clot in a patient's intracranial vessel through an aspiration catheter. It can be performed alone or in combination with other therapies such as stent retrieving thrombectomy procedures. Medical devices used in aspiration thrombectomy procedures generally include aspiration catheters and aspiration pumps as well as general access devices such as microcatheters, distal access catheters and micro guidewires.

China Ischemic Stroke Neuro-Interventional Device Market

The number of ischemic stroke treatment procedures in China increased from 13.5 thousand in 2015 to 45.8 thousand in 2019 and is estimated to further increase to 881.3 thousand in 2030, at a CAGR of 30.8% from 2019 to 2030. The diagram below shows the historical and forecasted volume of ischemic stroke treatment procedures in China for the periods indicated:

Historical and Forecasted Volume of Ischemic Stroke Treatment procedures in China, 2015-2030E

Period	CAGR
2015-2019	35.7%
2019-2030E	30.8%



Source: Literature Research, Expert Interview and Frost & Sullivan Analysis

Competitive Landscape of Clot Retriever Device in China

Clot retriever device is a minimally invasive device using microcatheter technology to capture and remove the thrombi blocking blood vessels to relieve cerebrovascular diseases such as AIS. Clot retriever device is a Class III and non-implantable medical device. As of the Latest Practicable Date, there were 12 major marketed clot retriever devices in China, which were manufactured by four international companies and four domestic companies, the details of which are set forth below:

Manufacturer	Product	Approved Indication	NMPA Approval Year	Price* (RMB)
Johnson & Johnson	ReVive SE (Self-Expanding) Thrombectomy Device	Establish temporary bypass Non-surgical removal of embolism and thrombus	2014	~32,400
	EmboTrap Revascularization System	Restore blood flow (<8 hours)	2020	~56,250
Medtronic	Solitaire FR Revascularization Device	Thrombus removal Blood flow recovery	2013	~32,124
	Solitaire 2 Revascularization Device	Thrombus removal (<8 hours) Blood flow recovery	2015	~38,900
	Solitaire Platinum Revascularization Device	Thrombus removal in blood vessels (<6 hours) Thrombus removal in large intracranial vessels (<8 hours)	2019	~55,000
Stryker Neurovascular	Trevo ProVue Thrombectomy Device	Thrombus removal (<8 hours) Blood flow recovery (<8 hours)	2015	~39,600
	Trevo XP ProVue Thrombectomy Device		2020	~45,000
Acandis	Thrombectomy Device APERIO	Suitable for patients who cannot use IV t-PA or IV t-PA treatment fails	2016	~47,500
Minitech Medical	Reco Thrombectomy Device	Thrombus removal (<8 hours) Blood flow recovery (<8 hours)	2018	~28,600
HeartCare Medical	Captor Thrombectomy Device	Thrombus removal (<8 hours) Blood flow recovery (<8 hours)	2020	~32,000
Zylox-Tonbridge Medical	**Thrombite Clot Retriever Device**	**Thrombus removal (<8 hours)** **Blood flow recovery (<8 hours)**	**2020**	**~33,000**
Skynor Medical	Skyflow Thrombectomy Device	Thrombus removal	2021	N/A

* *The device price is based on the latest regional bidding price from public information.*

Source: ClinicalTrials.gov, CMDE, Company Website, Frost & Sullivan Analysis

Overview of Intracranial Stenosis

Intracranial stenosis is a narrowing of an artery inside the brain, which causes decreased blood flow to the area of the brain that the affected vessels supply. Intracranial stenosis occurs when blood flow is restricted by narrowed arteries of plaque buildup, namely atherosclerosis, in the small twisting vessels deep within the brain, which may lead to strokes. Without treatment, intracranial stenosis can greatly increase a person's chance of suffering from AIS and TIA. There are three ways in which intracranial stenosis can result in a stroke: (i) the plaque can grow larger, severely narrowing the artery and reducing blood flow to the brain and it can eventually completely block the artery; (ii) the plaque can roughen and deform the artery wall, causing blood clots to form and blocking blood flow to the brain; (iii) the plaque can rupture and break away, traveling downstream to lodge in a smaller artery and blocking blood flow to the brain.

30% to 50% of ischemic stroke cases are related to intracranial stenosis. The prevalence of intracranial stenosis in China increased from 14.4 million in 2015 to 17.3 million cases in 2019, and is estimated to further increase to 27.9 million in 2030 at a CAGR of 4.5% from 2019 to 2030.

Treatment of Intracranial Stenosis

Treatments options for intracranial stenosis vary according to the severity of the stenosis and whether the patient is experiencing stroke-like symptoms. Patients are first treated with medication and are encouraged to make lifestyle changes to reduce their risk of stroke. Procedure treatment for intracranial stenosis is usually recommended when stenosis of an artery is greater than 50% and is performed to prevent stroke by removing or reducing the plaque buildup and enlarging the artery lumen to allow more blood flow to the brain.

Balloon/stent angioplasty procedure (球囊/支架血管形成術) is an important procedure treatment for intracranial stenosis, and it is a minimally invasive endovascular procedure that compresses the plaque and widens the lumen of the artery, using a balloon dilatation catheter or a carotid stent. A set of access devices including microcatheter, distal access catheter and micro guidewire, are also used in balloon/stent angioplasty procedures for intracranial stenosis.

Drug-coated/eluting device (藥物塗層/洗脫裝置) is a stent or a balloon catheter carrying anti-proliferative drug, which is placed in the narrowed or diseased artery to release the drug to the artery wall. The purpose is to prevent fibrosis and thrombi, especially in the case of restenosis where a stent has been deployed. Most of the drug-coated or drug-eluting devices, including drug-coated balloon (DCB) and drug-eluting stent (DES), are currently used in coronary or peripheral arteries. They are expected to be the mainstream devices used in future intracranial stenosis treatment due to great efficiency and safety in current application.

DES includes a stent and a polymer coating that binds the drug to the stent. The drug is an anti-proliferative drug which is released from the stent to the vessel wall. An assisting balloon on DES supports the stent to expand and the stent will be left in the vessel to keep its function. DES can deal with acute elastic retraction after balloon extension and the release of the anti-proliferative drug is relatively more controllable.

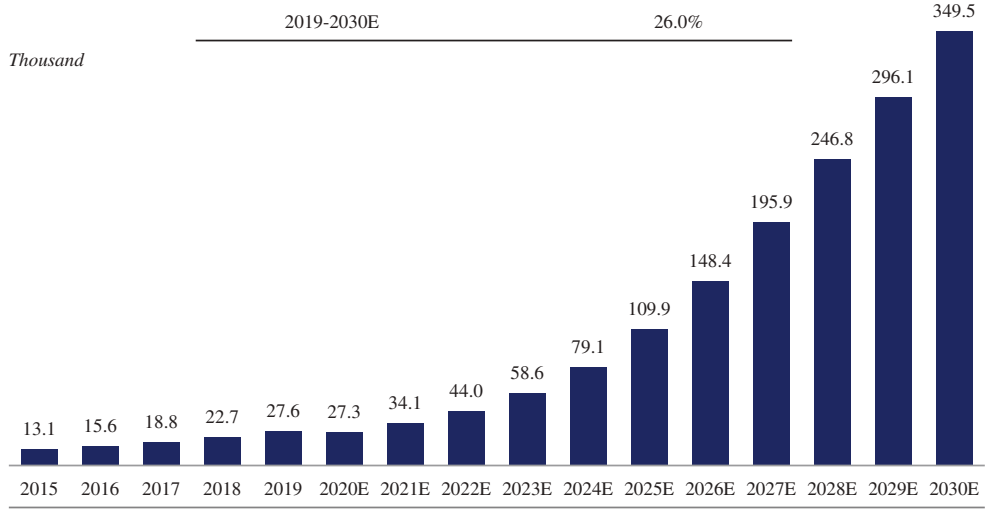
DCB uses a catheter with a balloon covered with anti-proliferative drug which is released to the vessel after inflation of the balloon. The balloon must extend beyond the lesion at both proximal and distal edges to wholly cover the lesion. It generally takes approximately 60 seconds for the drug to diffuse through the vessel wall and take effect on the cells. DCB allows homogeneous anti-proliferative drug coverage of the whole lesion surface and does not use a metal frame, creating minor damage to the vessel wall. No residual foreign body is left in the vessel, resulting in less late adverse material-tissue reaction.

China Intracranial Stenosis Interventional Device Market

The number of intracranial stenosis interventional procedures in China increased from 13.1 thousand in 2015 to 27.6 thousand in 2019 and is estimated to further increase to 349.5 thousand in 2030, at a CAGR of 26.0% from 2019 to 2030. The diagram below shows the historical and forecasted volume of intracranial stenosis interventional procedures in China for the periods indicated:

Historical and Forecasted Volume of Intracranial Stenosis Intervention Procedures in China, 2015-2030E

Period	CAGR
2015-2019	20.5%
2019-2030E	26.0%



Source: Literature research, Expert Interview and Frost & Sullivan Analysis

HEMORRHAGIC NEUROVASCULAR STROKE AND CHINA INTRACRANIAL ANEURYSM INTERVENTIONAL DEVICE MARKET

A hemorrhagic stroke occurs when a blood vessel ruptures within the brain (intracerebral hemorrhage, i.e. ICH) or into the space surrounding the brain (subarachnoid hemorrhage, i.e. SAH). Hemorrhagic stroke accounts for about 20% of all stroke. One of the major causes of hemorrhagic stroke is intracranial aneurysm.

Overview of Intracranial Aneurysm

Intracranial aneurysm is an abnormal dilatation on the arterial wall of the cerebral vessels and fills with blood, usually near a bifurcation point of a vessel segment and it is most prevalent among people aged from 35 to 60. The bulging aneurysm can put pressure on the nerves or brain tissue, manifested as fatigue, peripheral visual impairment, thinking problems, verbal complications, loss of balance and coordination, etc. The most serious sequela of intracranial aneurysms is aneurysm rupture and subsequent SAH, with a mortality rate of 50% and a 30%–50% probability of causing a neurological disease in 2019. Currently, the cause of intracranial aneurysms is not clearly understood. The ultimate cause of an intracranial aneurysm is an abnormal degenerative change, i.e. a break down or weakening, in the wall of an artery and the effects of pressure from the pulsations of blood being pumped forward through the arteries in the brain.

The prevalence of unruptured intracranial aneurysms has been estimated to be about 2% in the general population. The prevalence of intracranial aneurysm in China was 51.1 million in 2019 and is estimated to increase to 57.9 million in 2030.

Treatment of Intracranial Aneurysm

Recommended treatment paradigm of aneurysm subarachnoid hemorrhage in China mainly includes general medical management, neurosurgical clipping and endovascular coiling.

Neurosurgical clipping (手術夾閉) is a technique that blocks the blood supply into an intracranial aneurysm using a metal clip. Neurosurgical clipping should be performed as early as feasible to reduce the rate of rebleeding and is performed during a craniotomy procedure, which carries more surgical risk and post-operative complications.

Neuro-interventional products for treatment of intracranial aneurysms are mainly divided into coils and intracranial stents. Endovascular coiling is considered the first choice for narrow necked aneurysms, while coil-assisted stents and flow diverter stents are usually selected for wide necked aneurysms.

Endovascular coiling (血管內彈簧圈栓塞術) is a minimally invasive procedure performed to block blood flow into an aneurysm. All aneurysms except for contraindications can be treated with endovascular coiling, but it is considered the first choice for narrow necked aneurysms as multiple coils or coiling procedures need to be used for treatment of wide necked aneurysm. The endovascular coiling technology is relatively mature and widely adopted by physicians. Compared to traditional electrolytic detachable coils, the detaching time of mechanical detachable coils is relatively short and there is no need of other special instruments to assist its detachment. Mechanical detachable coils are softer than the electrolytic detachable coils with a wide range of rotating angles, ensuring a smoother release inside the vascular.

Flow diverter stent (血流導向裝置) is an emerging minimally invasive device used to treat intracranial aneurysm. It has a suitable metal and mesh coverage, which is capable of changing the hemodynamics in the intracranial artery and promoting formation of the thrombosis inside the tumor cavity and repair of the vascular intima at the tumor neck. The dense mesh of the stent greatly reduces the blood flow into the aneurysm and causes the embolization inside the aneurysm, leading to its occlusion. Flow diverter stents are favorable to treat wide necked aneurysm as a one-stop treatment. However, its treatment cycle is longer as compared to endovascular coiling and the cost is much higher.

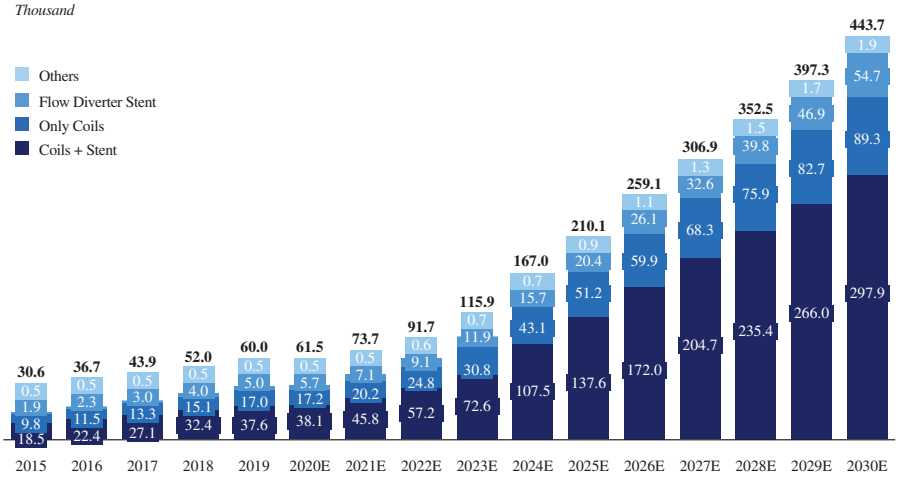
Due to their respective advantages and limitations, endovascular coiling and flow diverter stents will coexist and complement each other in combination treatments. In the longer term, flow diverter stents may become the mainstream treatment for intracranial aneurysms with the development of technology and decreasing price.

China Intracranial Aneurysm Interventional Device Market

The number of intracranial aneurysm interventional procedures in China increased from 30.6 thousand in 2015 to 60.0 thousand in 2019 and is estimated to further increase to 443.7 thousand in 2030, at a CAGR of 19.9% from 2019 to 2030. The diagram below shows the historical and forecasted volume of intracranial aneurysm interventional procedures in China by types of product for the periods indicated:

Historical and Forecasted Volume of Intracranial Aneurysm Intervention Procedures in China, 2015-2030E

Period	Coil + Stent	Only Coils	Flow Diverter Stent	Others	Total
2015-2019	19.4%	14.8%	27.8%	1.1%	18.3%
2019-2030E	20.7%	16.3%	24.4%	12.5%	19.9%



Source: Literature research, Expert Interview and Frost & Sullivan Analysis

Competitive Landscape of China Intracranial Aneurysm Interventional Device Market

Neurovascular Embolization Coil

Neurovascular embolization coil is used for endovascular coiling procedure, a minimally invasive technique using a catheter to reach the aneurysm in the brain and block the blood flow into the aneurysm, thus reducing the risk of aneurysm rupture.

Intracranial aneurysm embolization coil is a Class III and implantable medical device. As of the Latest Practicable Date, there were 21 major marketed intracranial aneurysm embolization coils in China, which were manufactured by five international companies and four domestic companies, including 8 mechanical detachable embolization coils, the details of which are set forth below:

Intracranial Aneurysm Mechanical Detachable Coil (Marketed)

Manufacturer	Product	Approved Indication	NMPA Approval Year	Price* (RMB)
Medtronic	Axium PGLA Detachable Coil	Endovascular embolization of intracranial aneurysms Embolization of other neurovascular malformations including arteriovenous malformations and arteriovenous fistulas	2014	~16,200
	Axium Detachable Coil		2015	~9,580
	Axium Prime Detachable Coil		2016	~14,000
	Axium Detachable Coil		2017	~8,024
	Axium Nylon Detachable Coil		2017	~13,000
	Axium Prime Detachable Coil System	Embolization of intracranial aneurysms and other neurovascular malformations such as arteriovenous malformations and arteriovenous fistulas Arterial and venous embolization of peripheral blood vessels	2018	~17,020
	Axium Prime Detachable Coil System		2019	~18,800
Peijia Medical	Presgo Spring Coil	Embolization of intracranial aneurysms and dural arteriovenous fistulas	2018	~12,000

* *The device price is based on the latest regional bidding price from public information.*

Source: ClinicalTrials.gov, CMDE, Company Website, Frost & Sullivan Analysis

Intracranial Aneurysm Non-Mechanical Detachable Coil (Marketed)

Manufacturer	Product	Approved Indication	NMPA Approval Year	Price* (RMB)
Boston Scientific	Matrix2 Detachable Coil	Embolization of intracranial aneurysms Shape and location of intracranial aneurysm or the general medical condition of the patient	2006	~9,967
Microvention	HydroCoil Embolic System	Endovascular embolization on intracranial aneurysms and other neurovascular abnormalities Block the blood vessels of the neurovascular system Embolize the arteries and veins of the peripheral vascular system	2005	~12,400
	MicroPlex Platinum Detachable Embolization Coils	Embolization of intracranial aneurysms and other neurovascular abnormalities	2005	~9,405
	HydroCoil Embolic System with V-Trak Delivery System	Endovascular embolization on intracranial aneurysms and other neurovascular abnormalities Block the blood vessels of the neurovascular system Embolize the arteries and veins of the peripheral vascular system	2014	~12,400
	Cosmos Platinum Coil		2015	~11,640
	VFC Specialty Coil		2015	~16,020
Peijia Medical	Jasper Detachable Coil	Embolization of intracranial aneurysms and dural arteriovenous fistulas	2009	~6,600
Visee	Albuca Electrolytic Spring Coil	Embolization of intracranial aneurysms	2011	~7,000
Johnson & Johnson	ORBIT GALAXY Detachable Coil System	Embolize intracranial aneurysms and other vascular malformations Embolization of intracranial aneurysms with super flexible detachable coils	2013	~15,210
TJWY Medical	2D/3D Perdenser	Endovascular embolization of intracranial aneurysm, arteriovenous fistula and other neurovascular diseases	2015	~9,700
	Perfiller Expansible Embolic Coil System	Suitable for endovascular embolization of cerebral aneurysms	2020	~15,600
Stryker	Target Detachable Coils	Blood flow in vascular abnormalities that block or block nerves and peripheral blood vessels	2016	~19,800
MicroPort	Numen Coil Embolization System	Embolization of intracranial aneurysms	2020	~4,750

* *The device price is based on the latest regional bidding price from public information.*

Source: ClinicalTrials.gov, CMDE, Company Website, Frost & Sullivan Analysis

As of the Latest Practicable Date, there were 6 neurovascular embolization coil candidates under clinical or registration stage in China, which are being developed by one international company and two domestic companies, including 2 mechanical detachable embolization coils, the details of which are set forth below:

Intracranial Aneurysm Mechanical Detachable Coil Candidates

Manufacturer	Product	Stage
Wallaby Medical	Avenir	Clinical
Zylox Tonbridge Medical	**Neurovascular Embolization Coils**	**Registrational**

Source: CMDE, Frost & Sullivan Analysis

Intracranial Aneurysm Non- Mechanical Detachable Coil Candidates

Manufacturer	Product	Stage
Johnson & Johnson	Chshmere	Clinical
	Deltapaq	Clinical
	Micrusphere	Clinical
	Presidio	Clinical

Source: CMDE, Frost & Sullivan Analysis

Flow Diverter Stent

Flow diverter stent is a new kind of stent with high mesh density, which increases the metal coverage of the aneurysm neck. It can induce thrombosis in the aneurysm by interfering with the hemodynamic changes in the neck of the aneurysm and in the aneurysm, which can achieve a thorough and lasting embolization effect.

Flow diverter stent is a Class III and implantable medical device. As of the Latest Practicable Date, there were 4 major marketed flow diverter stents in China, which were manufactured by two international companies and one domestic company, the details of which are set forth below:

Manufacturer	Product	Approved Indication	NMPA Approval Year	Price* (RMB)
Medtronic	Pipeline Embolization Device	Large intracranial aneurysms (IAS) removal from the petrous segment of the internal carotid artery	2014	~180,000
	Pipeline Flex Embolization Device	Divert flow away from the aneurysm neck Reconstruct the parent artery	2017	~155,000
MicroPort	Tubridge Vascular Reconstruction Device	Suitable for patients with unruptured cystic aneurysms of internal carotid artery and vertebral artery	2018	~139,000
Stryker	Surpass Streamline Flow Diverter	For patients aged 18 years and above with aneurysms whose target vessels were the petrous bone segment of internal carotid artery or above	2020	~168,000

* *The device price is based on the latest regional bidding price from public information.*

Source: ClinicalTrials.gov, CMDE, Literature Review, Frost & Sullivan Analysis

As of the Latest Practicable Date, there were 2 flow diverter stent candidates in clinical stage in China, both of which are being developed by domestic companies, the details of which are set forth below:

Manufacturer	Product	Stage
TJWY Medical	Nuva Dense Braided Stent	Clinical
Zylox-Tonbridge Medical	**Flow Diverter**	**Clinical**

Source: CMDE, Frost & Sullivan Analysis

PERIPHERAL-VASCULAR DISEASE AND CHINA PERIPHERAL-VASCULAR DEVICE MARKET

The peripheral-vascular disease include peripheral artery diseases and peripheral venous diseases.

Overview of Peripheral Artery Disease

Peripheral artery disease (PAD) refers to diseases of blood vessels located outside of the heart or brain, which develops when plaque clogs or narrows arteries that deliver blood to the arms, legs and internal organs such as the stomach or kidneys. The common causes of PAD are atherosclerosis, inflammation, trauma or injury and unusual anatomy of ligaments or muscles, or radiation exposure. PAD is the third leading cause of atherosclerotic vascular morbidity after coronary heart disease and stroke. In China, there is an increasing prevalence of PAD driven by the aging population and increasing public awareness. Early detection and treatment can prevent heart attacks, strokes, mini-strokes (or transient ischemia, which is lack of oxygen to the brain), leg ischemia and possible amputation.

With the improvement of the overall living standards of the society and the aging population, PAD has gradually become a severe health issue in China. Along with the improvement on the diagnostic technology and knowledge, the prevalence of PAD in China increased from 44.8 million in 2015 to 49.5 million in 2019. It is projected that the total number will reach 62.3 million in 2030.

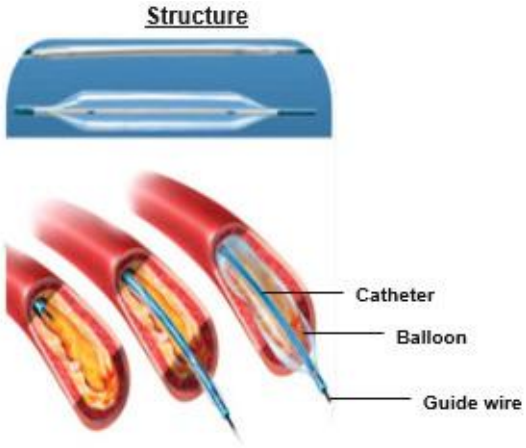
PAD can happen in any blood vessel outside the heart and the brain. It can happen in the thoraco-abdominal aortae, but it occurs more often in lower limbs. For PAD that occurs in the lower limbs, it is referred to as lower extremity peripheral artery disease (LEAD), which accounts for approximately 80% of all PAD cases. In China, around 4% of the LEAD patients may present with critical limb ischemia, while over 3% of the LEAD patients may progress to acute limb ischemia.

Treatments of PAD

With the development of peripheral interventional procedures, vascular intervention has become the first choice or combination therapy for many specific diseases. The current interventional treatments include balloon, stent and atherectomy.

Balloon Dilatation Catheter (球囊擴張導管)

Peripheral balloon dilatation catheter is an interventional device designed for percutaneous transluminal angioplasty for patients with stenosis or occlusion in femoral artery and popliteal artery. The size, shape and length of the delivery system of the balloon are selected according to the anatomical size. Balloon dilatation catheter is mainly composed of balloon, catheter and guide wire.



Source: Literature Review, Frost & Sullivan Analysis

Drug coated balloons (DCB) are angioplasty balloons (usually semi-compliant) coated with a cytotoxic chemotherapeutic agent. Paclitaxel is commonly used in the majority of commercially available DCBs. The first DCB product in the world was launched in Europe in 2009.

In recent years, as a new interventional therapy technology, DCB has gradually been widely used in the field of coronary and peripheral interventions in Europe. In the United States, DCB therapy represents a frontier therapy and several DCB products have gained FDA breakthrough device designation as medical devices that provide the potential for a more effective treatment option for life-threatening or irreversibly debilitating diseases. In China, DCBs are now approved by the NMPA for the treatment of coronary artery diseases, lower extremity artery diseases (LEAD) and hyperplasia in arteriovenous access in dialysis patients.

The DCB is delivered to the location of the vascular disease, and the narrowed part of the blood vessel is mechanically expanded by balloon inflation. After angioplasty, it is easy to have restenosis due to factors such as excessive proliferation of the vascular intima. Therefore, anti-proliferative drugs are sprayed on the surface of the balloon to prohibit intimal hyperplasia.

Source: Literature Research and Frost & Sullivan Analysis

DCB can also be used in BTK interventional procedures. In more advanced stages of LEAD such as critical and acute limb ischemia, revascularization through intervention procedures or bypass surgeries is necessary to reduce the risk of amputation. In recent years, lower extremity intervention procedures have developed rapidly and are increasingly preferred by physicians and patients over bypass surgeries as they generally cause fewer complications and allow faster recoveries. Categorized by the anatomical location of target lesions, lower extremity intervention procedures include above-the-knee interventions and below-the-knee interventions. Below-the-knee (BTK) interventions primarily target lesions in tibial artery, fibular artery and dorsalis pedis artery. These BTK arteries generally have smaller diameter than above-the knee arteries and the BTK lesions are normally longer than the SFA/PPA lesions. As a result, stenting is normally not suitable for the treatment of BTK lesions. PTA balloon is currently the mainstream therapy for the treatment of BTK lesions. Driven by the large patient pool and the increasing awareness of the benefits of DCB therapy among physicians and patients, below-the-knee interventions using DCB products are expected to grow rapidly in China. The number of BTK DCB procedures in China is estimated to grow to 153.5 thousand in 2030.

DCB can also be used in interventional procedures for the treatment of stenosis caused by arteriovenous fistula (AVF) used for hemodialysis (HD). End-stage renal failure is the final, permanent stage of chronic kidney disease, where kidney function has declined to the point that the kidneys can no longer function on their own. A patient with end-stage renal failure must receive dialysis or kidney transplantation in order to survive for more than a few weeks. Dialysis artificially removes waste products and extra fluid from blood when kidneys can no longer do this. Hemodialysis (HD) is a main method of dialysis, where through vascular access a machine filters waste and excess fluids from the blood. AVF is a mainstream vascular access method for long-term use of HD dialysis. An AVF is a connection, made by a vascular surgeon, of an artery to a vein. Arteries carry blood from the heart to the body, while veins carry blood from the body back to the heart. An AVF causes extra pressure and extra blood to flow into the vein, making it grow large and strong. The larger vein provides easy, reliable access to blood vessels. Without this kind of access, regular hemodialysis sessions would not be possible.

Untreated veins cannot withstand repeated needle insertions, because they would collapse the way a straw collapses under strong suction. Common complications include infections, the development of an aneurysm and/or false aneurysm, fistula vein stenosis, ischemic neuropathy and thrombosis,among which stenosis is the most common complication of AVFs with an incidence rate of 14-42% in chronical patients. The number of interventional procedures for the treatment of HD AVF stenosis in China increased from 7.7 thousand in 2015 to 39.1 thousand in 2019 and is estimated to increase to 994.5 thousand in 2030.

Peripheral Artery Stents

Peripheral artery stent is mainly used to treat peripheral artery stenosis or occlusion including the iliac, femoral, subclavian, and renal arteries to restore blood supply and distal vessels. It is a small, expandable metal tube that can be used to open the stenosis and occlusion of blood vessels. Peripheral artery stents are usually divided into balloon-expandable stent and self-expandable stent.

The application for balloon-expandable stent is mainly for vascular sites that usually do not have significant deformations including renal arteries. The balloon-expandable stent is composed of stainless steel and cobalt based alloys. The balloon-expandable stent reaches the lesion position along the guidewire via the balloon delivery system, which is inflated by balloon inflation to a defined size, and then distracting.

The application for self-expandable stent is mainly for lower extremity arteries and carotid arteries. Self-expandable stent is the laser sculpting of nitinol superalloy tubes. The self-expandable stent is treated to the required size beforehand, and then is pressed into the delivery sheath. After the delivery sheath reached the target vessel, it is withdrawn to release the stent, and the stent restores its shape spontaneously, while the site of stenosis is held out.

Atherectomy (斑塊旋切術)

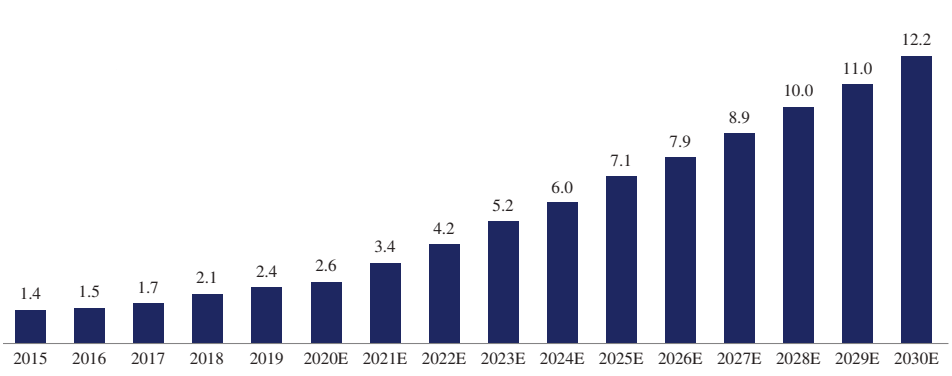
Intravascular rotational atherectomy is an emerging technology for peripheral artery diseases enabling percutaneous coronary intervention for complex, calcified coronary lesions. During an atherectomy procedure, the catheter with rotary cutting blade is put into the lesion artery cavity, and more plaques are removed at one time through high-speed rotation, and the blood flow is directly restored. There is no residual foreign body after operation, and the restenosis caused by the growth of vascular intima is reduced to the greatest extent.

China PAD Interventional Device Market

The market size of the China PAD interventional device increased from RMB1.4 billion in 2015 to RMB2.4 billion in 2019 at a CAGR of 15.7% and is expected to further increase to RMB12.2 billion in 2030 at a CAGR of 15.7% from 2019 to 2030. The diagram below shows the historical and forecasted market size of PAD medical device in China for the periods indicated:

Historical and Forecasted Market Size of Intervention Devices for the Treatment of Peripheral Artery Diseases in China, 2015-2030E

Period	CAGR
2015-2019	15.7%
2019-2030E	15.7%



* *Market size refers to the exfactory price of devices.*

Source: Literature research, Expert Interview and Frost & Sullivan Analysis

Competitive Landscape of China PAD Interventional Device Market

Peripheral Drug-coated Balloon

Peripheral drug-coated balloon is a Class III and non-implantable medical device. As of the Latest Practicable Date, there were 5 peripheral drug-coated balloons in China, which were manufactured by one international company and three domestic companies, the details of which are set forth below:

Manufacturer	Product	Approved Indication	NMPA Approval Year	Price* (RMB)
Acotec	AcoArt-Orchid/Dhal	PTA for femoral and popliteal arteries	2016	~27,000
	AcoArt-Tulip/Litos	PTA for inferior popliteal artery	2020	~36,000
Endovastec	Reewarm PTX	Balloon dilatation of femoral popliteal artery (except inferior genicular artery)	2020	~24,800
Medtronic	IN.PACT Admiral	Superficial femoral artery (SFA) and proximal popliteal artery (PPA) peripheral arterial occlusive diseases	2020	~35,000
Zylox Tonbrige Medical	**UltraFree™ Drug Coated PTA Balloon Catheter**	**Stenosis or occlusion of femoral artery and popliteal artery**	**2020**	**~24,500**

* *The device price is based on the latest regional bidding price from public information.*

Source: CMDE, Public Information, Frost & Sullivan Analysis

Peripheral Vascular Stent

Peripheral vascular stent is a Class III and implantable medical device. As of the Latest Practicable Date, there were 12 major marketed peripheral vascular stents in China, which were manufactured by six international companies and one domestic company, the details of which are set forth below:

Manufacturer	Product	Approved Indication	NMPA Approval Year	Price* (RMB)
Cordis	SMART Control Vascular Stent System	Treatment of peripheral atherosclerotic diseases	2008	~9,310
	SMART Vascular Stent System		2008	~14,872
Endovastec	CROWNUS Peripheral Vascular Stent System	Stenosis or occlusion of iliac and femoral arteries Subclavian artery stenosis or occlusion Restenosis or occlusion after PTA of iliac, femoral and subclavian arteries	2009	~5,725
Boston Scientific	Innova Self-Expanding Stent System	Peripheral vascular disease	2014	~22,950
	ELUVIA OVER-THE-WIRE Drug-Eluting Vascular Stent System	Treatment of symptomatic SFA or PPA stenosis	2020	~48,800
Medtronic	Assurant Cobalt Over-the-Wire Iliac Stent System	Maintain the openness of restenosis lesions in the iliac artery	2014	~14,608
	EverFlex Self-Expanding Peripheral Stent with Entrust Delivery System	Improve lumen diameter in the treatment of symptomatic primary or restenosis lesions	2019	~26,300
Biotronik	Peripheral Self-Expanding Nitinol Stent system	For patients with atherosclerotic disease of femoral artery and inferior genicular artery	2015	~25,000
	Peripheral Vascular Stent System	Improve poor angiographic results or blood flow limiting dissection after PTA	2016	~12,805
Abbott	Supera Peripheral Stent System	Improve the lumen diameter of patients with SFA or PPA stenosis	2016	~27,500
	Absolute Pro Vascular Self-Expanding Stent System	Improving the lumen diameter of common iliac artery and external iliac artery atherosclerosis	2017	~10,000
C.R. BD	Lifestream Balloon Expandable Vascular Covered Stent	Atherosclerotic lesions of iliac artery	2020	~35,000

* *The device price is based on the latest regional bidding price from public information.*

Source: CMDE, Frost & Sullivan Analysis

As of the Latest Practicable Date, there were 3 peripheral vascular stent candidates at clinical stage in China, which are all being developed by domestic companies, the details of which are set forth below:

Manufacturer	Product	Stage
LeoMed	Peripheral Arterial Stent	Clinical
Skynor Medical	SkyNova Peripheral Vascular Stent	Clinical
Zylox-Tonbridge Medical	**Peripheral Drug Eluting Stent**	**Clinical**

Source: CMDE, Frost & Sullivan Analysis

Overview of Peripheral Venous Diseases

Peripheral venous diseases are divided into two categories including chronic venous disease (CVD) and acute venous disease. CVD refers to a syndrome characterized by a constellation of symptoms and signs caused by abnormal structure or function of veins that provide poor venous return and excessive venous pressure, with lower limb heaviness, fatigue and flatulence, edema, varicose veins, altered skin nutrition, and venous ulceration as the main clinical manifestations. The most common peripheral venous diseases consist of deep vein thrombosis, iliac compression syndrome and varicose vein.

Deep Vein Thrombosis

Venous thromboembolism refers to a group of diseases in which blood is abnormally coagulated in the venous system due to various causes (such as venous blood stagnation, venous intima injury, or hypercoagulable blood), such as deep vein thrombosis (DVT).

DVT occurs when a blood clot (thrombus) forms in one or more of the deep veins in human body, often in legs. DVT can develop if the patient has certain medical conditions that affect how blood clots. It can also happen if a person does not move for a long time, such as after surgery or an accident, or when a person is confined to bed. Pulmonary embolism is usually a consequence of DVT and is associated with greater mortality. Acute pulmonary embolism is prone to misdiagnosis and missed diagnosis, with a mortality rate of 20% – 30%.

DVT refers to a clinical syndrome in which the blood in the deep veins coagulates and forms an emboli, causing difficulties in the backflow of the corresponding vascular blood. When the emboli falls off, it can enter the pulmonary artery along the bloodstream, causing pulmonary embolism, where gas exchange disorder, pulmonary hypertension, right heart insufficiency happen and for severe cases there will be breathing difficulties, shock or even death.

The number of DVT incidence in China increased from 1.1 million in 2015 to 1.5 million in 2019 at a CAGR of 8.3%. It is estimated to increase to 3.3 million in 2030 at a CAGR of 7.3% from 2019 to 2030.

Treatment of DVT

Interventional procedures has become the first choice for DVT of lower extremity in China, which mainly consists of four types of procedures: Catheter Directed Thrombolysis (CDT) (導管溶栓術), Percutaneous Mechanical Thrombectomy (PMT) (經皮機械血栓去除術), Percutaneous Transluminal Angioplasty (PTA) (經皮腔內血管成形術) combined with stent implantation, and Inferior Vena Cava Filter (IVCF) (下腔靜脈濾器).

- CDT refers to the intermittent pulse injection or continuous infusion of thrombolytic drugs into the thrombus through the catheter under the guidance of imaging technology to achieve the purpose of dissolving the thrombus.

- PMT is the procedure where thrombectomy devices are passed to the site of DVT and blood clots are removed by different mechanical means, including crushing, rotary cutting or aspiration. Compared to CDT, PMT can be conducted in a shorter time with reduced use of thrombolytic drugs and shorter hospital stay.

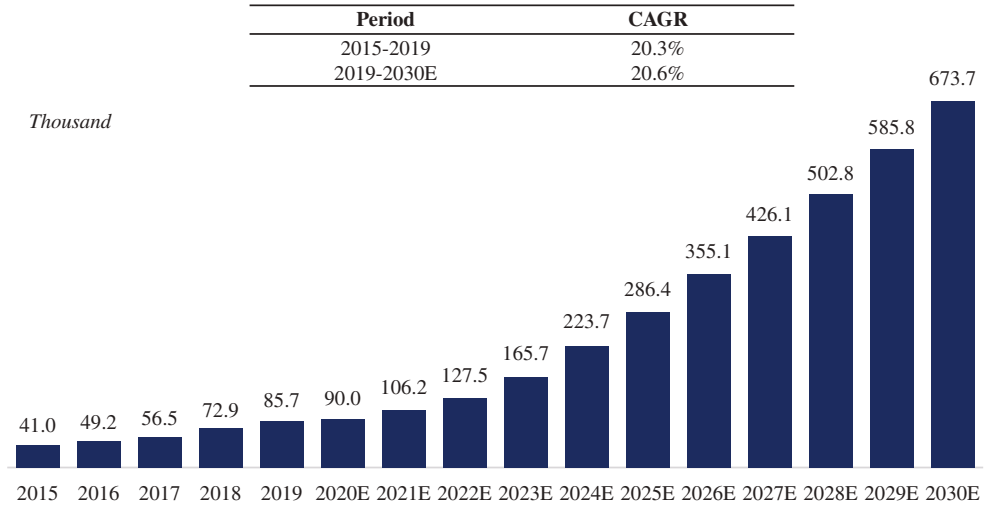
- PTA uses balloons to expand the stenosis/occluded blood vessels and thus restores the original lumen shape. Stent implantation is where the stent is put at the stenosis/occlusion site and is released and expanded to a set caliber, supporting the vascular wall for a long time and maintaining the patency of the blood vessel. Such procedure is used when there is lumen stenosis after thrombolysis or thrombectomy procedures. Among the several DVT treatment methods, PTA shows favorable effects in removing the ridge generated in the iliac vein lumen, thus reducing adhesion and stenosis in the venous lumen, maintaining smooth blood flow in the iliac vein. PTA is suggested as a one-stage surgery and the need for secondary stent implantation should be determined based on follow-up results.

- IVCF is a filter inserted into a large vein, such as the vena cava, to trap large clot fragments and prevent them from traveling through the vena cava vein to the heart and lungs. IVCF therapy reduces the risk of PE-related mortality and is more suitable for acute DVT. Retrievable IVCF is a recently developed type of IVCF for temporary and short-term implantation until the thrombus is dissolved as compared to the traditional IVCF which is permanently left inside the human body, eliminating the risks of post-procedure displacement, embolism or perforation.

China IVCF Interventional Device Market

The number of IVCF interventional procedures in China increased from 41.0 thousand in 2015 to 85.7 thousand in 2019 and is estimated to further increase to 673.7 thousand in 2030, at a CAGR of 20.6% from 2019 to 2030. The diagram below shows the historical and forecasted volume of IVCF interventional procedures in China for the periods indicated:

Historical and Forecasted Volume of IVCF Intervention Procedures in China, 2015-2030E



Source: Literature research, Expert Interview and Frost & Sullivan Analysis

Competitive Landscape of Retrievable Vena Cava Filter in China

Retrievable vena cava filter is a Class III and implantable medical device. As of the Latest Practicable Date, there were 7 major marketed retrievable vena cava filters in China, which were manufactured by five international companies and two domestic companies, the details of which are set forth below:

Manufacturer	Product	Approved Indication	NMPA Approval Year	Price* (RMB)
Cook Medical	Gunther Tulip Vena Cava Filter	Put inferior vena cava to prevent pulmonary infarction caused by thrombosis during thrombolytic therapy of deep vein thrombosis	2005	~5,438
Cordis	OptEase Retrievable Vena Cava Filter	Percutaneous placement of inferior vena cava in the high-risk group of pulmonary embolism to prevent pulmonary embolism	2008	~16,240
Volcano Corporation	Crux Vena Cava Filter System	Prevention of pulmonary embolism by venous thrombosis	2015	Not Applicable
C.R. BD	Vena Cava Filter	Permanent placement of the vena cava can prevent the occurrence or recurrence of pulmonary embolism in the selected cases	2016	~21,250
Rex Medical	Option Retrievable Vena Cava Filter System	Percutaneous placement in the inferior vena cava is used to prevent recurrent pulmonary embolism in the selected cases	2016	~25,500
Visee	Vena Cava Filter System	Prevention of pulmonary embolism (PE) caused by inferior vena cava embolus shedding	2016	~15,960
LifeTech Scientific	Aegisy™ Vena Cava Filter	Implantation of inferior vena cava to prevent pulmonary embolism	2017	~11,449

* *The device price is based on the latest regional bidding price from public information.*

Source: ClinicalTrials.gov, Company Website, Frost & Sullivan Analysis

As of the Latest Practicable Date, there were 3 retrievable vena cava filter candidates at clinical stage in China, all of which are being developed by domestic companies, the details of which are set forth below:

Manufacturer	Product	Stage
APT Medical	Vena Cava Filter	Clinical
Zylox-Tonbridge Medical	**Retrievable Inferior Vena Cava Filter**	**Clinical**
Kossel Medical	Octopams Vena Cava Filter	Registrational

Source: CMDE, Frost & Sullivan Analysis

Iliac Vein Compression Syndrome

Iliac vein compression syndrome (IVCS) refers to a syndrome in which the iliac vein is compressed by the iliac artery that spans from its front, resulting in changes such as intraluminal adhesion, luminal stenosis, or occlusion of the vein, which in turn causes obstruction of the iliac vein flow, producing a range of clinical symptoms.

The incidence of IVCS in China was 0.7 million in 2019, and it is expected to reach 2.0 million in 2030 with a CAGR of 10.1% from 2019 to 2030.

Treatments of Iliac Vein Compression Syndrome

The main treatment methods of iliac vein compression syndrome include surgery and interventional therapy. With the continuous development of minimally invasive technology, interventional therapy using iliac vein stents has become the main way to treat iliac vein occlusion. Surgery is only used in the cases of stent failure or re obstruction after stent implantation.

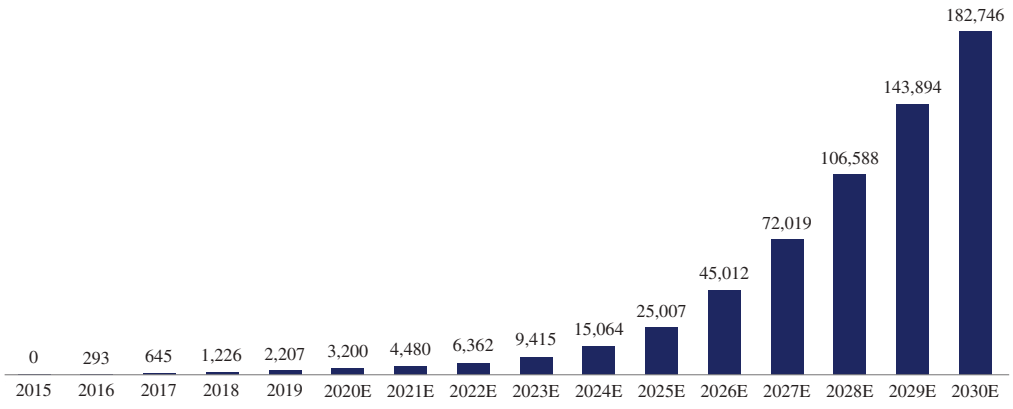
Endovascular interventional therapy with iliac vein stents has been widely used because of its advantages of minimally invasive, safe, good effect and in line with the normal anatomy and physiology of the human body. Iliac vein stent implantation can cover the spines formed in the vein cavity, and can expand the compressed iliac vein to its original size to maintain the smooth flow of venous blood. It can also avoid the elastic retraction of iliac vein due to external compression. The long-term patency rate of vessel was more than 90% after iliac vein stent implantation, and the incidence of re-obstruction was low.

China IVCS Interventional Device Market

The number of iliac vein stent interventional procedures in China increased from 293 in 2016 to 2,207 in 2019 and is estimated to further increase to 182,746 in 2030, at a CAGR of 49.4% from 2019 to 2030. The diagram below shows the historical and forecasted volume of iliac vein stent interventional procedures in China for the periods indicated:

Historical and Forecasted Volume of Iliac Vein Stent Intervention Procedures in China, 2015-2030E

Period	CAGR
2015-2019	NA
2019-2030E	49.4%



Source: Literature research, Expert Interview and Frost & Sullivan Analysis

Competitive Landscape of Iliac Vein Stent in China

Iliac vein stent is a Class III and implantable medical device. As of the Latest Practicable Date, two iliac vein stent products were approved in China, which were manufactured by two international companies. As of the Latest Practicable Date, no domestic product was approved in China.

Manufacturer	Product	Approved Indication	NMPA Approval Year	Price* (RMB)
Cook Medical	Zilver Vena Venous Self-Expanding Stent	Expected to be used in iliofemoral vein for the treatment of symptomatic venous outflow obstruction	2016	~28,000
BD Medical	Venovo Venous Stent	Specifically designed and developed for the iliofemoral veins	2021	N/A

* *The device price is based on the latest regional bidding price from public information.*

Source: Company Website, CMDE, Frost & Sullivan Analysis

As of the Latest Practicable Date, there were 5 iliac vein stent candidates at clinical stage in China, among which two are being developed by an international company and three are being developed by domestic companies, the details of which are set forth below:

Manufacturer	Product	Stage
Boston Scientific	Symbiot	Clinical
INNOMED	Inno-Xmart	Clinical
Venmedtech	Iliac Vein Stent	Clinical
Vinnova	Grency	Clinical
Zylox-Tonbridge Medical	**Peripheral Venous Stent System**	**Clinical**

Source: Company Website, CMDE, Frost & Sullivan Analysis

Varicose Veins

Varicose veins (VV) are known as the most common disorder of the venous system. Varicose veins are formed primarily because of congenital thin vessel walls or little change in maintaining the same posture for a prolonged period of time, accumulation of blood in the lower extremities, venous overpressure from disruption of the venous valves in the case of accumulation of day to day, and symptoms on prominent skin surfaces of the vessels. Varices mostly occur in the lower extremities, other scrotal spermatic cords, celiac veins and gastroesophageal veins.

Epidemiological studies show that CVD has a considerable socioeconomic impact in western countries due to its high prevalence, cost for investigations and treatment, and lost working days. VV is one of the most common CVDs, which are present in 25-33% of female and 10-40% of male adults. The prevalence of VV in China was 399.4 million in 2019, which accounted for 28.5% of the total population. It is expected to reach 476.6 million in 2030.

Treatments of VV

The clinical benefit of drug therapy is limited, and vascular interventional therapy has become the preferred or recommended treatment for a variety of specific peripheral arterial diseases.

A mild case of VVs does not usually require a doctor's care. Over-the-counter (OTC) anti-inflammatory drug such as aspirin or ibuprofen can also alleviate occasional swelling and pain by a superficial VV.

If the condition of VV is more severe, open surgery, foam sclerotherapy (泡沫硬化療法) or endovenous thermal ablation (消融療法) may be recommended to eliminate the VVs. Foam sclerotherapy is an injection of a solution (generally a salt solution) directly into the vein. The solution irritates the lining of the blood vessel, causing it to collapse and for a blood clot.

Endovenous thermal ablation is an emerging intervention technology that use heat with lasers, microwaves or radiofrequency waves to destroy and ultimately close the vein. It is a minimally invasive procedure which generally would not leave cuts or scars. Both the American Venous Forum (AVF) and the National Institute of Clinical Excellence (NICE) in the UK have recommended endovenous thermal ablation as first line treatment of VVs for its superior effectiveness and lower recurrence rate as compared to other treatment methods.

Radiofrequency Ablation (RFA) and Endovenous Laser Ablation (EVLA) are the two evidence-recommended treatment methods under endovenous thermal ablation, with RFA accounting for over 70% of endovenous thermal ablation procedures in 2019 in China.

- RFA is the introduction of a radiofrequency ablation catheter into a lesional vein through a skin puncture port (approximately 2 mm) under ultrasound guidance. The catheter delivers energy thermally to the vein wall. The venous wall is then retracted and occluded. After the occlusion of the diseased vein, the blood of the lower extremity changes the path and returns to the heart via other healthy veins.

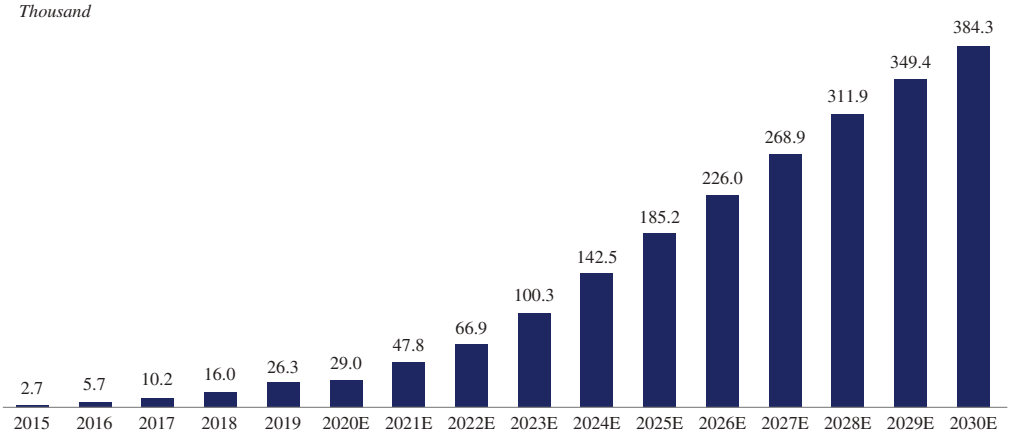
- EVLA is the procedure where a catheter is placed into the long saphenous vein. A laser fiber is passed through it and positioned below the saphenofemoral junction. An anaesthetic agent is then injected, and the fiber is slowly withdrawn while energy from a diode laser is applied in short pulses. This is repeated along the entire length of the vein until the long saphenous vein is closed from the saphenofemoral junction to the point of access.

China RFA Catheter Medical Device Market

The number of RFA procedures for the treatment of VV in China increased from 2.7 thousand in 2015 to 26.3 thousand in 2019 at a CAGR of 76.9%, and is estimated to further reach 384.3 thousand in 2030 at a CAGR of 27.6% from 2019 to 2030. The diagram below shows the historical and forecasted volume of RFA procedures for the treatment of VV in China for the periods indicated:

Historical and Forecasted Volume of RFA Procedures for the Treatment of Varicose Vein in China, 2015-2030E

Period	CAGR
2015-2019	76.9%
2019-2030E	27.6%



Source: Literature research, Expert Interview and Frost & Sullivan Analysis

Competitive Landscape of RFA Catheter in China

Peripheral RFA catheter is a Class III and non-implantable medical device. As of the Latest Practicable Date, there were 3 major marketed peripheral RFA catheters in China, all of which were manufactured by international companies, the details of which are set forth below:

Manufacturer	Product	Approved Indication	NMPA Approval Year	Price* (RMB)
Medtronic	Closure Fast	Varicose veins of the lower extremities (limited to superficial veins)	2014	~9,500
	Closure RFS	Varicose veins of lower extremities (limited to perforating veins)	2014	~13,000
F Care Systems NV	EVRF Endovenous Radiofrequency Closure System	Varicose veins of the lower extremities (limited to superficial veins)	2018	~12,500

* *The device price is based on the latest regional bidding price from public information.*

Source: CMDE, Frost & Sullivan Analysis

As of the Latest Practicable Date, there were 3 peripheral RFA catheter candidates at clinical trial stage in China, all of which are being developed by domestic companies, the details of which are set forth below:

Manufacturer	Product	Stage
Acotec	Endovenous Radiofrequency Closure Catheter	Clinical
Hengrui Medical	Endovenous Radiofrequency Ablation Closure System	Clinical
Zylox-Tonbridge Medical	**Endovenous Radiofrequency Ablation (RFA) Catheter**	**Clinical**

Source: CMDE, Frost & Sullivan Analysis

AORTIC ANEURYSM AND CHINA AORTA STENT GRAFT SYSTEM MARKET

Overview of Aortic Aneurysms

Aortic aneurysm is the pathological dilation of aorta and classified into two types by the maximum diameter of normal aorta: thoracic aortic aneurysms (TAA) and abdominal aortic aneurysm (AAA). TAA refers to abnormal dilation (more than 50% of the normal diameter) of the arteries in the aortic sinus, ascending aorta, aortic arch or descending aorta. AAA refers to the aneurysm-like dilatation of the abdominal aorta with permanent localized dilatation of more than 50% of the normal vascular diameter.

The prevalence of TAA in China increased from 215.1 thousand in 2015 to 234.2 thousand in 2019 while the prevalence of AAA in China grew from 645.3 thousand in 2015 to 702.7 thousand in 2019. Driven by the aging population, the prevalence of TAA in China is expected to reach 290.8 thousand in 2030, and that of AAA is expected to reach 873.2 thousand by 2030.

Treatments of Aortic Aneurysms

TAA

Among TAA patients, different treatments are recommended based on aneurysm locations. Direct resection of the aneurysm by cardiac surgical treatment is recommended for ascending aortic aneurysm, which is the most common type. Aortic arch repair should be considered for patients with an aneurysm in the ascending or descending aorta adjacent to the aortic arch. Thoracic Endovascular Aortic Repair (TEVAR) with stent intervention is more desirable for descending aortic aneurysms.

Stent intervention has a bright application prospect in future as compared with the long-term and high-risk thoracotomy surgical treatment. With the improvement of China's medical level and the further introduction of advanced medical equipment, the penetration rate of TEVAR procedures in China will continue to grow, driving the demand for aortic stents, which brings less trauma and faster postoperative recovery as a minimally invasive device to assist TEVAR procedures. With the development of policy and technology in China, the release mechanism has been constantly improving and makes the positioning and release of aortic stent more accurate and steady.

AAA

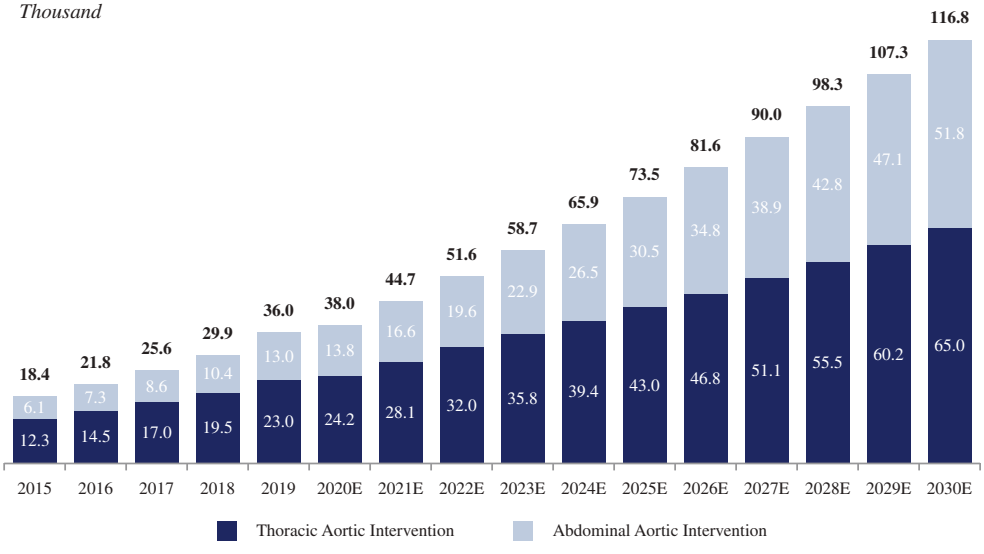
For AAA patients, physicians choose corresponding treatment based on whether the patient is asymptomatic. Surgical or interventional treatment including AAA repair, open aortic repair (aneurysm resection), endovascular abdominal aortic aneurysm repair (EVAR) are considered for asymptomatic AAA patients if the aneurysm is oversized or rapidly progressed. If AAA rupture is suspected in symptomatic patients, abdominal CT or abdominal ultrasound shall be conducted immediately. Once AAA rupture is confirmed, surgical treatments including open repair and EVAR shall be performed at earliest feasibility.

China Aorta Stent Graft System Market

Aorta stent graft systems are used in stent intervention procedures for treatment of TAA. The number of aortic intervention procedures in China increased from 18.4 thousand in 2015 to 36.0 thousand in 2019 at a CAGR of 18.3%. It is estimated to reach 116.8 thousand in 2030 at a CAGR of 11.3% from 2019 to 2030. The diagram below shows the historical and forecasted volume of aortic intervention procedures for TAA and AAA treatments in China for the periods indicated:

Historical and Forecasted Volume of Aortic Intervention Procedures in China, 2015-20130E

Period	CAGR
2015-2019	18.3%
2019-2030E	11.3%



Source: Literature research, Expert Interview and Frost & Sullivan Analysis

Competitive Landscape of Aorta Stent Graft Systems in China

Aorta stent graft system is a Class III and implantable medical device. As of the Latest Practicable Date, there were 10 major marketed aorta stent graft systems for treatment of TAA in China, which were manufactured by five international companies and four domestic companies, the details of which are set forth below:

Manufacturer	Product	Approved Indication	NMPA Approval Year	Price* (RMB)
Cook Medical	Zenith	Endovascular exclusion of thoracic aortic aneurysm, thoracic aortic dissection and pseudoaneurysm	2006	~82,000
Medtronic	Valiant	Isolation of aneurysm, false lumen or rupture site	2006	~99,000
Bolton Medical	RELAY Thoracic Stent Graft with Transport Delivery System	Aneurysm Artery dissection Penetrating ulcer Intramural hematoma	2007	~79,800
Aortec	Thoracic Endovascular Stent Graft	Descending thoracic aortic aneurysm Aortic dilation	2008	~55,400
LifeTech Scientific	Ankura	Thoracic aortic aneurysm	2008	~50,800
Endovastec	Hercules Low Profile	Aortic aneurysms limited to the straight segment of the vessel	2011	~65,000
	Castor	Thoracic aortic dissection	2017	~51,800
W.L. Gore & Associates, Inc.	GORE TAG	Endovascular repair of descending thoracic aorta	2011	~107,900
Jotec GmbH	E-vita thoracic	Aortic dissection Penetrating aortic ulcer (PAU)	2013	~130,000
Huamaitaike	Thoracic aortic covered stent system	Endovascular treatment of Stanford type B thoracicaortic dissection	2019	~90,000

* *The device price is based on the latest regional bidding price from public information.*

Source: CMDE, Frost & Sullivan Analysis

As of the Latest Practicable Date, there were 6 aorta stent graft systems candidates at clinical and type testing stages in China, all of which are being developed by domestic companies, the details of which are set forth below:

Manufacturer	Product	Stage
APT Medical	Thoracic aortic stent	Clinical
Dinova Medtech	Fabulous Thoracic Aortic Stent	Clinical
Endonom Medical	WeFlow-Tbranch	Clinical
Endovastec	Talos	Clinical
LifeTech Scientific	Thoracic Stent Graft System	Clinical
Zylox-Tonbridge Medical	**Thoracic Aorta Stent Graft System**	**Type Testing**

Source: CMDE, ClinicalTrials.gov, Frost & Sullivan Analysis

OVERVIEW OF CHINA PERIPHERAL EMBOLIZATION COIL MARKET

Peripheral aneurysm is a kind of congenital disease, which is mainly related to early embryonic vascular dysplasia or gene mutation. Some peripheral aneurysm patients are also presented as acquired cases, which are observed clinically after a period of aneurysm development. The prevalence of peripheral aneurysms in China was 2.1 million in 2019, and it is expected to reach 2.5 million in 2030 with a CAGR of 1.6% from 2019 to 2030.

Coil embolization is a recommended treatment method for peripheral aneurysms using embolization devices to block blood flow to the lesion. Embolization coil is a type of mechanical embolic agent, performed by percutaneously transporting embolic coil into a target vascular system, either through selective catheterization or direct puncture of the target organ or vessel, for the peripheral artery or vein endovascular occlusion process. Metal coil is usually deployed to perform coil embolization which allows precise occlusion of blood vessels carrying blood to the lesion.

There are a number of malformed arteries in certain vascular malignant tumors, wrapped by surrounding tissues to form peripheral aneurysm. Peripheral coil embolization is one of the recommended treatments for oncology, which is a minimally invasive treatment of local tumor, allowing targeted and precise treatment of neoplasms located in various organs of the human body, such as liver, kidneys, lungs, and bones. The broad application of coil embolization also covers visceral hemorrhagic trauma for spleen, liver, kidney, pelvis, and etc.

Competitive Landscape of Peripheral Embolization Coils in China

Peripheral embolization coil is a Class III and implantable medical device. As of the Latest Practicable Date, there were 4 major marketed peripheral embolization coils in China, all of which were manufactured by international companies, the details of which are set forth below:

Manufacturer	Product	Approved Indication	NMPA Approval Year	Price* (RMB)
Boston Scientific	Interlock Fibered IDC Occlusion System	Block or reduce the blood flow rate in peripheral vascular system during tumor interventional embolization	2013	8,288
	Interlock-35 Fibered IDC Occlusion System		2013	11,000
Cook Medical	MReye	Interventional tumor embolization of peripheral arterial and venous vascular	2014	1,920
	Nester	Interventional tumor embolization for arteriovenous malformations by catheterization	2014	1,350

* *The device price is based on the latest regional bidding price from public information.*

Source: CMDE, Frost & Sullivan Analysis

As of the Latest Practicable Date, there were 2 peripheral embolization coil candidates at clinical stage in China, both of which are being developed by domestic companies, the details of which are set forth below:

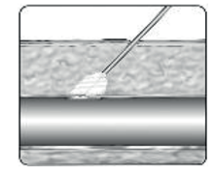
Manufacturer	Product	Stage
Shenqi Medical	Peripheral Detachable Coil	Clinical
Zylox Tonbridge Medical	**Peripheral Detachable Coil**	**Clinical**

Source: CMDE, Frost & Sullivan Analysis

VASCULAR CLOSURE DEVICES AND CHINA VASCULAR CLOSURE DEVICE MARKET

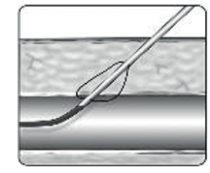
After a vascular procedure of endovascular surgery requiring a catheterization is performed, different method of vascular access closures are used to stop the bleeding of the small hole in the artery. Vascular access-site complications are an important cause of morbidity following catheterization procedures.

Vascular closure devices (VCDs) are medical devices used to achieve hemostasis of the small hole in the artery after a vascular procedure of endovascular surgery requiring a catheterization is performed. The introduction of VCDs has a tremendous impact on vascular surgery and has made the percutaneous approach to vascular interventions much more appealing to the public. There are three main categories of VCDs: suture-based device, collagen-based device and clip or staple as shown in the below graph.



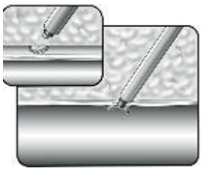
Collagen-based vascular devices

- Bovine collagen based products that augment clot formation. The swelling of the collagen mass that occurs after deployment mechanically seals the vessel and tissue tract.
- Generally only employed in patients in whom re-access should not be required.
- Repeat puncture within 3 months is generally not recommended.



Suture-Based Vascular Devices

- A pair of needles are deploied accurately at the arteriotomy hole to enable a suture to be placed and tied. The knot is usually tied with a knot tier but can also be tied manually.
- Repuncture can be performed immediately if necessary.
- It is approved for both diagnostics and therapeutic interventions, and it has a higher technical success rate when placed before the sheath.



Clip or staple

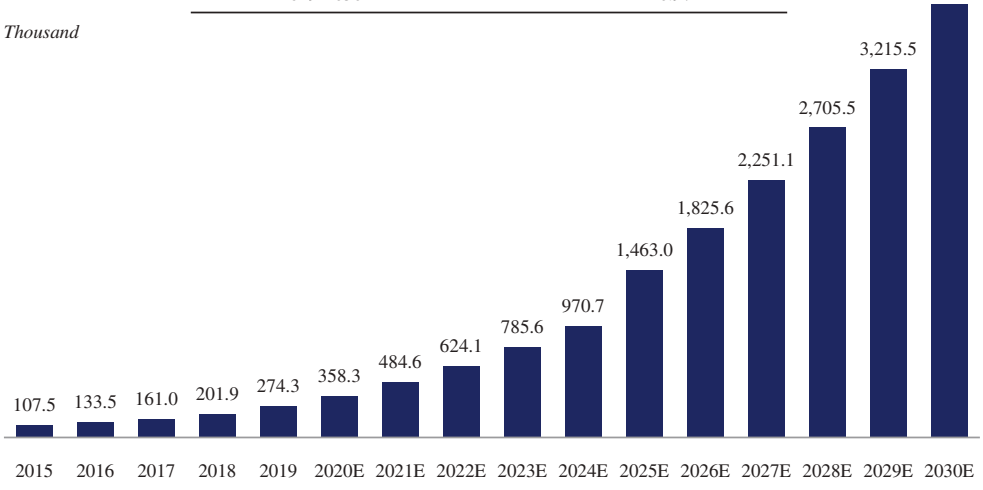
- An active approximator that deploys a 4-mm extravascular nitinol clip over the arteriotomy site. The device deploys intraluminal "wings" to help anchor an extraluminal nitinol clip to close the puncture site.
- The inert properties of titanium and nitinol induces less biologic response in comparison to collagen based devices.
- It can be re punctured and re closed to use with a high technical success rate.

China VCD Market

The number of vascular closure procedures in China increased from 107.5 thousand in 2015 to 274.3 thousand in 2019 and is estimated to further increase to 3,782.1 thousand in 2030, at a CAGR of 26.9% from 2019 to 2030. Since certain vascular closure procedures involve more than one vascular closure devices, the rapid growth in the number of vascular closure procedures indicates huge demands for vascular closure devices. The diagram below shows the historical and forecasted volume of vascular closure procedures in China for the periods indicated:

Historical and Forecasted Volume of Vascular Closure Procedures in China, 2015-2030E

Period	CAGR
2015-2019	26.4%
2019-2030E	26.9%



Source: Literature research, Expert Interview and Frost & Sullivan Analysis

Competitive Landscape of VCDs in China

VCD is a Class III and non-implantable medical device. As of the Latest Practicable Date, there were 4 major marketed VCDs in China, all of which were manufactured by international companies:

Manufacturer	Product	Approved Indication	Bore Size (F)	NMPA Approval Year	Price* (RMB)
Abbott	Perclose ProGlide Suture-Mediated Closure System	Suture the puncture site of the common femoral artery	5-26 (arterial sheaths) 5-29 (venous sheaths)	2005	~2,362
	StarClose SE Vascular Closure System	Close the femoral artery puncture point after percutaneous catheterization through releasing the nitinol clip	5-6	2007	~2,461
St. Jude Medical	Angio-Seal Vascular Closure Device	Close the femoral artery opening	6, 8	2008	~2,358
Cordis	EXOSEAL Vascular Closure Device	Close the puncture site of femoral artery	5, 6 and 7	2014	~2,850

* *The device price is based on the latest regional bidding price from public information.*

Source: Frost & Sullivan Analysis

As of the Latest Practicable Date, there were 2 VCD candidates at clinical and registrational stages in China, both of which are being developed by domestic companies, the details of which are set forth below:

Manufacturer	Product	Stage
Zylox Tonbridge Medical	**Suture-Mediated Closure System**	**Clinical**
HeartCare Medical	Vascular Closure Device	Registrational

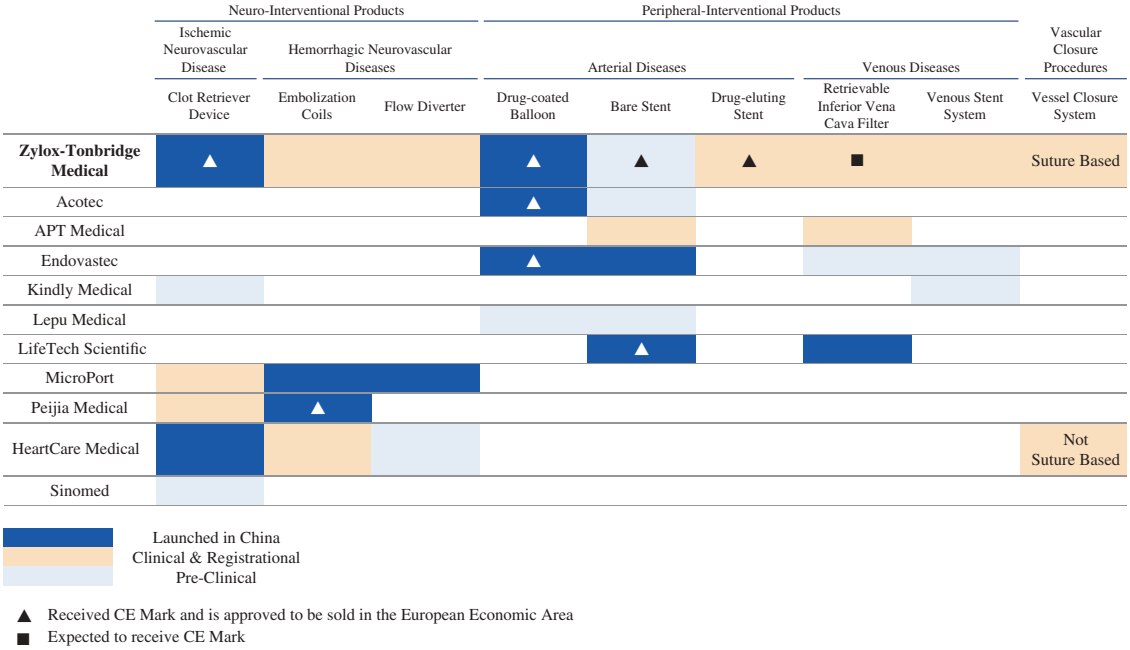
Source: Frost & Sullivan Analysis

COMPETITIVE LANDSCAPE OF NEURO- AND PERIPHERAL-VASCULAR INTERVENTIONAL MEDICAL DEVICE MARKET IN CHINA

Key Products in China Neuro- and Peripheral-Interventional Medical Device Market

Zylox-Tonbridge Medical is a total solution provider with the most comprehensive portfolio covering neuro- and peripheral-vascular interventional medical device among domestic companies in China. As of the Latest Practicable Date, Zylox-Tonbridge Medical had a portfolio of 45 products and product candidates consisting of mainstream neuro- and peripheral-interventional medical devices covering all the major neuro- and peripheral-vascular diseases. Its product portfolio includes a total of 11 approved products which consisted of 5 approved products for treating neurovascular diseases and 6 approved products

for treating peripheral vascular diseases, and 16 late-stage product candidates which consisted of 7 at registration stage and 9 at clinical trial stage. According to Frost and Sullivan, Zylox-Tonbridge Medical has obtained the most CE Marks for neuro- and peripheral-vascular interventional medical devices among China-based medical device companies. As of the Latest Practicable Date, Zylox-Tonbridge Medical obtained CE Mark for 8 products and commercialized 4 products in Europe. The table below demonstrates the overall competitive landscape of domestic companies in neuro- and peripheral-vascular interventional device markets in China in terms of disease/product coverage and number of products:



Source: ClinicalTrials.gov, CMDE, Public Information, Frost & Sullivan Analysis

Key Players in the China Neuro- and Peripheral- Interventional Medical Device Market

The key domestic and global market players in the China neuro- and peripheral-vascular device market include Microport, LifeTech Scientific, Medtronic, Boston Scientific and Johnson & Johnson.

Microport (stock code: 00853.HK): Microport is a company headquartered in Shanghai, China and listed in Hong Kong. Microport designs and manufactures products for neuro-vascular and peripheral-vascular intervention such as numen coil embolization system and Tubridge vascular reconstruction device.

LifeTech Scientific (stock code: 01032.HK) is a company headquartered in Shenzhen, China and listed in Hong Kong. LifeTech Scientific designs and manufactures peripheral vascular implants and devices, and associated delivery and supporting devices such as Aegisy vena cava filters, iliac artery stent and peripheral balloon catheter.

Medtronic (ticker symbol: MDT.NYSE): Medtronic is a company headquartered and listed in the U.S. Medtronic designs and manufactures neuro-vascular products such as revascularization device, detachable coil and embolization device, and peripheralvascular products such as drug-coated balloon.

Boston Scientific (ticker symbol: BSX.NYSE): Boston Scientific is a company headquartered and listed in the U.S. Boston Scientific designs and manufactures neuro-vascular and peripheral-vascular interventional devices such as detachable coil, peripheral vascular stent, iliac vein stent and peripheral embolization coil.

Johnson & Johnson (ticker symbol: JNJ.NYSE): Johnson & Johnson is a company headquartered and listed in the U.S. Johnson & Johnson designs and manufactures neuro-vascular and peripheral-vascular interventional device such as clot retriever device and ORBIT GALAXY detachable coil system.

REPORT COMMISSIONED BY FROST & SULLIVAN

In connection with the [**REDACTED**], we have engaged Frost & Sullivan to conduct a detailed analysis and to prepare an industry report on the worldwide and China oncology drug markets. Frost & Sullivan is an independent global market research and consulting company founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries.

We have included certain information from the Frost & Sullivan Report in this document because we believe such information facilitates an understanding of the vascular intervention medical device market for potential [**REDACTED**]. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Frost & Sullivan has conducted market researches and interviews on both the demand side and the supply side on the relevant marketed products or services via multi-channel sources, including company annual reports, public literature, CDE, ClinicalTrials.gov, NMPA, Chinese Center for Disease Control and Prevention (CDC), Treatment Guideline, Year Book of Health Statistics and others to obtain the product sales data, the overview of the major and other competitors, the overview of major products and relevant market pricing, and the market development trends. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

We have agreed to pay Frost & Sullivan a fee of RMB650,000 for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful [**REDACTED**] or on the content of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the [**REDACTED**]. We confirm that after taking reasonable care, there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

PRC LAWS AND REGULATIONS

We are subject to a variety of PRC laws, rules and regulations affecting many aspects of our business. This section summarizes the principal PRC laws, regulations and rules that are relevant to our businesses and operations.

LAWS AND REGULATIONS RELATING TO MEDICAL DEVICES

Principal Regulators

Pursuant to the Regulations on the Supervision and Administration of Medical Devices (2021 Revision) (《醫療器械監督管理條例(2021修訂)》), which was issued on February 9, 2021 and came into effect on June 1, 2021, the Food and Drug Supervision and Administration of the State Council (now known as NMPA) is in charge of the national supervision and administration of medical devices. The relevant departments under the State Council shall be responsible for the supervision and administration of medical devices within their respective scope of duties. The food and drug supervision and administration departments of the local people's governments at the county level and above are responsible for the supervision and administration of medical devices within their own administrative districts. The relevant departments of the people's governments at the county level and above are responsible for the supervision and administration of medical devices within their respective scope of duties.

In March 2018, the First Session of the Thirteenth National People's Congress (NPC) adopted the Plan for Institutional Reform of the State Council, which decided to discontinue the China Food and Drug Administration (CFDA) (國家食品藥品監督管理總局), and the newly established National Medical Products Administration should integrate the duties of the former CFDA. We conduct our business in China, which is currently mainly subject to the supervision of National Medical Products Administration and its local branches (together with its predecessor CFDA, collectively referred to as "NMPA"). As a newly established regulatory agency, the NMPA is responsible for the registration and supervision of drugs, cosmetics and medical devices under the regulation of the newly established State Administration for Market Regulation.

The National Health Commission of the People's Republic of China (hereinafter referred to as "NHC") (formerly known as National Health and Family Planning Commission (國家衛生和計劃生育委員會)), is China's primary healthcare regulatory agency, responsible for supervisions on the operation of medical institutions, some of which serve as clinical trial sites).

Regulations Relating to Registration of Medical Devices

Classification of medical devices

In the PRC, medical devices have been classified into three categories based on the degree of risk. Class I medical devices shall refer to those devices with low degree of risk and whose safety and effectiveness can be ensured through routine administration. Class II medical devices shall refer to those devices with medium degree of risk and whose safety and effectiveness shall be strictly controlled and administered. Class III medical devices shall refer to those devices with high degree of risk and whose safety and effectiveness must be strictly controlled and administered with special measures.

The Registration and Filing of Medical Device Products

Pursuant to the Regulations on the Supervision and Administration of Medical Devices (2021 Revision) (《醫療器械監督管理條例(2021修訂)》) and the Administrative Measures for the Registration of Medical Devices (《醫療器械註冊管理辦法》), which were promulgated by the NMPA on July 30, 2014 and came into effect on October 1, 2014, for the filings and management of the medical device products of Class I in China, the parties undergoing the filings of medical devices shall submit the filing materials to the food and drug supervision and administration departments of the local people's government at the districted city level. In case of any amendment to matters stated in the filings, such amendment shall be filed with the original filing department. The medical devices of Class II and Class III shall be subject to the product registration administration. Medical devices of Class II in China shall be examined by the food and drug supervision and administration departments of the people's governments of the provinces, autonomous regions or municipalities where such applicants are located. A registration certificate for such medical devices shall be issued upon approval. Medical devices of Class III in China shall be examined by the food and drug administration departments of the State Council. A registration certificate for such medical devices shall be issued upon approval. In case of any substantial change of the designs, raw materials, production technologies, scopes of application and application methods, etc., of the registered medical devices of Class II or Class III, which may affect the safety and effectiveness of such medical devices, the registrants shall apply to the original registration departments for changing registration.

The Medical Device Registration Certificate is valid for five years and the registrant shall apply to the food and drug supervision and administration departments for renewal (if necessary) at least six months prior to its expiration date. We have obtained the Class III medical device registration certificates for our products, which are within their validity.

Registration testing

Pursuant to the Regulations on the Supervision and Administration of Medical Devices (2021 Revision) (《醫療器械監督管理條例(2021修訂)》) and the Administrative Measures for the Registration of Medical Devices (《醫療器械註冊管理辦法》), a medical device to be registered into Class II or III shall be subject to registration testing. Medical device testing institutions shall conduct registration testing on the relevant products according to the technical requirements for such products. Medical device testing institutions shall be qualified for medical device testing, conduct testing within their scope of business, and pre-evaluate the technical requirements submitted by the applicants.

Clinical trial

Pursuant to the Administrative Measures for the Registration of Medical Devices, clinical trials are not required for the filing of the medical devices of Class I, but necessary for the application for the registration of the medical devices of Class II and Class III. However, medical devices listed in Catalogue of Medical Devices Exempted from clinical Trials (the "Exemption Catalog") may be exempt from clinical trials under any of the following circumstances:

(1) The medical device has clear working mechanisms, finalized design and mature manufacturing processes, and the medical devices of the same type that are available on the market have been used in clinical application for years without records of any serious adverse events, and the medical device will not change the general purposes;

(2) The safety and effectiveness of such medical device can be proved through non-clinical evaluation; or

(3) The safety and effectiveness of such medical device can be proved through the analysis and evaluation of the data obtained from the clinical trials or clinical application of the same categories of medical devices.

The Exemption Catalog is formulated, adjusted and promulgated by the NMPA. The NMPA has promulgated the Notice on Publishing the Newly Revised Medical Device Catalog Exempted from Clinical Trials (《關於公佈新修訂免於進行臨床試驗醫療器械目錄的通告》) ("2018 Catalogue") on September 28, 2018, and the Notice on Publishing New and Revised Medical Devices Exempted from Clinical Trials (《關於公佈新增和修訂的免於進行臨床試驗醫療器械目錄的通告》) ("2019 Catalogue") on December 13, 2019, as well as the Notice on Publishing Medical Device Catalog Exempted from Clinical Trials (the Second Batch of Amendments) (《關於發佈免於進行臨床試驗醫療器械目錄（第二批修訂）》) on January 14, 2021. The NMPA promulgates the Exemption Catalog from time to time. The above regulations constitute the legal basis for the current catalog of medical devices exempted from clinical trials. The 2018 Catalog comprehensively revised and summarized the previously catalogs of

medical devices exempted form clinical trials; on this basis, the 2019 Catalog announced the first batch of revised medical devices exempt from clinical trials; the Notice on Publishing Medical Device Catalog Exempted form Clinical Trials (the Second Batch of Amendments) announced second batch on the basis of the 2019 Catalog.

The Class III medical device products that can be exempted from clinical trials generally have the characteristics of high maturity and low risk. exempting products that meet the above regulatory requirements from clinical trials will help medical device manufactures to devote to product development and quality, it is also conducive to further optimizing clinical trials and approval resources, and promoting safe, effective, and risk-controllable products to market.

In particular, the Company's TIPS access set meets the requirements of the "transjugular intrahepatic access device" product with exemption from clinical trials in the 2018 Catalogue; the Company's balloon guiding catheter (BGC) meets the requirements of the "balloon guiding catheter" product with exemption from clinical trials in the 2018 Catalogue; the Company's infusion catheter meets the requirements of the "infusion catheter" product with exemption from clinical trials in the 2018 Catalogue; the Company's carotid RX PTA balloon catheter and PTA balloon catheter meet the requirements of the "balloon catheter" product with exemption from clinical trials in the 2018 Catalogue; the Company's Zylox Snare meets the requirements of the "vessel retrievable system" product with exemption from clinical trials in the 2018 Catalogue; the Company's embolic protection system meets the requirements of the "distal protection system" with exemption from clinical trials in the 2018 Catalogue; the Company's microcatheter for intracranial stent, microcatheter for coiling, microcatheter for flow diverter deployment, intracranial support catheter, microcatheter for retriever deployment, distal access catheter and distal support catheter meet the requirements of the "microcatheter" product with exemption from clinical trials in the 2018 Catalogue; the Company's snare retrieval kit for IVC filter meets the requirements of the "retrievable inferior vena cava filter" product with exemption from clinical trials in the 2018 Catalogue.

The 2019 Catalogue published the first new and revised medical devices (and in vitro diagnostic reagents) exempted from clinical trials. The Company's intracranial PTA balloon catheter (RX) (OTW), carotid RX PTA balloon catheter, PTA balloon catheter, PTA balloon catheter-large diameter, and high pressure PTA balloon catheter meet the requirements of the "balloon catheter" product with exemption from clinical trials in the 2019 Catalogue.

For medical device products that are not included in the Exemption Catalog, the data obtained from the clinical trials or clinical application of the same categories of medical devices shall be analyzed and evaluated. Where the safety and effectiveness of such medical devices can be proved, the applicant may specify in the course of registration application and submit relevant proofing materials.

Clinical trials for products that are not included in the Exemption Catalog shall be conducted in accordance with the Good Clinical Practice for Medical Devices (《醫療器械臨床試驗質量管理規範》) ("Good Clinical Practice"), which was jointly promulgated by the NMPA and NHC on March 1, 2016 and came into effect on June 1, 2016. The Good Clinical Practice includes full procedures of clinical trial of medical devices, including, among others, the protocol design, conduct, monitoring, verification, inspection, and data collection, recording, analysis and conclusion and reporting procedure of a clinical trial. Prior to commencement of a clinical trial, the applicant shall complete the preclinical research of the medical device, including, among others, protocol design, conduction, monitoring, verification, inspection, and data collection, recording, analysis and conclusion and reporting procedure of a clinical trial, and the results of which shall be able to support the clinical trial. The clinical trial shall be conducted in two or more clinical trial institutions that are qualified to conduct such trials. Prior to commencement of a clinical trial, the consent of the ethics committee of the relevant clinical trial institution should be obtained, and the applicant, the clinical trial institution and the researchers should enter into agreements in writing in respect of matters such as the design of the trial, quality control of the trial, division of responsibility during the trial, trial-related fees borne by the applicant and the principles of responses to emergencies that may occur during the trial.

Clinical trials for medical devices of Class III which present relatively high risks to human subjects must be pre-approved by the NMPA prior to commencement. The Catalogue of Class III Medical Devices Subject to Clinical Trial Approval (《需進行臨床試驗審批的第三類醫療器械目錄》) (the "Catalogue" which is formulated and from time to time adjusted and promulgated by the NMPA). Prior to commencement of a clinical trial, medical devices of Class III that are not included in the Catalogue shall complete filings with the drug supervision and administration departments of the provinces, autonomous regions or municipalities where such trials are located.

Regulatory Requirements for Medical Device Products to Indication expansion

Pursuant to the Regulations on the Supervision and Administration of Medical Devices (2021 Revision) (《醫療器械監督管理條例 (2021修訂)》), if the registered class II and class III medical devices have substantial changes in their design, raw materials, production process, applicable scope and usage, which may affect the safety and effectiveness of the medical devices, the registrant shall apply to the original registration department for registration change; Other changes shall be filed or reported pursuant to the provisions of the drug regulatory department under the State Council.

Pursuant to the Good Clinical Practice for Medical Devices (《醫療器械臨床試驗質量管理規範》), before clinical trials, the applicant should complete the preclinical studies of the medical devices used in the trials, including the intended use and scope of application of the products, and the results should be able to support the clinical trials.

Pursuant to Article 49 of the Administration Measures for the Registration of Medical Devices (《醫療器械註冊管理辦法》), the registration items of medical devices include the scope of application of products, etc. For a Class II or Class III medical device already registered, where there is a change to items specified on its medical device registration certificate or attachment, the applicant shall file for alteration to the registering administration and submit documents as required. If there is a change to product name, model, specifications, structure and components, applicable scope, technical specifications for product and production address for imported medical device, the applicant shall file to the registering administration for alteration to approved items.

According to the interview with the Center of Medical Device Evaluation of Zhejiang Provincial Medical Products Administration conducted on June 3, 2021, the Company was advised by the authorized officer responsible for the supervision of registration of medical devices that the indication expansion of the Company's Core Products will be recognized and regulated by the NMPA. Furthermore, the authorized officer confirmed that regulation for Class III medical device shall be consistent among different provinces across China and the NMPA.

Special Procedures for Examination and Approval of Innovative Medical Devices

Pursuant to the Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation on Drugs and Medical Devices (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》, the "Opinions"), which was promulgated and implemented by the General Office of the CPC Central Committee and the General Office of the State Council on October 8, 2017, the research and development of innovative medical devices is encouraged, the priority evaluation and approval will be applicable to innovative medical devices supported by the National Science and Technology Major Projects and the National Key R&D Program (國家科技重大專項和國家重點研發計劃支持) of the PRC, and the clinical trials of which have been conducted by the National Clinical Research Center, and approved by the management department of the National Clinical Research Center.

The NMPA issued the Special Examination and Approval Procedure for Innovative Medical Devices (Trial) (創新醫療器械特別審批程序(試行)) on February 7, 2014, which established the special examination and approval channels for innovative medical devices on the premise of ensuring the safety and effectiveness of products on the market. On November 2, 2018, the NMPA promulgated the Special Approval Channel for Innovative Medical Devices (創新醫療器械特別審查程序), which took effect on December 1, 2018 and replaced Special Examination and Approval Procedure for Innovative Medical Devices (Trial), setting forth that medical devices meeting certain conditions shall be examined and approved pursuant to the procedure.

Pursuant to the Special Procedures for Examination and Approval of Innovative Medical Devices, special procedures shall be applicable to the examination and approval for medical devices in the following circumstances:

(1) the applicant legally owns the invention patent of the core technology of the product through its technological innovation activities in the PRC, or legally obtains the invention patent or the right of use thereof through transfer in the PRC, and the interval between the date of application for the special examination and approval of innovative medical devices and the date of authorized publication should not exceed five years; or the patent administration department of the State Council has disclosed the application for the invention patent of the core technology and the Patent Search and Consultation Center of the National Intellectual Property Administration of the PRC (國家知識產權局專利檢索諮詢中心) has issued the patent search report setting out the novelty and innovation of the core technology solution of the product;

(2) the applicant has developed the prototype product and completed the preliminary research under a true and controllable process that generated complete and traceable data;

(3) the product (a) has major working mechanism or mechanism of action which is the first of its kind in the PRC, (b) has fundamental improvement in product performance or safety compared with similar products, (c) is of an internationally leading standard in terms of techniques and has significant clinical application value.

The Special Approval Channel for innovative medical devices include preliminary review, formal examination on the application materials, expert review, and publicity for objection. The provincial department of NMPA shall conduct preliminary review on whether the declared items has met the requirements and issue preliminary review opinions within 20 working days. The Center for medical device evaluation of the NMPA (國家藥品監督管理局醫療器械技術審評中心) shall give priority to the innovative medical devices in their technical review upon receiving the registration application and complete the examination within 60 working days, after which the NMPA shall give priority to the product in their administrative approval. Being eligible for the registrational application of innovative medical devices does not mean that the product will definitely obtain the final registration. The clinical trials of innovative medical devices shall be conducted in accordance with the requirements of relevant regulations on clinical trials of medical devices. The Center for Medical Device Evaluation of the NMPA should give priority to the innovative medical devices in their technical review upon receiving the registration application, after which the NMPA will give priority to the product in their administrative approval. Through its leading technological innovation activities, the Company applies for special approval channels for medical device products that have legally possessed product core technology invention patents in China, and are technologically creative, and are internationally leading with significant clinical application value. Both the Thrombite CRD and Ultrafree DCB that we manufactured were granted the special approval for innovative medical devices.

Laws and Regulations Relating to Medical Devices Production and Operation

Permit for Medical Devices Production

Pursuant to the Regulations on the Supervision and Administration of Medical Devices (2021 Revision) (《醫療器械監督管理條例(2021修訂)》) and the Measures for the Supervision and Administration of Medical Device Production (《醫療器械生產監督管理辦法》), which were amended and came into effect on November 17, 2017, a producer of medical devices shall satisfy the following conditions:

(1) possessing production sites, environmental conditions, production equipment and professional technicians that are suitable for such medical device produced;

(2) possessing organizations or professional examination staff and examination equipment that carry out quality examination for such medical device produced;

(3) formulating a management system which ensures the quality of such medical device;

(4) having capability of after-sale services that is suitable for such medical device produced;

(5) satisfying the requirements as prescribed in production R&D and production technique documents.

The enterprises engaging in the production of medical devices of Class I shall make filings for such medical devices of Class I with the food and drug supervision and administration departments of the local people's government at the districted city level, and submit the copies of the record-filing certificates for the medical devices produced held by the enterprises and proofing materials of qualification to engage in the production of such medical devices. The enterprises engaging in the production of medical devices of Class II or Class III shall apply for the production permits to the local food and drug supervision and administration departments of the provinces, autonomous regions, or municipalities, and submit proofing materials of qualification to engage in the production activities of such medical devices, registration certificates for such medical devices produced and copies of the technical requirements of the products.

The Permit for the Medical Devices Production (《醫療器械生產許可證》) is valid for five years and the registrant shall apply to the original departments that issued such permit for renewal at least six months prior to its expiration date. We have obtained the permits for medical devices production for medical devices of Class II and Class III, which are within their validity.

Production and Quality Management of Medical Devices

Pursuant to the Measures for the Supervision and Administration of Medical Device Production (《醫療器械生產監督管理辦法》) and the Standards on Production and Quality Management of Medical Devices (《醫療器械生產質量管理規範》), which were promulgated by the NMPA on December 29, 2014 and came into effect on March 1, 2015, an enterprise engaging in the production of medical devices shall establish and effectively maintain a quality management system in accordance with the requirements of the Standards on Production and Quality Management of Medical Devices. The enterprise engaging in the production of medical devices shall regularly conduct comprehensive self-inspection on the operation of quality management system in accordance with the requirements of the Standards on Production and Quality Management of Medical Devices and submit an annual self-inspection report to local food and drug supervision and administration departments of the provinces, autonomous regions, municipalities or at the districted city level before the end of every year. The enterprise shall establish its procurement control procedure and assess its suppliers by establishing an examination system to ensure the purchased products are in compliance with the statutory requirements. The enterprise shall record the procurement, production and inspection of raw materials. Such records shall be true, accurate, complete and traceable.

The enterprise shall apply risk management to the whole process of design and development, production, sales and after-sale services. The measures being adopted shall be applicable to risks of the related products.

Pursuant to The Notice of Four Guidelines including On-site Inspection Guidelines for the Standards on Production and Quality Management of Medical Devices (《關於印發<醫療器械生產質量管理規範現場檢查指導原則>等4個指導原則的通知》), which was promulgated by the CFDA on September 25, 2015 and came into effect on September 25, 2015, during the course of on-site verification of the registration of medical devices and on-site inspection of production permit (including changing production permit), the inspection team shall, in accordance with the guidelines, issue recommended conclusions for on-site inspections, which shall be divided into "Passed," "Failed" or "Reassessment after rectification." During the supervision and inspection, if it is found that the requirements of the key items or ordinary items that may have direct impact on product quality are not satisfied, the enterprise shall suspend production and go through rectification. If it is found that the requirements of the ordinary items are not satisfied, and it does not directly affect product quality, the enterprise shall make rectification in a prescribed time. The regulatory authorities shall examine and verify the recommended conclusions and on-site inspection materials submitted by the inspection group, and issue the final inspection results.

Permit for Medical Devices Operation

Pursuant to the Measures for the Supervision and Administration of Medical Devices Operation (《醫療器械經營監督管理辦法》), which amended by the NMPA on November 17, 2017 and came into effect on November 17, 2017, an enterprise engaging in the operation of medical devices shall have business and storage premises and storage conditions suitable for the operation scale and scope, and shall have the quality management system suitable for the medical devices it operates, and the quality management department or personnel suitable for operation scope and scale. An enterprise engaged in the operation of medical devices of Class II shall file with the local food and drug supervision and administration department at the districted city level and provide proofing materials for satisfying the relevant conditions of engaging in the operation of medical devices, while an enterprise engaged in the operation of medical devices of Class III shall apply for a permit for operation to the local food and drug supervision and administration department at the districted city level and provide proofing materials for satisfying the relevant conditions of engaging in the operation of such medical devices.

The food and drug supervision and administration department which accepts operation permit application shall grant the Permit for Medical Device Operation if the enterprise meets the prescribed requirements. A Permit for Medical Device Operation is valid for five years and may be renewed (if necessary) after the enterprise engaging in medical devices operation submits the application for renewal of the Permit for Medical Device Operation to the original departments that issued such permit within six months prior to its expiration date. The enterprise engaging in medical devices operation shall not operate medical devices without registration or filing or without qualification certificates, out-dated, invalid or obsolete.

No operation permit or record filing is required for the manufacturer of medical devices to engage in its business activities at its domicile or production sites.

We have obtained the Business Operation License for Class III Medical Devices (第三類醫療器械經營許可證) and the Record-filing for Operation of Class II Medical Devices (第二類醫療器械經營備案), which are within the validity term.

Tender Processes for Medical Devices

The Chinese government has implemented measures to encourage centralized procurement of high-value medical consumables through tendering processes. In June 2007, NHC issued the Notice on Further Strengthening the Administration of Centralized Procurement of Medical Devices (《關於進一步加強醫療器械集中採購管理的通知》), which requires that all non-profit medical institutions established by local governments, associations or state-owned enterprises participate in the centralized procurement. Public tendering is the principal method for centralized procurement. On November 25, 2020, the National Health Security Administration issued the National Health Security Administration Response to Proposal No. 7777 of the Third Session of the Thirteenth National People's Congress (《國家醫療保障局對十三屆全國人大三次會議第7777號建議的答覆》) (Medical Security Letter

[2020] No. 165), which clearly indicates that the country is currently promoting the establishment of an integrated provincial bidding and procurement platform for bidding, procurement, trading, settlement and supervision, and promoting the construction of regional and national alliance procurement mechanisms. At the same time, the coordination of the construction of a unified national medical security information platform drugs and medical supplies procurement management subsystem, to achieve national linkage of drug and consumables procurement, distribution, supervision, to meet the unified code, unified model, unified supervision, local management needs.

As of the Latest Practicable Date, the recruitment and procurement platform has not yet been completed. According to the next step of the National Health Security Administration's work objectives, after the recruitment and procurement platform is completed in the future, the nationwide price linkage and unified network of medical supplies will also soon be realized.

Two Invoice System

On December 26, 2016, eight government departments including the NMPA issued the Notice on Opinions on the Implementation of the Two Invoice System in Drug Procurement by Public Medical Institutions (for Trial Implementation) (《關於在公立醫療機構藥品採購中推行兩票制的實施意見(試行)》) (the "Notice"). According to the Notice, the "Two Invoice System" refers to issuing invoice at the time from a pharmaceutical manufacturer to a circulating enterprise, and issuing invoice again at the time from a circulating enterprise to a medical institution.

On March 5, 2018, six government departments including the NHC and the Ministry of Finance jointly issued the Notice on Consolidating the Achievements of Canceling Drug Markups and Deepening Comprehensive Reforms in Public Hospitals (《關於鞏固破除以藥補醫成果持續深化公立醫院綜合改革的通知》), which stipulates the implementation of the centralized purchase of high value medical consumables, and that the "Two Invoice System" in relation to high-value medical consumables shall be gradually implemented.

On July 19, 2019, the General Office of the State Council issued the Notice on Printing and Distributing the Reform Plan for the Management of High-value Medical Consumables (《關於印發<治理高值醫用耗材改革方案>的通知》), according to which, high-value medical consumables refer to the medical consumables that are directly used for human bodies, and are strictly required for safety, and are in great clinical demand and priced relatively high, and can impose heavy burdens on patients for affording them. Local governments are encouraged to adopt the "Two Invoice System" combined with actual situation in order to reduce the circulation of high-value medical consumables and promote the transparency of purchase and sales. The integrity operation and practice of enterprises of high-value medical consumables and their practitioners are included in the credit management system to enhance the recording, publication, and early warning of dishonest behaviour, and strengthen the management of performance.

Some provinces including but not limited to Ningxia Province, Hainan Province, Liaoning Province, Sichuan Province, Guangdong Province, Hunan Province, Guizhou Province, Gansu Province, Jiangxi Province, Heilongjiang Province, Fujian Province, Shaanxi Province and Anhui Province, have implemented the "Two Invoice System" in the field of medical consumables. Among them, on November 15, 2017, five local government departments of Anhui Province including the Food and Drug Administration of Anhui Province (安徽省食品藥品監督管理局) issued the Opinions on Implementation of the "Two Invoice System" in Medical Consumables Procurement by Public Medical Institutions in Anhui Province (for Trial Implementation) (《安徽省公立醫療機構醫用耗材採購"兩票制"實施意見(試行)》), pursuant to which the Class II or above public medical institutions shall begin to implement the "Two Invoice System" in the procurement of medical consumables from December 1, 2017. On July 23, 2018, Fujian Provincial Medical Security Management Committee Office (福建省醫療保障管理委員會辦公室) issued the Notice on the Sharing of Transparent Procurement Results of Medical Devices (Medical Consumables) across the Province (《關於開展醫療器械(醫用耗材)陽光採購結果全省共享工作的通知》), which stipulates medical consumables procurement strictly implements the "Two Invoice System" and encourages the implementation of the "One Invoice System". On July 23, 2018, eight local government departments of Shaanxi Province including Deepen Medical and Healthcare System Reform Leading Group Office of Shaanxi Province (陝西省深化醫藥衛生體制改革領導小組辦公室) issued the Notice on Further Promoting the "Two Invoice System" on Medicines and Medical Consumables (《關於進一步推進藥品和醫用耗材"兩票制"的通知》), which stipulates that on the basis of the full implementation of the "Two Invoice System" of medical consumables in the urban public medical institutions, the primary medical and healthcare institutions of the county and below shall begin to implement the "Two Invoice System" in the procurement of medical consumables from August 1, 2018.

Accordingly, the "Two Invoice System" is gradually applied for high-value medical consumables pharmaceutical enterprises, which is reflected in the establishment of a high-value medical consumables distribution and selection mechanism by public medical institutions, and in the procurement activities of high-value medical consumables products, to reduce the circulation of high-value medical consumables by implementing the "Two Invoice System" and other methods to further establish a sound medical device supply guarantee system and mechanism and to better meet the demand for reasonably clinical medical devices.

Pursuant to the Reply of the National Healthcare Security Administration to Recommendation No. 1209 of the Second Session of the 13th National People's Congress (《國家醫療保障局對十三屆全國人大二次會議第1209號建議的答覆》) issued by National Healthcare Security Administration on July 23, 2019, "Two Invoice System" for high-value consumables needs to be further discussed given the huge differences between high-value consumables and pharmaceuticals and the complexity of clinical use and after-sales service.

The Unique Medical Device Identification (UDI) system

Pursuant to the Medical Device Unique Identification System Rules (《醫療器械唯一標識系統規則》) (State Drug Administration Announcement No. 66 of 2019), the State Drug Administration on the First Batch of Implementation of the Unique Identification of Medical Devices on Matters Related to the Notice (《國家藥監局關於做好第一批實施醫療器械唯一標識工作有關事項的通告》) (State Drug Administration Notice No. 72 of 2019) and the In-depth Pilot to do a Good Job of the First Batch of Implementation of the Unique Identification of Medical Devices Work Notice (《關於深入推進試點做好第一批實施醫療器械唯一標識工作的公告》) (State Drug Administration, the National Health and Health Commission, the National Health Insurance Bureau Notice No. 106 of 2020), medical devices involving active implants, passive implants and other high-risk Class III medical devices are included in the first batch of medical device unique logo implementation varieties. On January 1, 2021, the production of medical devices included in the first batch of medical device unique identification implementation varieties should have a medical device unique identification, and the smallest sales unit, higher level packaging product identification and related data uploaded to the medical device unique identification database.

Pursuant to the aforementioned provisions, the first batch of enterprises and products included in the pilot unique identification of medical devices are required to implement the rules related to the unique identification of medical devices from January 1, 2021. The medical device manufacturers not included in the first batch of the pilot unique identification should be recorded for each production and business activities.

The Company is not among the first batch of companies participating in the UDI pilot as specified in the Notice of the Comprehensive Department of the State Drug Administration on the Pilot Training of the Unique Identification System for Medical Devices (《國家藥監局綜合司關於開展醫療器械唯一標識系統試點工作培訓的通知》). However, as of the Latest Practicable Date, the Company had implemented UDI for all of its commercialized medical device products even though those products are not included in the first batch of pilot product catalogs. In addition, the company currently has implemented the rules related to the UDI for its devices, the Company conducts product identification during the production process and establishes a corresponding batch number for the product. The name, specification, model and other information of the product can be identified through the batch number to ensure continuous compliance, and the Company traces the formation process of product quality in this way.

The Medical Device Master File ("DMF")

Pursuant to the Announcement on the Registration of the Medical Device Master File (《關於醫療器械主文檔登記事項的公告》) issued by the National Medical Products Administration on March 5, 2021, the content of the DMF mainly involves medical device raw materials, etc., and the DMF registration platform and database are established by the Medical Device Technical Evaluation Center of the State Drug Administration. The registration of the

DMF is voluntary, and its owner voluntarily submits it to the regulatory agency for registration. It does not undergo substantive review at the time of registration. It will be reviewed together after the application for registration of related medical devices is accepted. When the medical device applicant needs to use the DMF in the application for product marketing registration, the owner of the master file will issue a letter of authorization to the medical device applicant. The medical device applicant shall use this authorization as part of the application materials to replace the registered main file materials. When the regulatory agency reviews the medical device declaration data, it can read the registered master file for review based on the authorization letter. When different medical devices refer to the same master file, repeated submissions and repeated reviews of technical data can be avoided.

The Company and its products have opted in for the DMF registration system as applicable.

Medical Device Recalls

Pursuant to the Administrative Measures for Medical Device Recalls (《醫療器械召回管理辦法》), which was promulgated by the NMPA on January 25, 2017 and came into effect on May 1, 2017, in light of the severity of defect, medical device recalls are divided into: (i) Class I recall where the circumstances leading to the recall may cause or have caused serious health hazards; (ii) Class II recall where the circumstances leading to the recall may cause or have caused temporary or reversible health hazards; or (iii) Class III recall where the circumstances leading to the recall are not likely to cause harm.

Medical device manufacturers shall determine the recall class based on the specific situation and properly design and implement the recall plan based on the recall class and the sale and use of the medical devices.

Advertisements of Medical Devices

Pursuant to the Regulations on the Supervision and Administration of Medical Devices (2021 Revision) (《醫療器械監督管理條例(2021修訂)》), the medical device advertisement shall be authentic and lawful and shall be based on the instructions of medical devices that have been registered or filed with the drug regulatory authority and shall not contain any false, exaggerated or misleading content. Before publishing medical devices advertisement, the content of advertisement shall be examined by the advertisement examination organ appointed by the people's government of the province, autonomous region or municipality directly under the Central Government, and the approval number of medical device advertisement shall be obtained; no advertisement may be published without the examination.

Pursuant to the Regulations on the Supervision and Administration of Medical Devices (2021 Revision) (《醫療器械監督管理條例(2021修訂)》) and the Interim Administrative Measures for Censorship of Advertisements for Drugs, Medical Devices, Dietary Supplements and Foods for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》) which was promulgated by the SAMR on December 24, 2019 and came into effect on March 1, 2020, the contents of a medical device advertisement shall be based on the contents of the registration certificate or the recordation proof approved by the drug administrations, or the registered or filed product instructions. Medical device advertisement involving the name, scope of application, mechanism of action, or structure and composition of the medical device, must not exceed the scope of registration certificate or the recordation proof.

Pursuant to the Measures Regarding the Administration of Drug Information Service over the Internet (《互聯網藥品信息服務管理辦法》) which was promulgated by the NMPA on November 17, 2017 and came into effect on the same day, the activities of providing medical (including medical devices) information services to Internet users through the Internet are regulated. Where any website intends to provide drug information services through Internet, it shall, prior to applying for an operation permit or record-filing from the competent authority in charge of information industry under the State Council or the telecom administrative authority at the provincial level, file an application with the food and drug administration departments of the province, autonomous region, or municipality directly under the Central Government where the sponsor of the website is located pursuant to the principle of territorial supervision and management, and shall be subject to the examination and approval thereof for obtaining the qualifications for providing Internet-based drug information services. Each food and drug administration of the province, autonomous region, or municipality directly under the Central Government shall review the Internet websites that apply for providing Internet-based drug information services within its scope of duties and issue the Qualification Certificate for Internet-based Drug Information Services to eligible websites.

Regulations Relating to Human Genetic Resources

The Interim Administrative Measures on Human Genetic Resources (《人類遺傳資源管理暫行辦法》), promulgated by the Ministry of Science and Technology and the Ministry of Health on June 10, 1998, aimed at protecting and fair utilizing human genetic resources in the PRC. The Ministry of Science and Technology promulgated the Service Guide for Administrative Licensing Items concerning Examination and Approval of Sampling, Collecting, Trading or Exporting Human Genetic Resources, or Taking Such Resources out of the PRC (《人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南》) on July 2, 2015, according to which, the sampling, collection or research activities of human genetic resources by a foreign-invested sponsor fall within the scope of international cooperation, and the cooperating organization of China shall apply for approval of the China Human Genetic Resources Management Office through the online system. The Ministry of Science and Technology further promulgated the Circular on Optimizing the Administrative Examination and Approval of Human Genetic Resources (《關於優化人類遺傳資源行政審批流程的通知》) on October 26, 2017, which became effective on December 1, 2017, simplifying

the approval of sampling and collecting human genetic resources for the purpose of listing a drug in the PRC. The Regulation of the People's Republic of China on the Management of Human Genetic Resources (《中華人民共和國人類遺傳資源管理條例》), as promulgated by the State Council on May 28, 2019 and effective on July 1, 2019, further regulates the collection, preservation, usage and provision of human genetic resources. According to this regulation, "human genetic resource" includes human genetic resource materials and information. Human genetic resource materials refer to organs, tissues, cells and other genetic materials containing human genome, genes and other genetic materials. Human genetic resource information refers to information, such as data, generated by human genetic resources materials. The Administrative Department of Science and Technology under the State Council is responsible for the management of human genetic resources at the national level, and the administrative departments of science and technology under the provincial people's governments are responsible for the management of human genetic resources at their respective scopes of duties and are vertically directed by the Central Government of the PRC. Foreign organizations, individuals and institutions established or actually controlled by foreign organizations and individuals are not allowed to collect or preserve human genetic resources (including organs, tissues, cells and other genetic materials of the human genome and genes) in China or provide human genetic resources abroad.

National Medical Insurance Program

The National Medical Insurance Program was adopted pursuant to the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Program (《國務院關於建立城鎮職工基本醫療保險制度的決定》) issued by the State Council on December 14, 1998 which took effect on the same day, under which all employers in urban cities are required to enroll their employees in the basic medical insurance program and the insurance premium is jointly contributed by the employers and employees. Pursuant to the Notice of the General Office of the State Council on Forwarding the Opinions of the Ministry of Health and Other Departments on Establishing a New Rural Cooperative Medical Care System (《國務院辦公廳轉發衛生部等部門關於建立新型農村合作醫療制度意見的通知》) issued by the General Office of the State Council on January 16, 2003, China launched the New Rural Cooperative Medical System to provide medical insurance for rural residents in selected areas which has spread to the whole nation thereafter. The State Council promulgated the Guiding Opinions of the State Council about the Pilot Urban Resident Basic Medical Insurance (《國務院關於開展城鎮居民基本醫療保險試點的指導意見》) on July 10, 2007, under which students at the primary and secondary school level (including students in vocational high schools, junior colleges and technical schools), children and teenagers and other non-employed urban residents (rather than urban employees) in the pilot districts who are not covered by the Urban Employee Basic Medical Insurance Program may voluntarily join the Urban Resident Basic Medical Insurance. In 2015, the General Office of the State Council issued the Outline for the Planning of the National Medical and Health Service System (2015-2020) (《全國醫療衛生服務體系規劃綱要(2015-2020年)》) which aims to establish a basic medical and health care system that covers both rural and urban citizens by 2020.

On January 3, 2016, the State Council issued the Opinions on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents (《關於整合城鄉居民基本醫療保險制度的意見》) to integrate the Urban Resident Basic Medical Insurance and the New Rural Cooperative Medical System and the establishment of a unified Basic Medical Insurance for Urban and Rural Residents, which will cover all urban and rural residents who should participate in the existing Urban Resident Basic Medical Insurance and the New Rural Cooperative Medical System except those who should participate in the basic medical insurance for employees.

Pursuant to the Guidance Opinions on Further Deepening the Reform of the Payment Mode of Basic Medical Insurance (Guo Ban Fa No. [2017]55) (《關於進一步深化基本醫療保險支付方式改革的指導意見》》(國辦發[2017]55號), which was further issued by the General Office of the State Council and came into effective on June 20, 2017, the main objectives are to fully implement a multivariate and compound medical insurance payment mode based on diagnosis related groups, per head, and per bed per day. Local medical insurance agencies will introduce total budget management for regions under their consideration and determine the amount of reimbursement for public hospitals based on the hospitals' performance appraisals and the spending targets of the individual pooling funds of basic medical insurance.

With regard to the basic medical insurance diagnosis and treatment items that use medical devices, equipment and medical materials for diagnosis and treatment, the Notice of Opinion on the Diagnosis and Treatment Management, Scope and Payment Standards of Medical Service Facilities Covered by the National Urban Employees Basic Medical Insurance Scheme (Lao She Bu Fa No. [1999]22) (《關於印發城鎮職工基本醫療保險診療項目管理、醫療服務設施範圍和支付標準意見的通知》) (勞社部發[1999]22號) prescribes the coverage of diagnostic and medical devices and diagnostic tests where part of the fees are paid through the basic medical insurance scheme. It also contains the scope of diagnosis and treatment items that are not covered by basic medical insurance scheme. Detailed coverage and rate for medical devices and medical services (including diagnostic tests and kits) covered by the basic medical insurance scheme are subject to each province's local policies.

Direct Reimbursement Groups (DRGs) Payment Classification System

The National Health Security Administration officially released Technical Specification for National Health Insurance DRG Grouping and Payment (《國家醫療保障DRG分組與付費技術規範》) and National Health Insurance DRG (CHS-DRG) Grouping Scheme (《國家醫療保障DRG(CHS-DRG)分組方案》) on October 16, 2019. The data requirements for DRG grouping, data quality control, standardized upload specifications, grouping strategies and principles, and methods for determining weights and rates are regulated, and it is clear that the national health insurance disease-diagnosis-related grouping is a unified standard for the national health insurance sector to carry out DRG payment work.

On June 17, 2020, the National Health Security Administration and the State Administration of Taxation (SAT) formulated and issued the Notice on Improving the Basic Medical Insurance for Urban and Rural Residents in 2020 (《關於做好2020年城鄉居民基本醫療保障工作的通知》). It is cleared that the national pilot work of diagnosis-related grouping (DRG) payment will be carried out in 30 cities, the reform of medical insurance payment methods will be promoted, and the total amount of medical insurance management will be improved. On June 18, 2020, the National Health Security Administration issued the Notice on the Issuance of the Subdivision Grouping Scheme (Version 1.0) of Medicare Diagnosis-Related Grouping (CHS-DRG) (《關於印發醫療保障疾病診斷相關分組(CHS-DRG)細分組方案(1.0 版)的通知》), which clarifies that each pilot city should refer to the grouping results, comorbidity complication/serious comorbidity complication table, grouping rules, and naming format of the CHS-DRG subdivision group to develop a local DRG subdivision group.

The Company has experienced smooth transition into the DRG payment classification system with its existing customers in the pilot cities.

Reform Plan on High-value Medical Consumables

On July 19, 2019, the General Office of the State Council issued the Circular on Reform Plan on Managing High-Value Medical Consumables (Guo Ban Fa No. [2019]37) (《關於印發<治理高值醫用耗材改革方案>的通知》) (國辦發[2019]37號) (the "Plan"). According to the Plan, high-value medical consumables are defined as medical consumables directly used on human, with strict requirements on safety, in great demand clinically, relatively highly priced, and that can pose heavy burdens on patients. The Plan releases several reform initiatives aiming at managing high-value medical consumables, including: (1) the classification and codes of high-value medical consumables in the national medical insurance system will be unified gradually, and rules on unique device identification of the high-value medical consumables, including but not limited to registration, procurement and usage of, will be implemented by the National Healthcare Security Administration, the NMPA, and the NHC by the end of 2020; (2) the mechanism for including high-value medical consumables in basic medical insurance shall be built, and a list of high-value medical consumables shall be compiled, to strengthen the dynamic adjustment mechanism. The access regulations shall be promulgated by the National Healthcare Security Administration and the Ministry of Finance by the end of June 2020; (3) the price markups placed on medical consumables at public medical institutions will be abolished, and all medical consumables, including high-value medical consumables will be sold at procurement price at all public medical institutions by the end of 2019; (4) the medical insurance payment policy shall be formulated and implemented by the National Healthcare Security Administration, the Ministry of Finance and the National Health Commission of the PRC. Meanwhile, the medical insurance payment standards on high-value medical consumables will be properly formulated and the dynamic adjustment mechanism will be established. The medical insurance funds and patients will share the cost of high-value medical consumables according to the medical insurance payment standards, and medical institutions shall further reduce procurement prices under the guidance of the Plan.

Regulations on Anti-Commercial Bribery

Pursuant to the Interim Provisions of the State Administration for Industry and Commerce on Banning Commercial Bribery (《國家工商行政管理局關於禁止商業賄賂行為的暫行規定》) promulgated by SAMR on November 15, 1996, commercial bribery refers to a business operator's bribery of another entity or individual with property or by other means in order to sell or purchase commodities, among which, "other means" refer to any means offering any benefits other than giving property, such as offering domestic or international tours or surveys in various names.

Pursuant to the Anti-Unfair Competition Law (《反不正當競爭法》) promulgated by Standing Committee of the National People's Congress (SCNPC), which was amended and came into effect as of April 23, 2019, act of unfair competition means that in its production or distribution activities, a business operator disrupts the order of market competition and causes damage to the lawful rights and interests of other business operators or consumers, in violation of this Law.

Pursuant to the Anti-Unfair Competition Law and the Interim Provisions of the State Administration for Industry and Commerce on Banning Commercial Bribery, regulatory authorities may impose fine penalties depending on the seriousness of the cases and if there is any illegal income in a case, such income shall be confiscated.

Pursuant to the provisions of the Criminal Law of the PRC (2020 Amendment) (《中華人民共和國刑法(2020修正)》), which was amended by the SCNPC on December 26, 2020 and came into effect on March 1, 2021, for obtaining business secrets from a business secret owner or the user authorized by a business secret owner ("obligee") by stealing, bribery, fraud, coercion, electronic intrusion or other illegitimate means; disclosing, using, or allowing others to use the business secrets obtained from the obligee by means mentioned in the preceding paragraph; in violation of the confidentiality obligation or against the obligee's requirements for keeping business secrets, disclosing, using, or allowing another person to use the business secrets he has, whoever commits any of the above-mentioned acts of infringing on business secrets and the consequences are serious shall be sentenced to fixed-term imprisonment of not more than three years and shall also, or shall only, be fined; if the consequences are especially serious, he shall be sentenced to fixed-term imprisonment of not less than three years but not more than ten years and shall also be fined.

Production Safety

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) amended by the Standing Committee of the NPC on August 31, 2014 and came into effect on December 1, 2014, an enterprise shall provide production safety conditions as stipulated in the Production Safety Law of the PRC and other relevant laws, administrative regulations, national and industry standards, establish a comprehensive production safety accountability system and production safety rules, and develop production safety standards to ensure production safety. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities.

The person-in-charge of an enterprise shall be fully responsible for the safety of production of the enterprise. An enterprise having more than 100 employees shall establish a department or engage in personnel managing production safety specifically. Personnel who is responsible for managing production safety shall inspect the safety of production regularly based on the characteristics of production of the enterprise and shall deal with any safety issue identified during the inspection in a timely manner. Any unsolved issue shall be reported to the person-in-charge in a timely manner and the person-in-charge shall solve such issue immediately. The inspection and measures taken shall be duly recorded. Enterprises shall provide their employees with training on production safety and shall truthfully inform their employees of any potential risks in relation to the workplace and duties, preventive measures and emergency measures. In addition, an enterprise shall provide its employees with protective equipment that meet the national or industry standards and supervise and train them to use such equipment.

Product Liability and Protection of Consumers' Rights

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was amended by the SCNPC and came into effect on December 29, 2018, producers and sellers shall have their own proper regulations for the management of product quality, rigorously implementing post-oriented quality regulations, quality liabilities and relevant measures for their assessment. Producers and sellers are responsible for the product quality according to the provisions of the laws. In any of the following circumstances, seller shall be responsible for the repair, replacement or return of the product sold; if a consumer incurs losses as a result of purchased product, the seller shall compensate for such losses: (1) the product sold does not possess the properties for use that it should possess, and no prior indication is given of such a situation; (2) the product sold does not conform to the applied product standard as carried on the product or its packaging; or (3) the product sold does not conform to the quality indicated by such means as a product description or physical sample.

The product quality supervision and administration departments of the State Council are responsible for the supervision and administration of the quality of products of the whole country. All relevant departments of the State Council shall be responsible for the supervision of product quality within their own functions and duties.

Quality of products shall pass standard examinations and no sub-standard products shall be used as standard ones. Industrial products which may be hazardous to the health of the people and the safety of lives and property shall conform to the State and trade standards for ensuring the health of the people and safety of lives and property. In absence of such State or trade standards, the products shall conform to the minimum requirements for ensuring the health of the people and the safety of lives and property. It shall be prohibited to produce or sell industrial products that do not conform to the requirements and demands for the health of the people and the safety of lives and property. Producers or sellers shall be responsible for any compensation arising from their unlawful acts such as production or sales of defective, eliminated or ineffective products, faking the place of origin or quality marks, mixing or adulterating products or passing off imitations as genuine, sub-standard products as quality

ones or non-conforming products as conforming, proceeds from the sales may be confiscated, the business license may be revoked and penalties may be imposed. If the case is serious, criminal responsibilities shall be investigated. Producers or sellers shall be liable for any damage to any person or property due to the defects of products resulting from the default of the producers or sellers.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and came into effect on January 1, 2021, where a patient suffers damages due to defects in medical devices, the patient may seek compensation from the producer or also from the medical institution. Where the patient seeks compensation from the medical institution, the medical institution, after it has made the compensation, shall have the right to recover the compensation from the liable producer.

Pursuant to the Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) amended by the SCNPC on October 25, 2013 and came into effect on March 15, 2014, consumers' rights shall be protected when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to customers. According to the amendment on October 25, 2013, all business operators shall pay high attention to protect the customers' privacy and any consumers' information they obtained during the business operation. In addition, in extreme situations, medical device manufacturers and operators may be subject to criminal liabilities if their goods or services lead to the death or injuries of customers or other third parties.

Import and Export of Goods

According to the Administration of Registration of Customs Clearance Entities of the PRC (《中華人民共和國海關報關單位註冊登記管理規定》) promulgated by the General Administration of Customs of the PRC on March 13, 2014 and came into effect on July 1, 2018, import and export of goods shall be declared by the consignor or consignee itself, or by a customs declaration enterprise entrusted by the consignor or consignee and duly registered with the customs authority. Consignors and consignees of imported and exported goods shall go through customs declaration entity registration formalities with the local customs departments in accordance with the applicable provisions. After completing the registration formalities with the customs, consignors and consignees of the imported and exported goods may handle their own customs declarations at customs ports or localities where customs supervisory affairs are concentrated within the customs territory of the PRC.

Pursuant to the Regulations on the Administration of Export Sales Certificates of Medical Devices (《醫療器械產品出口銷售證明管理規定》) promulgated by the NMPA on June 1, 2015 and came into effect on September 1, 2015, if the registration certificate and production permit for medical device have been obtained in China, or the medical device registration and production filing have been completed, the food and drug supervision and administration department may issue a Medical Device Product Export Sales Certificate to the relevant

manufacturing enterprise. The validity term of the Medical Device Product Export Sales Certificate should not exceed the earliest deadline for the various documents submitted by the enterprise in the application materials, and the maximum validity term shall not exceed two years.

Foreign Investment

The investment activities of foreign investors in China are mainly subject to the Guidance Catalog of Industries for Foreign Investment (《外商投資產業指導目錄》) or (the "Catalog"), which is issued by the Ministry of Commerce (the "MOFCOM") and the National Development and Reform Commission and amended from time to time. The newly effective Catalog became effective on July 28, 2017, and parts of which were abolished by the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020 Version) (《外商投資准入特別管理措施(負面清單) (2020年版)》) (the "Negative List") and the Catalogue of Industries for Encouraging Foreign Investment (2020 Version) (《鼓勵外商投資產業目錄(2020年版)》) (the "Encouraging Catalogue"). The industries listed on the Catalogue are classified into three categories, namely "the encouraged foreign-invested industries", "the restricted foreign-invested industries" and "the prohibited foreign-invested industries". The Negative List became effective on July 23, 2020, which listed the special administrative measures for the centralized management on the access of foreign investment, and the Encouraging Catalogue became effective on January 27, 2021, which listed the encouraged foreign-invested industries.

Foreign Investment Enterprises

Pursuant to the PRC Company Law (《中華人民共和國公司法》) amended by the SCNPC and came into effect on October 26, 2018, limited liability companies and joint stock limited companies established in the PRC have the status of legal persons. The liability of shareholders of a limited liability company and a joint stock limited company is limited to the amount of registered capital they have contributed or shares they have subscribed for. The PRC Company Law also applies to foreign-invested enterprises. Where laws on foreign investment have other stipulations, such stipulations shall apply.

Pursuant to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "FIL") issued by the SCNPC on March 15, 2019 and came into effect on January 1, 2020, China implements the pre-entry national treatment and the negative list management system to foreign investments, and the foreign investments which are not listed on the Negative List should be entitled to the pre-entry national treatment.

Since January 1, 2020, the FIL replaced the Law of the PRC on Sino-Foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》), the Law of the PRC on Sino-Foreign Cooperative Joint Ventures (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-Owned Enterprise Law of the PRC (《中華人民共和國外資企業法》), became the legal foundation for foreign Investment in the PRC.

The Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which is issued by the State Council in December 2019 and came into effect in January 2020, has repealed the Regulation on Implementing the Sino-Foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法實施條例》), Provisional Regulations on the Duration of Sino-Foreign Equity Joint Venture Enterprise Law (《中外合資經營企業合營期限暫行規定》), the Regulations on Implementing the Wholly Foreign-Invested Enterprise Law (《中華人民共和國外資企業法實施細則》) and the Regulations on Implementing the Sino-foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法實施細則》) simultaneously.

The Measures on Reporting Foreign Investment Information (《外商投資信息報告辦法》) was issued by the MOFCOM and the SAMR on December 30, 2019 and became effective on January 1, 2020, replaced the Interim Measures for Filing Administration of the Establishment and Change of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). For foreign investors who directly or indirectly undertaking investment activities in China, foreign investors or foreign investment enterprises shall report the investment information to the competent commerce departments in accordance with such measures.

Full Circulation of H Shares

"Full circulation" represents listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted Domestic Shares held by domestic shareholders prior to overseas listing, unlisted Domestic Shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, CSRC announced the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》), allows certain qualified H-share listed companies and H-share companies to be listed for the application of full circulation to CSRC.

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for "full circulation". To file an application for "full circulation", an H-share listed company shall file the application with the CSRC according to the administrative licensing procedures necessary for the "examination and approval of public issuance and listing (including additional issuance) of shares overseas by a joint stock company". After the application for "full circulation" being approved by the CSRC, the H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with the China Securities Depository and Clearing Corporation Limited of the shares related to the application has been completed.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited and Shenzhen Stock Exchange jointly announced the Measures for Implementation of H-share "Full Circulation" Business. The businesses of cross-border share transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share "full circulation business", are subject to these Measures for Implementation.

In order to fully promote the reform of H-shares "full circulation" and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, China Securities Depository and Clearing Corporation Limited has issued the Circular on Issuing the Guidelines to the Program for "Full Circulation" of H-shares in February 2020, which specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc. In February 2020, China Securities Depository and Clearing (Hong Kong) Co., Ltd. promulgated the Guidelines to the Program for Full Circulation of H-shares of China Securities Depository and Clearing (Hong Kong) Co., Ltd. (《中國證券登記結算(香港)有限公司H股"全流通"業務指南》) to specify the relevant escrow, custody, agent service of China Securities Depository and Clearing (Hong Kong) Co., Ltd., arrangement for settlement and delivery and other relevant matters.

OTHER LAW AND REGULATIONS

Environmental Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) promulgated by the SCNPC on April 24, 2014 and became effective on January 1, 2015, summarizes the rights and obligations of each regulatory authority of environmental protection. The Ministry of Environmental Protection is authorized to promulgate national standards for environmental quality and pollutant discharge and to supervise China's environmental protection policies. At the same time, local environmental protection authorities can formulate more stringent local standards than national standards. In this case, relevant enterprises must comply with national and local standards.

Environmental Impact Assessment

According to the Administrative Regulations on the Environmental Protection of Construction Project (《建設項目環境保護管理條例》) amended by the State Council on July 16, 2017 and became effective on October 1, 2017, by considering the impact of the construction project on the environment, the construction unit shall submit an environmental impact report or an environmental impact statement or fill in a registration form. For a construction project for which an environmental impact report or environmental impact statement shall be prepared, the construction unit shall submit the environmental impact report or environmental impact statement to the competent administrative department of the environmental protection for approval before starting construction. If the Environmental Impact Assessment Documents of a construction project have not been reviewed by the approving authority in accordance with the law or have not been granted approval after the review, the construction unit is prohibited from commencing construction works.

According to the Law of the PRC on Environment Impact Assessment (《中華人民共和國環境影響評價法》) amended by the SCNPC and became effective on December 29, 2018, for a construction project that has an impact on the environment, the entity shall prepare an environmental impact report, an environmental impact statement or an environmental impact registration form according to the severity of the possible impact of the project on the environment.

Completion and Acceptance

The Interim Measures for Acceptance of Environmental Protection upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) was issued and implemented by the former Ministry of Environmental Protection (Now the Ministry of Ecology and Environment) on November 20, 2017. The measures specified the procedures and standards for environmental protection acceptance of construction units after the completion of construction projects.

Labor and Social Protection

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994 and amended and came into effect on December 29, 2018, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) amended by the SCNPC on December 28, 2012 and came into effect on July 1, 2013 and the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council and came into effect on September 18, 2008, an employer shall establish and improve labor rules and regulations according to the laws, and shall strictly comply with the national standards, provide trainings to its employees, protect their labor rights and perform its labor obligations. The employer shall enter into a written labor contract with its employees. Labor contracts shall be categorized into labor contracts with fixed term, labor contracts without fixed term and labor contracts to be expired upon completion of certain tasks. The remuneration payable by an employer to its employees shall not be less than local minimum wage. Those who violate the Labor Contract Law and the Labor Law may be fined and investigated for other administrative responsibilities. If the circumstances are serious, criminal responsibility shall be investigated.

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) amended by the SCNPC and came into effect on December 29, 2018 and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) amended by the State Council and came into effect on March 24, 2019, a domestic enterprise shall pay premium for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance, basic medical insurance and housing provident fund for its employees at the applicable rates based on the amounts stipulated by the laws. If it fails to pay required amount of premium to local administrative authorities on time or in full, it may be required to settle the overdue amount. The person in charge and other persons directly responsible for the employer may be fined.

Pursuant to the Administrative Regulations on Housing Provident Fund (《住房公積金管理條例》) amended by the State Council and came into effect on March 24, 2019, if an entity is overdue in the payment or underpays the housing provident fund, the housing provident fund management center shall order it to make the payment within a prescribed time; where the payment has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

Trademarks

The Trademark Law of the PRC (《中華人民共和國商標法》) amended by the SCNPC on April 23, 2019 and came into effect on November 1, 2019 and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) amended by the State Council on April 29, 2014 and came into effect on May 1, 2014, stipulate the application, examination and approval, renewal, alternation, transfer, use and invalidation of trademark registration, and protect the trademark rights entitled to trademark registrants. According to the aforesaid laws and regulations, the Trademark Office of the State Administration for Industry and Commerce under the State Council shall be responsible for the registration and administration of trademarks throughout the country. The registration of a trademark shall be valid for ten years from the date of approval. Upon expiry of the period of validity, the registrant shall go through the formalities for renewal within twelve months prior to the date of expiry as required if the registrant needs to continue to use the trademark. Where the registrant fails to do so, a grace period of six months may be granted. The period of validity for each renewal of registration is 10 years, commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be canceled. A trademark registrant may license others the right to use his/her registered trademark by entering into a trademark license agreement. For licensed use of a registered trademark, the licensor shall file record of the licensing of the said trademark with the trademark office, while non-filing of the licensing of a trademark shall not be contested against a good faith third-party.

Patent

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) amended by the Standing Committee of the NPC on December 27, 2008 and came into effect on October 1, 2009, and further amended on October 17, 2020 and will come into effect on June 1, 2021, and the Implementation Rules of The Patent Law of the PRC (《中華人民共和國專利法實施細則》) amended by the State Council on January 9, 2010 and came into effect on February 1, 2010, patents in China are divided into invention patent, utility patent and design patent. Invention patent refers to new technical solutions for a product, method or its improvement; utility patent refers to new technical solutions for the shape, structure or the combination of both shape and structure of a product, which is applicable for practical use; design patent refers to new designs of the shape, pattern or the combination of shape and pattern, or the combination of the color, the shape and pattern of a product with esthetic feeling and industrial application value. Invention patent shall be valid for 20 years from the date of application while utility patent and design patent shall be valid for ten years from the date of application. The patent right entitled to its owner shall be protected by the laws. Any person shall be licensed or authorized by the patent owner before using such patent. Otherwise, the use constitutes an infringement of the patent right.

Domain Name

Pursuant to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and came into effect on November 1, 2017, the establishment of any domain name root server and institution for operating domain name root servers, domain name registry and domain name registrar within the territory of China shall be subject to the approval of the Ministry of Industry and Information Technology or provincial, autonomous regional and municipal communications administration authorities. The registration of domain name shall follow the principle of "first to file and first to register." The Notice on Regulating the Use of Domain Names in Internet Information Services (《關於規範互聯網信息服務使用域名的通知》) promulgated by the Ministry of Industry and Information Technology on November 27, 2017 and came into effect on January 1, 2018 specifies the obligation of anti-terrorism and maintaining network security of internet information service providers.

REGULATIONS RELATING TO FOREIGN CURRENCIES AND FOREIGN INVESTMENT

Pursuant to the Regulations of the PRC for Foreign Exchange Control (《中華人民共和國外匯管理條例》) amended by the State Council and came into effect on August 5, 2008, foreign exchange payments under current account items shall be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting valid documents. If onshore institutions or onshore individuals propose to make an offshore direct investment or offshore issuance or trading of negotiable securities or derivative products, they shall complete the registration as required by the foreign exchange administrative department under the State Council.

On November 19, 2012, the State Administration of Foreign Exchange promulgated the Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting Policies for the Foreign Exchange Administration Direct Investment (Circular No. 59 of the SAFE) (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》(國家外匯管理局第59號文)). The Circular No. 59 of the SAFE came into effect on December 17, 2012, revised on May 4, 2015 and October 10, 2018, and partially abolished on December 30, 2019. According to the Circular No. 59 of the SAFE, the opening of various special purpose foreign exchange accounts (such as the account for preliminary expenses, foreign exchange capital account and margin account), the reinvestment of RMB funds in China by foreign investors and the foreign exchange profits and dividends remitted by foreign enterprises to foreign shareholders need not be approved or verified by the SAFE, and the same entity can open multiple capital accounts in the different provinces. In February 2015, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for 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》) (partially abolished in December 2019), which stipulates that banks shall directly audit and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment on behalf of the SAFE, the SAFE and its branches indirectly supervised the foreign exchange registration of direct investment through banks.

On May 10, 2013, the SAFE issued the Regulations on the Administration of Foreign Exchange for Direct Investment in China by Foreign Investors (the SAFE Circular 21) (《外國投資者境內直接投資外匯管理規定》) (國家外匯管理局第21號文), which became effective on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 21 stipulates that the SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration, and banks shall process the foreign exchange business relating to the direct investment in the PRC based on the registration information provided by the SAFE or its branches.

According to the Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014 and implemented on the same day, a domestic company shall, within 15 business days of the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment. The proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or SAFE Circular 19, which was promulgated on March 30, 2015, came into effective on June 1, 2015 and was partially abolished on December 30, 2019, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis based on the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in RMB (a) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment; (c) to provide entrusted loans (unless permitted in the business scope), repay inter-company loans (including advances to third parties) or repay RMB bank loans that have been onlent to a third party; and (d) to purchase real estate not for self-use purposes (save for real estate enterprises).

On June 9, 2016, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or SAFE Circular 16, which came into effect on the same day. The SAFE Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, there remain substantial uncertainties with respect to SAFE Circular 16's interpretation and implementation in practice.

On October 23, 2019, the SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》) which became effective on the same date (except for Article 8.2, which became effective on January 1, 2020). The notice cancels restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debt offering proceeds and remitted foreign listing proceeds for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current administrative regulations for use of revenue from capital accounts.

REGULATIONS RELATING TO TAX

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), which was amended by the SCNPC and became effective on December 29, 2018, and the Implementation Provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》), which was amended by the State Council and came into effect on April 23, 2019, a domestic enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign country (region) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the State. Key high and new technology enterprises which are supported by the State may enjoy a reduced EIT rate of 15%.

Value-added Tax

Pursuant to the Interim Regulations of the PRC on Value-Added Tax (《中華人民共和國增值税暫行條例》), which was amended by the State Council and became effective on November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值税暫行條例實施細則》), which was amended by the MOF on October 28, 2011 and became effective on November 1, 2011, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of the PRC are taxpayers of value-added tax (the "VAT") and shall pay VAT in accordance with the laws and regulations. The VAT rate for sale of goods shall be 17% unless otherwise specified, for example, the VAT rate for sale of transportation services shall be 11%. The VAT rate has been revised for several times with the reform of VAT in the PRC. According to the Notice on the Adjustment to VAT Rates (《關於調整增值税税率的通知》), promulgated by the MOF and the State Administration of Taxation on April 4, 2018 and became effective on May 1,

2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. Subsequently, the MOF, the State Administration of Taxation and the General Administration of Customs jointly issued the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》) on March 20, 2019 to make a further adjustment, and such adjustment came into effect on April 1, 2019. The VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

EUROPEAN LAWS AND REGULATIONS

Medical devices can be commercialized in the European market only if they meet the following requirements and obtain CE (Conformité Européenne) Mark (including countries which has signed Mutual Recognition Agreement with EU):

[1] Active Implantable Medical Device Directive (AIMD) 90/385/EEC.

[2] Medical Device Directive (MDD) 93/42/EEC.

On 26 May 2021, AIMD and MDD were repealed and replaced by Regulation (EU) no. 2017/745 (MDR) which has become the new regulatory reference for the placing on the market of medical devices.

Background of MDR

Council Directive AIMDD and Council Directive MDD constitute the Union regulatory framework for medical devices, other than in vitro diagnostic medical devices. However, a fundamental revision of those Directives is needed to establish a robust, transparent, predictable and sustainable regulatory framework for medical devices which ensures a high level of safety and health whilst supporting innovation.

MDR aims to ensure the smooth functioning of the internal market as regards medical devices, taking as a base a high level of protection of health for patients and users, and taking into account the small- and medium-sized enterprises that are active in this sector. At the same time, this Regulation sets high standards of quality and safety for medical devices in order to meet common safety concerns as regards such products.

Device Classification:

In Europe, based on Directives, devices are classified into AIMD, MDD Class I, MDD Class IIa, MDD Class IIb, MDD Class III according to AIMD and MDD.

(1) AIMD: are both implanted and energy requiring.

(2) MDD Class I: non-invasive devices that do not contact blood or body tissues.

(3) MDD Class IIa: short-term use devices that channel blood or body liquids or connect to higher-class devices, also dental devices.

(4) MDD Class IIb: long-term use devices which contact breached skin, supply energy, deliver drugs, monitor vital processes, contraceptives, disinfectants, or blood bags.

(5) MDD Class III: long-term invasive devices which are heart or central circulatory system contacting, central nervous system contacting, biodegradable, drug-device combinations, implantables, or based on animal tissues.

MDR also classified medical device in Class I, Class IIa, Class IIb and Class III based on risks associated with medical devices.

CE Technical Files Required by MDD/MDR

All classes of product to be CE marked must have a Technical File. The Technical File must be established and demonstrate conformity to the Essential Requirements/General Safety and Performance Requirements.

MDD Technical File include two parts:

Part A (Summary) normally contains information such as General Information, Product Information, Manufacturing methods, Risk Analysis, Declaration Of Conformity, Labeling, Clinical Data and Essential Requirement Checklist.

Part B (Supporting Documentation) would often contain information such as: Validations, Reports, Design specifications and Labelling.

Technical File shall be prepared in accordance with following MEDDEVs Guideline under MDD:

MEDDEV 2.1, MEDDEV 2.2/1, MEDDEV 2.2/3, MEDDEV 2.2/4, MEDDEV 2.5/3, MEDDEV 2.5/5, MEDDEV 2.5/6, MEDDEV 2.5/7, MEDDEV 2.5/9, MEDDEV 2.5/10, MEDDEV 2.7/1 and etc.

Technical File shall be prepared in accordance with MDCG Guideline under MDR and MDCG guideline by Medical Device Coordination Group.

Conformity Assessment

Medical devices in the EU have to undergo a conformity assessment to demonstrate that they meet legal requirements to ensure they are safe and perform as intended. EU Member States can designate accredited notified bodies to conduct conformity assessments. For example, TÜV SUD, UDEM are both accredited notified bodies. The conformity assessment usually involves an audit of the manufacturer's quality system and, depending on the type of device, a review of technical documentation from the manufacturer on the safety and performance of the device. According to the device complexity and potential risk to the patient, medical devices are divided into different risk classes. And different devices have certain Conformity Assessment procedure/route. Medical devices can be commercialized in the European market once it has passed the conformity assessment and obtain CE certificate.

OVERVIEW

We are a leading player in the neuro- and peripheral-vascular interventional medical device market in China in terms of our comprehensive product portfolio. Our Group was founded by Dr. Zhao, our executive Director and the chairman of our Board, in November 2012. For the details of the background and industry experience of Dr. Zhao, please refer to the section headed "Directors, Supervisors and Senior Management" in this Document.

BUSINESS DEVELOPMENT MILESTONES

The following table summarizes the key milestones in our business development:

Year	Milestone
2012	Zhejiang Zylox, being our predecessor, was established in the PRC
2014	Zhejiang Zylox, being our predecessor, was recognized as a key enterprise research institute in Zhejiang Province for technological innovation in the vascular medical device industry
	We initiated clinical trial for Ultrafree DCB
2015	We completed the Series A financing in an aggregate amount of approximately RMB46.4 million
	We initiated patient enrollment for Ultrafree DCB
2016	Zhuhai Tonbridge, our subsidiary, was established in the PRC and entered into the fields of neural implants and interventional high-end medical devices
	We initiated clinical trial for Thrombite CRD
	Ultrafree DCB became eligible for NMPA Special Approval Channel
2017	We won the second place in the biomedical group of China Innovation & Entrepreneurship Competition (中國創新創業大賽)
2018	Zhuhai Tonbridge became a wholly-owned subsidiary of our Company following the share restructuring of our Group
	Zhuhai Tonbridge won the second place in the biomedical group of China Innovation & Entrepreneurship Competition
	We obtained the NMPA approval for our PTA Balloon Catheter

Year	Milestone
2019	We completed the Series B financing in an aggregate amount of RMB150 million
	We completed the Series B+ financing in an aggregate amount of RMB30 million
	We completed the clinical trial for both Ultrafree DCB and Thrombite CRD
2020	We completed the Series C financing in an aggregate amount of RMB325 million
	We obtained the NMPA approvals for four products including Ultrafree DCB and Thrombite CRD and commenced production and sale of the same
	We obtained CE Mark for both Ultrafree DCB and Thrombite CRD
2021	We completed the Series C+ financing in an aggregate amount of US$76 million

OUR SUBSIDIARY

Our Company is principally engaged in the research and development and manufacturing of neuro- and peripheral- vascular interventional medical devices. In addition to the business activities of our Company, our subsidiary listed below is engaged in R&D of neurovascular medical devices:

Name of subsidiary	Place of establishment	Principal business activity	Date of establishment and commencement of business
Zhuhai Tonbridge	PRC	Research and development of neurovascular medical devices	February 26, 2016

Zhuhai Tonbridge was established by Dr. Zhao as a limited liability company under the laws of the PRC on February 26, 2016, and it became a wholly-owned subsidiary of the Company on November 27, 2018.

ESTABLISHMENT AND DEVELOPMENT OF OUR COMPANY

(1) Establishment of Our Company

On November 6, 2012, our Company was established as a limited liability company (sino-foreign equity joint venture) under the laws of the PRC, with an initial registered capital of RMB66,670,000. The shareholding structure of our Company upon establishment is set forth in the table below:

Shareholders	**Registered capital subscribed for** *(000' RMB)*	**Corresponding equity interest in our Company** *(%)*
Dr. Zhao	26,670.0	40.00
Shanghai Zhikang Investment Management Co., Ltd. (上海致康投資管理有限公司) ("**Shanghai Zhikang**")	20,000.0	30.00
Nanjing Hongjing Venture Capital Co., Ltd. (南京鴻景創業投資有限公司)[(1)] ("**Nanjing Hongjing**")	10,000.0	15.00
Nanjing Qiankun Investment Center (Limited Partnership) (南京乾坤投資中心(有限合夥)) ("**Nanjing Qiankun**")[(2)]	4,667.0	7.00
Tianjin Baichang Medical Device Co., Ltd. (天津百暢醫療器械有限公司) ("**Tianjin Baichang**")	3,333.0	5.00
Dr. Myron Samuel Scholes[(3)]	2,000.0	3.00
Total	**66,670.0**	**100.00**

Notes:

(1) Nanjing Hongjing, as an angel investor, has maintained a close relationship with our Company since the establishment of our Company. On July 20, 2018, Nanjing Hongjing renamed to Nanjing Hongjing Enterprise Management Consulting Co., Ltd. (南京鴻景企業管理諮詢有限公司). For more information of Nanjing Hongjing, please refer to the section headed "Detailed Terms of the [**REDACTED**] Investments – (5) Information about Our [**REDACTED**] Investors – (e) Nanjing Hongjing" in this Document.

(2) Nanjing Qiankun, as an angel investor, has maintained a close relationship with our Company since the establishment of our Company. Nanjing Chuangshi Xinji Investment Consulting Co., Ltd. (南京創世新紀投資諮詢有限公司) is the general partner of Nanjing Qiankun, and Xu Dai (徐岱), Zhai Qing (翟青), and Zhu Tainiqi (祝泰倪奇), each holding 10% or more of partnership interest in Nanjing Qiankun, are the major limited partners of Nanjing Qiankun.

(3) Dr. Myron Samuel Scholes, as an angel and individual investor, has maintained a close relationship with our Company since the establishment of our Company.

(2) [REDACTED] Investments and Major Shareholding Changes of Our Company

(a) Series A Financing

Pursuant to an investment agreement entered into by and amongst Hangzhou Fujiang, Highlight Medical Limited ("**Highlight Medical**"), Suzhou Taihong Jinghui Investment Center (Limited Partnership) (蘇州泰弘景暉投資中心(有限合夥)) ("**Suzhou Taihong Jinghui**"), Ningbo Jiusong Equity Investment Partnership (Limited Partnership) (寧波九松股權投資合夥企業(有限合夥)) ("**Ningbo Jiusong**") and our then Shareholders in 2015 (the "**Series A Investment Agreement**"), the registered capital of our Company was increased from RMB66,670,000 to RMB90,423,988, and the aforementioned [**REDACTED**] Investors agreed to subscribe for the increased registered capital of RMB23,753,988 of our Company at a total consideration of RMB46,400,000 (the "**Series A Financing**").

The respective subscription amount and consideration paid by the subscribers in the Series A Financing were as follows:

Subscribers	**Registered capital subscribed for** *(000' RMB)*	**Consideration paid** *(000' RMB)*	**Corresponding equity interest in our Company (upon completion of the Series A Financing)** *(%)*
Hangzhou Fujiang	9,962.2	10,400.0	11.02
Highlight Medical[(1)]	7,828.9	23,760.0	8.66
Suzhou Taihong Jinghui[(1)]	3,664.0	6,240.0	4.05
Ningbo Jiusong	2,298.9	6,000.0	2.54
Total	**23,754**	**46,400.0**	**26.27**

Note:

(1) Highlight Medical and Suzhou Taihong Jinghui, each being an investment arm of Highlight Capital, acquainted with our Company through Highlight Capital, who conducted independent market research before investing into our Company. Highlight Capital is ultimately controlled by Mr. Stephen Hui Wang, a non-executive Director of our Company. For more information of Highlight Capital, please refer to the section headed "Detailed Terms of the [**REDACTED**] Investments – (5) Information about Our [**REDACTED**] Investors – (g) Highlight Capital" in this Document.

Upon completion of the Series A Financing, the shareholding structure of our Company was as follows:

Shareholders	**Registered capital** *(000' RMB)*	**Equity interest** *(%)*
Dr. Zhao[(1)]	26,670.0	29.50
Nanjing Hongjing[(2)(5)]	11,333.0	12.53
Ningbo Jiusong[(1)(4)]	8,965.2	9.91
Hangzhou Fujiang[(1)(6)]	9,962.2	11.02
Lianyungang Yifan Pharmaceutical Technology Co., Ltd. (連雲港億帆醫藥技術有限公司) ("**Lianyungang Yifan**")[(3)]	8,333.8	9.22
Highlight Medical	7,828.9	8.66
Suzhou Taihong Jinghui[(6)]	3,664.0	4.05
Shanghai Zhikang[(3)(4)]	5,000.0	5.53
Nanjing Qiankun	4,667.0	5.16
Zhejiang Hengjin Tongsheng Venture Capital Partnership (Limited Partnership) (浙江恒晉同盛創業投資合夥企業(有限合夥)) ("**Zhejiang Hengjin Tongsheng**")[(5)]	2,000.0	2.21
Dr. Myron Samuel Scholes	2,000.0	2.21
Total	**90,424.0**	**100.00**

Notes:

(1) Pursuant to a concert party agreement dated November 5, 2015 entered into by and amongst Dr. Zhao, Mr. Wang Lijun, Mr. Zhao Xuan, Hangzhou Fujiang and Ningbo Jiusong (each a "**Series A Financing Concert Party**" and collectively, the "**Series A Financing Concert Parties**"), the aforementioned Series A Financing Concert Parties agreed to collectively exercise their shareholder rights in the Company and act in concert in all matters involving the operation and management of the Company. In the event that the Series A Financing Concert Parties fail to reach consensus in any matters involving the operation and management of the Company, each of the Series A Financing Concert Parties shall exercise their respective voting rights in accordance with the instructions of Dr. Zhao. As of the date of the aforementioned concert party agreement, the Series A Financing Concert Parties were collectively interested in approximately 50.43% of the total issued share capital of the Company. Mr. Zhao Xuan is the then managing partner of Hangzhou Fujiang. Mr. Wang Lijun is the then director of our Company appointed by Ningbo Jiusong. The aforementioned concert party agreement was superseded by the concert party agreement dated January 17, 2019 entered into by and amongst Dr. Zhao, Dr. Zhong, Dr. Li, Ms. Wei, Zhuhai Tongqiao Investment, Hangzhou Fujiang, WEA and Nanjing Yuyihui. For details of this concert party agreement dated January 17, 2019, please refer to "– (f) January 2019 Transfers" of this section.

(2) Pursuant to an equity and capital contribution obligation transfer agreement dated September 13, 2013 entered into by and between Tianjin Baichang and Nanjing Hongjing, Tianjin Baichang agreed to transfer a total of RMB3,333,000 registered capital as well as the obligation to contribute capital in our Company to Nanjing Hongjing at a consideration of RMB850,000. Tianjin Baichang contributed RMB850,000 in capital into our Company on or before the date on which the above-mentioned agreement was entered into, with RMB2,483,000 in capital remaining unpaid. The equity transfer was completed on September 27, 2013.

(3) Pursuant to an equity and capital contribution obligation transfer agreement dated December 2, 2013 entered into by and between Shanghai Zhikang and Lianyungang Yifan, Shanghai Zhikang agreed to transfer a total of RMB8,333,750 registered capital as well as the obligation to contribute capital in our Company to Lianyungang Yifan at a consideration of RMB5,000,000. Shanghai Zhikang contributed RMB5,000,000 in capital into our Company on or before the date on which the above-mentioned agreement was entered into, with RMB3,333,750 in capital remaining unpaid. The equity transfer was completed on December 13, 2013. Lianyungang Yifan, renamed to Huzhou Yifan Pharmaceutical Technology Co., Ltd. (湖州億帆醫藥技術有限公司) ("**Huzhou Yifan**") on April 26, 2021, acquainted with the Company through the Company's business network, and is ultimately controlled by Zhao Jun (趙軍).

(4) Pursuant to a capital contribution obligation transfer agreement dated June 4, 2014 entered into by and between Shanghai Zhikang and Ningbo Jiusong, Shanghai Zhikang agreed to transfer a total of RMB6,666,250 registered capital as well as the obligation to contribute capital in our Company to Ningbo Jiusong at nil consideration. Shanghai Zhikang had not contributed capital into our Company on or before the date on which the above-mentioned agreement was entered into. The equity transfer was completed on June 20, 2014.

(5) Pursuant to a capital contribution obligation transfer agreement dated September 9, 2014 entered into by and between Nanjing Hongjing and Zhejiang Hengjin Tongsheng, Nanjing Hongjing agreed to transfer a total of RMB2,000,000 registered capital as well as the obligation to contribute capital in our Company to Zhejiang Hengjin Tongsheng at nil consideration. Nanjing Hongjing had not contributed capital into our Company on or before the date on which the above-mentioned agreement was entered into. The equity transfer was completed on October 8, 2014.

(6) Pursuant to the Series A Investment Agreement and an equity transfer agreement dated November 11, 2015 entered into by and between Hangzhou Fujiang (an Employee Incentive Platform controlled by Dr. Zhao) and Suzhou Taihong Jinghui, Hangzhou Fujiang agreed to transfer a total of RMB1,555,293 registered capital in our Company to Suzhou Taihong Jinghui at a consideration of RMB9,600,000 upon the completion of the increase of the registered capital of the Company, corresponding to 1.72% equity interest in our Company (upon completion of the Series A Financing). The equity transfer was completed on November 25, 2015.

(b) March 2018 Transfers

On February 10, 2018, the following parties entered into separate equity transfer agreements, respectively, pursuant to which the following transfers of equity interest in our Company were agreed:

Transferors	**Transferees**	**Registered capital transferred** *(000' RMB)*	**Consideration** *(000' RMB)*
Dr. Zhao	Ourea Biotech HK Limited ("**Ourea Biotech**")[1]	1,803.4	9,400.0
Ningbo Jiusong	Hangzhou Haibang Yigu Venture Capital Partnership (Limited Partnership) (杭州海邦羿谷創業投資合夥企業(有限合夥)) ("**Hangzhou Haibang Yigu**")[2]	2,261.6	11,750.0
Ningbo Jiusong	Ningbo Free Trade Zone Yitan Investment Management Partnership (Limited Partnership) (寧波保稅區易潭投資管理合夥企業(有限合夥)) ("**Ningbo Yitan**")	1,809.3	9,400.0
Ningbo Jiusong	Suzhou Industrial Park Xinjianyuan Phase II Venture Capital Enterprise (Limited Partnership) (蘇州工業園區新建元二期創業投資企業(有限合夥)) ("**Suzhou Xinjianyuan**")[3]	452.3	2,350.0
Hangzhou Fujiang	Suzhou Xinjianyuan	1,163.9	6,063.0
Zhejiang Hengjin Tongsheng	Suzhou Xinjianyuan	2,000.0	10,387.0
Shanghai Zhikang	Anji Zhikang Enterprise Management Partnership (Limited Partnership) (安吉致康企業管理合夥企業(有限合夥)) ("**Anji Zhikang**")[4]	2,712.3	14,100.0

Notes:

(1) Ourea Biotech, being an investment arm of Highlight Capital, acquainted with our Company through Highlight Capital, which is ultimately controlled by Mr. Stephen Hui Wang, a non-executive Director of our Company. For more information of Highlight Capital, please refer to the section headed "Detailed Terms of the [**REDACTED**] Investments – (5) Information about our [**REDACTED**] Investors – (g) Highlight Capital" in this Document.

(2) Hangzhou Haibang Yigu acquainted with the Company through the Administration Committee of Hangzhou Future SCI-TECH City (杭州未來科技城管委會). Zhejiang Haibang Investment Management Co., Ltd. (浙江海邦投資管理有限公司) is the general partner of Hangzhou Haibang Yigu, and Hangzhou Haibang Yungu Investment Partnership (Limited Partnership) (杭州海邦雲谷投資合夥企業(有限合夥)), Hangzhou Heda Industrial Fund Investment Co., Ltd. (杭州和達產業基金投資有限公司), Hangzhou Hi-Tech Venture Capital Management Co., Ltd. (杭州高科技創業投資管理有限公司), Zhejiang Boee Property Service Co., Ltd. (浙江保億物業服務股份有限公司) and Hangzhou Tiger Equity Investment Partnership (Limited Partnership) (杭州泰格股權投資合夥企業(有限合夥)), each holding 10% or more of partnership interest in Hangzhou Haibang Yigu, are the major limited partners of Hangzhou Haibang Yigu.

(3) Suzhou Xinjianyuan acquainted with the Company through the Company's business network. Suzhou Industrial Park Yuanfu Venture Capital Management Enterprise (Limited Partnership) (蘇州工業園區元福創業投資管理企業(有限合夥)) is the general partner of Suzhou Xinjianyuan, and Qianhai Equity Investment Fund (Limited Partnership) (前海股權投資基金(有限合夥)) and Suzhou Sungent Holding Group Co., Ltd (蘇州新建元控股集團有限公司), each holding 10% or more of partnership interest in Suzhou Xinjianyuan, are the major limited partners of Suzhou Xinjianyuan.

(4) Ye Huahua (葉華華) is the general partner and ultimate beneficial owner of Anji Zhikang, who is also the ultimate beneficial owner of Shanghai Zhikang, one of the angel investors of the Company.

Upon the completion of the abovementioned equity transfers on March 12, 2018, the shareholding structure of our Company was as follows:

Shareholders	**Registered capital** *(000' RMB)*	**Equity interest** *(%)*
Dr. Zhao	24,866.6	27.50
Nanjing Hongjing	11,333.0	12.53
Lianyungang Yifan	8,333.8	9.22
Hangzhou Fujiang	7,243.0	8.01
Ningbo Jiusong	4,441.9	4.91
Highlight Medical	7,828.9	8.66
Nanjing Qiankun	4,667.0	5.16
Suzhou Taihong Jinghui	5,219.3	5.77
Suzhou Xinjianyuan	3,616.3	4.00
Anji Zhikang	2,712.3	3.00
Hangzhou Haibang Xinhu Talent Venture Capital Partnership (Limited Partnership) (杭州海邦新湖人才創業投資合夥企業(有限合夥)) ("**Hangzhou Haibang Xinhu**")[(1)]	2,287.7	2.53
Hangzhou Haibang Yigu	2,261.6	2.50
Dr. Myron Samuel Scholes	2,000.0	2.21
Ourea Biotech	1,803.4	2.00
Ningbo Yitan	1,809.3	2.00
Total	**90,424.0**	**100.00**

Notes:

(1) Pursuant to an equity transfer agreement dated October 21, 2016 entered into by and between Shanghai Zhikang and Hangzhou Haibang Xinhu, Shanghai Zhikang agreed to transfer a total of RMB2,287,700 registered capital in our Company to Hangzhou Haibang Xinhu at a consideration of RMB9,500,000. The equity transfer was completed on October 24, 2016.

(c) Share Restructuring in relation to Zhuhai Tonbridge

Zhuhai Tonbridge is our subsidiary established on February 26, 2016 and is principally engaged in research and development of neurovascular medical devices.

On October 25, 2018, each of the then existing shareholders of Zhuhai Tonbridge entered into a separate equity transfer agreement with our Company, pursuant to which each of the then existing shareholders agreed to subscribe for the increased registered capital of RMB71,184,844 of our Company by transferring their respective equity interest in Zhuhai Tonbridge, details of which are set forth below.

Subscribers	**Registered capital of the Company subscribed for** *(000' RMB)*	**Consideration paid (in the form of equity interest in Zhuhai Tonbridge)** *(%)*
Dr. Zhao	17,206.8	24.17
WEA	15,954.7	22.41
Zhuhai Tongqiao Investment	10,556.0	14.83
Five Investment Limited ("**Five Investment**")[1]	9,227.7	12.96
Nanjing Yuyihui	5,503.3	7.73
Hangzhou Haibang Yaogu Congzheng Venture Capital Partnership (Limited Partnership) (杭州海邦藥谷從正創業投資合夥企業(有限合夥)) ("**Hangzhou Haibang Yaogu**")[2]	3,955.0	5.56
Suzhou Xinjianyuan	2,847.4	4.00
Zhuhai Xueqiu Investment Center (Limited Partnership) (珠海雪球投資中心(有限合夥)) ("**Zhuhai Xueqiu**")	1,478.5	2.08
Ningbo Yitan	1,423.7	2.00
Ourea Biotech	1,423.7	2.00
Ganzhou Kangyu Investment Management Partnership (Limited Partnership) (贛州康裕投資管理合夥企業(有限合夥)) ("**Ganzhou Kangyu**")	911.9	1.28

Subscribers	**Registered capital of the Company subscribed for** *(000' RMB)*	**Consideration paid (in the form of equity interest in Zhuhai Tonbridge)** *(%)*
Hangzhou Yantong Investment Partnership (Limited Partnership) (杭州岩桐投資合夥企業(有限合夥)) ("**Hangzhou Yantong**")	696.2	0.98
Total	**71,184.8**	**100.00**

Notes:

(1) Five Investment, being an investment arm of Highlight Capital, acquainted with our Company through Highlight Capital, which is ultimately controlled by Mr. Stephen Hui Wang, a non-executive Director of our Company. For more information of Highlight Capital, please refer to the section headed "Detailed Terms of the [**REDACTED**] Investments – (5) Information about our [**REDACTED**] Investors – (g) Highlight Capital" in this Document.

(2) Hangzhou Haibang Yaogu acquainted with the Company through the Administration Committee of Hangzhou Future SCI-TECH City (杭州未來科技城管委會). Zhejiang Haibang Investment Management Co., Ltd. (浙江海邦投資管理有限公司) is the general partner of Hangzhou Haibang Yaogu, and Hangzhou Haibang Yaogu Wansu Investment Partnership (Limited Partnership) (杭州海邦藥谷完素投資合夥企業(有限合夥)), Hangzhou Hi-Tech Venture Capital Management Co., Ltd. (杭州高科技創業投資管理有限公司), and Hangzhou Heda Industrial Fund Investment Co., Ltd. (杭州和達產業基金投資有限公司), each holding 10% or more of partnership interest in Hangzhou Haibang Yaogu, are the major limited partners of Hangzhou Haibang Yaogu.

Upon completion of the abovementioned capital increase on November 9, 2018, Zhuhai Tonbridge became a wholly-owned subsidiary of our Company and the shareholding structure of our Company was as follows:

Shareholders	**Registered capital** *(000' RMB)*	**Equity interest** *(%)*
Dr. Zhao	42,073.4	26.03
WEA	15,954.7	9.87
Nanjing Hongjing	11,333.0	7.01
Zhuhai Tongqiao Investment	10,556.0	6.53
Five Investment	9,227.7	5.71
Lianyungang Yifan	8,333.8	5.16
Highlight Medical	7,828.9	4.84
Hangzhou Fujiang	7,243.0	4.48
Suzhou Xinjianyuan	6,463.7	4.00
Nanjing Yuyihui	5,503.3	3.40
Suzhou Taihong Jinghui	5,219.3	3.23
Nanjing Qiankun	4,667.0	2.89
Ningbo Jiusong	4,441.9	2.75
Hangzhou Haibang Yaogu	3,955.0	2.45
Ningbo Yitan	3,233.0	2.00
Ourea Biotech	3,227.1	2.00
Anji Zhikang	2,712.3	1.68
Hangzhou Haibang Xinhu	2,287.7	1.42
Hangzhou Haibang Yigu	2,261.6	1.40
Dr. Myron Samuel Scholes	2,000.0	1.24
Zhuhai Xueqiu	1,478.5	0.91
Ganzhou Kangyu	911.9	0.56
Hangzhou Yantong	696.2	0.43
Total	**161,608.8**	**100.00**

(d) November 2018 Transfer

Pursuant to an equity transfer agreement dated November 22, 2018 entered into by and between Ningbo Yitan and Wuhan Hanyi Equity Investment Management Partnership (Limited Partnership) (武漢翰頤股權投資管理合夥企業(有限合夥)) ("**Wuhan Hanyi**"), Ningbo Yitan agreed to transfer a total of RMB3,233,000 registered capital in our Company to Wuhan Hanyi at a consideration of RMB17,637,500. The equity transfer was completed on December 3, 2018.

(e) Series B Financing

Pursuant to a capital increase agreement dated January 17, 2019 entered into by and amongst Future Industry Investment Fund (Limited Partnership) (先進製造產業投資基金(有限合夥)) ("**FIIF**")[(A)] and our then Shareholders, the registered capital of our Company was increased from RMB161,608,832 to RMB179,175,009, and FIIF agreed to subscribe for the increased registered capital of RMB17,566,177 of our Company at a consideration of RMB150,000,000 (the "**Series B Financing**"). Upon completion of the Series B Financing, FIIF held approximately 9.80% equity interest in our Company.

(f) January 2019 Transfers

On January 30, 2019, the following parties entered into separate equity transfer agreements, respectively, pursuant to which the following transfers of equity interest in our Company were agreed:

Transferors	**Transferees**	**Registered capital transferred** *(000' RMB)*	**Consideration** *(000' RMB)*
Zhuhai Xueqiu	Ningbo Free Trade Zone Tiesi Equity Investment Partnership (Limited Partnership) (寧波保稅區帖斯以股權投資合夥企業(有限合夥)) ("**Ningbo Tiesi**")[(1)]	1,478.5	12,625.2
Lianyungang Yifan	Ningbo Tiesi	1,449.2	12,374.8
Suzhou Taihong Jinghui	Wuhan Hanyi[(2)]	2,609.7	22,284.2
WEA	Wuhan Hanyi	207.3	1,770.5
Hangzhou Yantong	Wuhan Hanyi	696.2	5,944.8
Ganzhou Kangyu	Shanghai Jinpu Medical Health Equity Investment Partnership (Limited Partnership) (上海金浦醫療健康股權投資合夥企業(有限合夥)) ("**Shanghai Jinpu**")[(3)]	911.9	7,786.7

(A) FIIF directly approached our Company on its own initiative after learning of our [**REDACTED**] Investment round. For more information of FIIF, please refer to the section headed "Detailed Terms of the [**REDACTED**] Investments – (5) Information about our [**REDACTED**] Investors – (b) FIIF" in this Document.

Transferors	Transferees	Registered capital transferred *(000' RMB)*	Consideration *(000' RMB)*
Dr. Zhao	Shanghai Jinpu	631.4	5,391.7
Zhuhai Tongqiao Investment	Shanghai Jinpu	404.0	3,450.0
Highlight Medical	Shanghai Jinpu	1,565.8	13,370.5

Notes:

(1) Ningbo Tiesi, being an investment arm of Highlight Capital, acquainted with our Company through Highlight Capital, which is ultimately controlled by Mr. Stephen Hui Wang, a non-executive Director of our Company. For more information of Highlight Capital, please refer to the section headed "Detailed Terms of the [**REDACTED**] Investments – (5) Information about our [**REDACTED**] Investors – (g) Highlight Capital" in this Document.

(2) Wuhan Hanyi, renamed to Zhuhai Hanyi on September 16, 2019, acquainted with the Company through the Company's business network. Zhuhai Chengze Hanyi Equity Investment Partnership (Limited Partnership) (珠海誠澤翰頤股權投資合夥企業(有限合夥)) is the general partner of Zhuhai Hanyi, and Hengqin New Area Industrial Investment Fund Partnership (Limited Partnership) (橫琴新區產業投資基金合夥企業(有限合夥)), Shanghai SAIC Zhongyuan Equity Investment Partnership (Limited Partnership) (上海上汽中原股權投資合夥企業(有限合夥)), Shanghai Science and Technology Innovation Center Phase I Equity Investment Fund Partnership (Limited Partnership) (上海科創中心一期股權投資基金合夥企業(有限合夥)) and Qingdao Guoxin Merchants Mass Entrepreneurship Investment Master Fund Partnership (Limited Partnership) (青島國信招商大眾創業投資母基金合夥企業(有限合夥)), each holding 10% or more of partnership interest in Zhuhai Hanyi, are the major limited partners of Zhuhai Hanyi.

(3) Shanghai Jinpu acquainted with the Company through the Company's business network. Shanghai Jinpu Health Care Equity Investment Fund Management Co., Ltd. (上海金浦醫療健康股權投資基金管理有限公司) is the general partner of Shanghai Jinpu, and Ningbo Meishan Free Trade Port Zone Jincheng Shazhou Equity Investment Co., Ltd. (寧波梅山保稅港區錦程沙洲股權投資有限公司), Shanghai Guofang Master Fund Phase I Equity Investment Partnership (Limited Partnership) (上海國方母基金一期創業投資合夥企業(有限合夥)) and Shanghai Science and Technology Innovation Center Phase I Equity Investment Fund Partnership (Limited Partnership) (上海科創中心一期股權投資基金合夥企業(有限合夥)), each holding 10% or more of partnership interest in Shanghai Jinpu, are the major limited partners of Shanghai Jinpu.

Upon completion of the abovementioned equity transfers and the Series B Financing on January 31, 2019, the shareholding structure of our Company was as follows:

Shareholders	**Registered capital** *(000' RMB)*	**Equity interest** *(%)*
Dr. Zhao[(1)]	41,442.0	23.13
FIIF	17,566.2	9.80
WEA[(1)]	15,747.3	8.79
Nanjing Hongjing	11,333.0	6.33
Zhuhai Tongqiao Investment[(1)]	10,152.0	5.67
Five Investment	9,227.7	5.15
Hangzhou Fujiang[(1)]	7,243.0	4.04
Lianyungang Yifan	6,884.6	3.84
Zhuhai Hanyi Equity Investment Fund Partnership (Limited Partnership) (珠海翰頤股權投資基金合夥企業(有限合夥)) ("**Zhuhai Hanyi**")[(2)]	6,746.2	3.77
Suzhou Xinjianyuan	6,463.7	3.61
Highlight Medical	6,263.1	3.50
Nanjing Yuyihui[(1)]	5,503.3	3.07
Nanjing Qiankun	4,667.0	2.60
Ningbo Jiusong	4,441.9	2.48
Hangzhou Haibang Yaogu	3,955.0	2.21
Shanghai Jinpu	3,513.1	1.96
Ourea Biotech	3,227.1	1.80
Ningbo Tiesi	2,927.7	1.63
Anji Zhikang	2,712.3	1.51
Suzhou Taihong Jinghui	2,609.6	1.46
Hangzhou Haibang Xinhu	2,287.7	1.28
Hangzhou Haibang Yigu	2,261.6	1.26
Dr. Myron Samuel Scholes	2,000.0	1.12
Total	**179,175.0**	**100.00**

Notes:

(1) Pursuant to the 2019 AIC Agreement dated January 17, 2019 entered into by and amongst Dr. Zhao, Dr. Zhong, Dr. Li, Ms. Wei, Zhuhai Tongqiao Investment, Hangzhou Fujiang, WEA and Nanjing Yuyihui, the aforementioned concert parties agreed to collectively exercise their shareholder rights in the Company and act in concert in all matters involving the operation and management of the Company. In the event that the concert parties fail to reach consensus in any matters involving the operation and management of the Company, each of the concert party shall exercise their respective voting rights in accordance with the instructions of Dr. Zhao. As of the date of the aforementioned concert party agreement, the concert parties were collectively

interested in approximately 49.55% of the total issued share capital of the Company. Zhuhai Tongqiao Investment and Hangzhou Fujiang are our Employee Incentive Platforms controlled by Dr. Zhao. Dr. Zhong is the controlling shareholder of WEA. Ms. Wei is the sole general partner of Nanjing Yuyihui. The 2019 AIC Agreement was superseded by the 2020 AIC Agreement. For details of the 2020 AIC Agreement, please refer to "– (i) Series C Financing" of this section.

(2) On September 16, 2019, Wuhan Hanyi was renamed to Zhuhai Hanyi.

(g) Series B+ Financing

Pursuant to a capital increase agreement dated November 30, 2019 entered into by and amongst Hangzhou Fenhua Investment Partnership (Limited Partnership) (杭州奮華投資合夥企業(有限合夥)) ("**Hangzhou Fenhua**")[(1)] and our then Shareholders, the registered capital of our Company was increased from RMB179,175,009 to RMB182,642,912, and Hangzhou Fenhua agreed to subscribe for the increased registered capital of RMB3,467,903 of our Company at a consideration of RMB30,000,000 (the "**Series B+ Financing**"). Upon completion of the Series B+ Financing, Hangzhou Fenhua held approximately 1.90% equity interest in our Company.

(h) Capital increase subscribed by Zhuhai Guichuang

Pursuant to a Board resolution of our Company dated June 18, 2020, the registered capital of our Company was increased from RMB182,642,912 to RMB193,601,487, and Zhuhai Guichuang agreed to subscribe for the increased registered capital of RMB10,958,575 of our Company at a consideration of RMB12,000,000. The abovementioned capital increase was completed on July 7, 2020.

Zhuhai Guichuang was established as a limited partnership under the laws of the PRC on April 27, 2020. For the details on Zhuhai Guichuang, please refer to the section headed "Employee Incentive Schemes – Zhuhai Guichuang" in this Document.

(i) Series C Financing

Pursuant to a capital increase agreement dated September 28, 2020 entered into by and amongst OAP IV (HK) Limited ("**OAP**"), FIIF, Ourea Biotech, Ganzhou Titan Equity Investment Partnership (Limited Partnership) (贛州提坦股權投資合夥企業(有限合夥)) ("**Ganzhou Titan**"), Hangzhou Qizhen Future Innovation Equity Investment Partnership (Limited Partnership) (杭州啟真未來創新股權投資合夥企業(有限合夥)) ("**Hangzhou Qizhen**") and our then Shareholders, the registered capital of our Company was increased from RMB193,601,487 to RMB225,061,728, and the abovementioned [**REDACTED**] Investors agreed to subscribe for the increased registered capital of RMB31,460,241 of our Company at a total consideration of RMB325,000,000 (the "**Series C Financing**").

(1) Hangzhou Fenhua acquainted with the Company through Zhejiang Provincial Financial Holdings Co., Ltd. (浙江省金融控股有限公司), a wholly-owned subsidiary of Zhejiang Provincial Department of Finance. Zheshang Venture Capital Co., Ltd (浙商創投股份有限公司) is the general partner of Hangzhou Fenhua, and Ningbo Hongxu Investment Management Partnership (Limited Partnership) (寧波鴻煦投資管理合夥企業(有限合夥)), holding 10% or more of partnership interest in Hangzhou Fenhua, is the major limited partner of Hangzhou Fenhua.

The respective subscription amount and consideration paid by the relevant [**REDACTED**] Investors were as follows:

[**REDACTED**] Investors	Registered capital subscribed for *(000' RMB)*	Consideration paid	Corresponding equity interest (upon completion of the Series C Financing) *(%)*
OAP[(1)]	24,200.2	RMB250,000,000 or equivalent amount in U.S. dollar	10.75
FIIF	2,904.0	RMB30,000,000	1.29
Ourea Biotech	2,565.2	RMB26,500,000 or equivalent amount in U.S. dollar	1.14
Ganzhou Titan[(2)]	1,306.8	RMB13,500,000	0.58
Hangzhou Qizhen[(3)]	484.0	RMB5,000,000	0.22
Total	**31,460.2**	**325,000,000**	**13.98**

Notes:

(1) OAP was introduced to our Company through the Company's business network. For more information of OAP, please refer to the section headed "Detailed Terms of the [**REDACTED**] Investments – (5) Information about our [**REDACTED**] Investors – (a) OAP" in this Document.

(2) Ganzhou Titan, being an investment arm of Highlight Capital, acquainted with our Company through Highlight Capital, which is ultimately controlled by Mr. Stephen Hui Wang, a non-executive Director of our Company. For more information of Highlight Capital, please refer to the section headed "Detailed Terms of the [**REDACTED**] Investments – (5) Information about our [**REDACTED**] Investors – (g) Highlight Capital" in this Document.

(3) Hangzhou Qizhen acquainted with the Company through Zhejiang Provincial Financial Holdings Co., Ltd. (浙江省金融控股有限公司), a wholly-owned subsidiary of Zhejiang Provincial Department of Finance. Zheshang Venture Capital Co., Ltd. (浙商創投股份有限公司) is the general partner of Hangzhou Qizhen, and Zhejiang Industry Fund Co., Ltd. (浙江省產業基金有限公司), Hangzhou Hi-Tech Venture Capital Management Co., Ltd. (杭州高科技創業投資管理有限公司), Hangzhou Zijingang Future Innovation Investment Partnership (Limited Partnership) (杭州紫金港未來創新投資合夥企業(有限合夥)), Realcan Pharmaceutical Group Co., Ltd. (瑞康醫藥集團股份有限公司), Hangzhou Xiaoshan Guoji Venture Capital Development Co., Ltd. (杭州蕭山國際創業投資發展有限公司), Zhejiang University Holding Group Co., Ltd. (浙江大學控股集團有限公司) and Zhejiang Xianglv Holding Group Co., Ltd. (浙江湘旅控股集團有限公司), each holding 10% or more of partnership interest in Hangzhou Qizhen, are the major limited partners of Hangzhou Qizhen.

Upon completion of the Series C Financing, the shareholding structure of our Company was as follows:

Shareholders	**Registered capital** *(000' RMB)*	**Equity interest** *(%)*
Dr. Zhao[(1)]	41,442.0	18.41
OAP	24,200.2	10.75
FIIF	20,470.2	9.10
WEA[(1)]	15,747.3	7.00
Nanjing Hongjing	11,333.0	5.04
Zhuhai Guichuang[(1)]	10,958.6	4.87
Zhuhai Tongqiao Investment[(1)]	10,152.0	4.51
Five Investment	9,227.7	4.10
Hangzhou Fujiang[(1)]	7,243.0	3.22
Lianyungang Yifan	6,884.6	3.06
Zhuhai Hanyi	6,746.2	3.00
Suzhou Xinjianyuan	6,463.7	2.87
Highlight Medical	6,263.1	2.78
Ourea Biotech	5,792.3	2.57
Nanjing Yuyihui[(1)]	5,503.3	2.45
Nanjing Qiankun	4,667.0	2.07
Ningbo Jiusong	4,441.9	1.97
Hangzhou Haibang Yaogu	3,955.0	1.76
Shanghai Jinpu	3,513.1	1.56
Hangzhou Fenhua	3,467.9	1.54
Ningbo Tiesi	2,927.7	1.30
Anji Zhikang	2,712.3	1.20
Suzhou Taihong Jinghui	2,609.6	1.16
Hangzhou Haibang Xinhu	2,287.7	1.02
Hangzhou Haibang Yigu	2,261.6	1.00
Dr. Myron Samuel Scholes	2,000.0	0.89
Ganzhou Titan	1,306.8	0.58
Hangzhou Qizhen	484.0	0.22
Total	**225,061.7**	**100.00**

Note:

(1) The 2020 AIC Agreement dated September 28, 2020 was entered into by and amongst all the parties to the 2019 AIC Agreement with Zhuhai Guichuang as an additional party. Other than the addition of a new party Zhuhai Guichuang, an employee incentive platform solely controlled by Dr. Zhao, the terms of 2020 AIC Agreement are substantially the same as those in the 2019 AIC Agreement. Pursuant to the 2020 AIC Agreement, the aforementioned concert parties agreed to collectively exercise their shareholder rights in the Company and act in concert in all matters involving the operation and management of the Company. In the event that the concert parties fail to reach consensus in any matters involving the operation and management of the Company, each of the concert parties shall exercise their respective voting rights in accordance with the instructions of Dr. Zhao. As of the date of the aforementioned concert party agreement, the concert parties were collectively interested in approximately 47.02% of the total issued share capital of the Company. Zhuhai Tongqiao Investment, Hangzhou Fujiang and Zhuhai Guichuang are our Employee Incentive Platforms controlled by Dr. Zhao. Dr. Zhong is the controlling shareholder of WEA. Ms. Wei is the sole general partner of Nanjing Yuyihui. The 2020 AIC Agreement was superseded by the 2021 AIC Agreement. For details of the 2021 AIC Agreement, please refer to "– (k) January 2021 Transfers" of this section.

(j) Capital increase subscribed by Huzhou Guiqiao

Pursuant to a Board resolution of our Company dated January 19, 2021, the registered capital of our Company was increased from RMB225,061,728 to RMB234,638,823, and Huzhou Guiqiao agreed to subscribe for the increased registered capital of RMB9,577,095 of our Company at a consideration of RMB20,400,000. The abovementioned capital increase was completed on January 19, 2021.

Huzhou Guiqiao was established as a limited partnership under the laws of the PRC on December 31, 2020. For the details on Huzhou Guiqiao, please refer to the section headed "Employee Incentive Schemes – Huzhou Guiqiao" in this Document.

(k) January 2021 Transfers

On January 20, 2021, the following parties entered into separate equity transfer agreements, respectively, pursuant to which the following transfers of equity interest in our Company were agreed:

Transferors	**Transferees**	**Registered capital transferred** *(000' RMB)*	**Consideration**
Hangzhou Fujiang	Ningbo Meishan Free Trade Port Zone Fangyuan Chuangying Equity Investment Partnership (Limited Partnership) (寧波梅山保税港區方源創盈股權投資合夥企業(有限合夥)) ("**Fangyuan Chuangying**")(1)	1,560.0	RMB27,000,000
Nanjing Yuyihui	Fangyuan Chuangying	520.0	RMB9,000,000
WEA	AIHC Master Fund ("**AIHC**")(2)	2,270.7	US$6,000,000
Ningbo Jiusong	AIHC	1,892.2	US$5,000,000
Ningbo Jiusong	CITIC Securities Investment Co., Ltd. (中信證券投資有限公司) ("**CITIC**")(3)	1,155.6	RMB20,000,000
Ningbo Jiusong	Fangyuan Chuangying	816.3	RMB14,127,501
Ningbo Jiusong	Xiamen Jianfa Xinxing Industry Equity Investment No. 7 Partnership (Limited Partnership) (廈門建發新興產業股權投資柒號合夥企業(有限合夥)) ("**Xiamen Jianfa Xinxing**")(4)	577.8	RMB10,000,000
Hangzhou Haibang Xinhu	Xiamen Jianfa Xinxing	2,287.7	RMB39,594,724
Lianyungang Yifan	Xiamen Jianfa Xinxing	577.8	RMB10,000,000

Notes:

(1) Fangyuan Chuangying approached the Company on its own initiative. Ningbo Meishan Free Trade Port Fangyuan Jiacheng Investment Co., Ltd. (寧波梅山保税港區方源嘉成投資有限公司) is the general partner of Fangyuan Chuangying, and Ningbo Meishan Free Trade Port Fangyuan Huihe Equity Investment Partnership (limited Partnership) (寧波梅山保税港區方源匯合股權投資合夥企業(有限合夥)), Hunan Everbright Xingchen Equity Investment Partnership (Limited Partnership) (湖南光控星宸股權投資合夥企業(有限合夥)), Shenzhen Zhaoshang Zhaoyin Equity Investment Fund Partnership (Limited Parnership) (深圳市招商招銀股權投資基金合夥企業(有限合夥)), Shanghai Focus Hongyi Information Technology Co., Ltd. (上海分眾鴻意信息技術有限公司), and Bank of China Investment Asset Management Co., Ltd. (中銀投資資產管理有限公司), each holding 10% or more of partnership interest in Fangyuan Chuangying, are the major limited partners of Fangyuan Chuangying.

(2) AIHC acquainted with the Company through the Company's business network. For more information of AIHC, please refer to the section headed "Detailed Terms of the [**REDACTED**] Investments – (5) Information about our [**REDACTED**] Investors – (f) AIHC" in this Document.

(3) CITIC approached the Company on its own initiative after learning of our [**REDACTED**] Investment round. CITIC is a wholly-owned subsidiary of CITIC Securities Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange with stock code 6030 and on the Shanghai Stock Exchange with stock code 600030.

(4) Xiamen Jianfa Xinxing approached the Company on its own initiative after learning of our [**REDACTED**] Investment round. Xiamen Jianxin Investment Co., Ltd. (廈門建鑫投資有限公司) is the general partner of Xiamen Jianfa Xinxing, and Xiamen C&D Emerging Industry Equity Investment Co., Ltd. (廈門建發新興產業股權投資有限責任公司), holding 10% or more of partnership interest in Xiamen Jianfa Xinxing, is the major limited partner of Xiamen Jianfa Xinxing.

Upon completion of the abovementioned equity transfers on January 21, 2021, the shareholding structure of our Company was as follows:

Shareholders	**Registered capital** *(000' RMB)*	**Equity interest** *(%)*
Dr. Zhao[(1)]	41,442.0	17.66
OAP	24,200.2	10.31
FIIF	20,470.2	8.72
WEA[(1)]	13,476.6	5.74
Nanjing Hongjing	11,333.0	4.83
Zhuhai Guichuang[(1)]	10,958.6	4.67
Zhuhai Tongqiao Investment[(1)]	10,152.0	4.33
Huzhou Guiqiao[(1)]	9,577.1	4.08
Five Investment	9,227.7	3.93
Zhuhai Hanyi	6,746.2	2.88
Suzhou Xinjianyuan	6,463.7	2.75
Lianyungang Yifan	6,306.8	2.69
Highlight Medical	6,263.1	2.67
Ourea Biotech	5,792.3	2.47
Hangzhou Fujiang[(1)]	5,682.9	2.42
Nanjing Yuyihui[(1)]	4,983.3	2.12
Nanjing Qiankun	4,667.0	1.99
AIHC	4,162.9	1.77
Hangzhou Haibang Yaogu	3,955.0	1.69
Shanghai Jinpu	3,513.1	1.50
Hangzhou Fenhua	3,467.9	1.48
Xiamen Jianfa Xinxing	3,443.3	1.47
Ningbo Tiesi	2,927.7	1.25
Fangyuan Chuangying	2,896.3	1.23
Anji Zhikang	2,712.3	1.16
Suzhou Taihong Jinghui	2,609.6	1.11
Hangzhou Haibang Yigu	2,261.6	0.96
Dr. Myron Samuel Scholes	2,000.0	0.85
Ganzhou Titan	1,306.8	0.56
CITIC	1,155.6	0.49
Hangzhou Qizhen	484.0	0.21
Total	**234,638.8**	**100.00**

Note:

(1) The 2021 AIC Agreement dated January 21, 2021 was entered into by and amongst all the parties to the 2020 AIC Agreement with Huzhou Guiqiao as an additional party. Other than the addition of a new party Huzhou Guiqiao, an employee incentive platform solely controlled by Dr. Zhao, the terms of 2021 AIC Agreement are substantially the same as those in the 2020 AIC Agreement. Pursuant to the 2021 AIC Agreement, the aforementioned concert parties agreed to collectively exercise their shareholder rights in the Company and act in concert in all matters involving the operation and management of the Company. In the event that the concert parties fail to reach consensus in any matters involving the operation and management of the Company, each of the concert parties shall exercise their respective voting rights in accordance with the instructions of Dr. Zhao. As of the date of the aforementioned concert party agreement, the concert parties were collectively interested in approximately 36.55% of the total issued share capital of the Company. Zhuhai Tongqiao Investment, Hangzhou Fujiang, Zhuhai Guichuang and Huzhou Guiqiao are our Employee Incentive Platforms controlled by Dr. Zhao. Dr. Zhong is the controlling shareholder of WEA. Ms. Wei is the sole general partner of Nanjing Yuyihui.

(l) Series C+ Financing

Pursuant to a capital increase agreement dated January 20, 2021 entered into by and amongst LBC Sunshine Healthcare Fund II L.P. ("**LBC Sunshine**"), AIHC, Cormorant Global Healthcare Master Fund, LP ("**Cormorant**"), Hudson Bay Master Fund Ltd. ("**Hudson Bay**"), Octagon Investments Master Fund LP ("**Octagon**"), Fangyuan Chuangying, OAP, Homehealth Investment Limited ("**Homehealth**") and our then Shareholders, the registered capital of our Company was increased from RMB234,638,823 to RMB263,401,001, and the abovementioned [**REDACTED**] Investors agreed to subscribe for the increased registered capital of RMB28,762,178 of our Company at a total consideration of US$76,000,000 (the "**Series C+ Financing**").

The respective subscription amount and consideration paid by the relevant [**REDACTED**] Investors were as follows:

[REDACTED] Investors	**Registered capital subscribed for** *(000' RMB)*	**Consideration paid** *(000' US$)*	**Corresponding equity interest (upon completion of the Series C+ Financing)** *(%)*
LBC Sunshine[(1)]	11,353.5	30,000.0	4.31
AIHC	5,298.3	14,000.0	2.01
Cormorant[(2)]	3,027.6	8,000.0	1.15
Hudson Bay[(3)]	2,649.1	7,000.0	1.01
Fangyuan Chuangying	2,270.7	6,000.0	0.86
Octagon[(4)]	1,892.2	5,000.0	0.72
OAP	1,135.3	3,000.0	0.43
Homehealth[(5)]	1,135.3	3,000.0	0.43
Total	**28,762.2**	**76,000.0**	**10.92**

Note:

(1) LBC Sunshine acquainted with our Company through the Company's business network. For more information of LBC Sunshine, please refer to the section headed "Detailed Terms of the [**REDACTED**] Investments – (5) Information about our [**REDACTED**] Investors – (d) LBC Sunshine" in this Document.

(2) Cormorant acquainted with our Company through the Company's business network. Cormorant Global Healthcare GP, LLC is the general partner of Cormorant and Bihua Chen is the limited partner of Cormorant.

(3) Hudson Bay acquainted with our Company through the Company's business network. It is ultimately owned as to 68.10% by Hudson Bay International Fund Ltd, 21.48% by Hudson Bay Fund LP, and 10.42% by Hudson Bay International Levered Fund Ltd (collectively, "**Hudson Bay Entities**"). The Hudson Bay entities are managed by Hudson Bay Capital Management LP ("**HBC**") which now operates with over USD10 billion assets under management. The ultimate beneficial owners of HBC include pension plans, foundations, endowments, charities, financial institutions and insurance companies, individuals, family offices, fund of funds, and sovereign wealth funds. Hudson Bay is a fund that employs a diverse group of investment strategies aiming to achieve consistent returns on an absolute basis with low correlations to the major equity and debt markets.

(4) Octagon acquainted with our Company through the Company's business network. Octagon Investments GP, LLC is the general partner of Octagon and the limited partners of Octagon consist of university endownments, foundations, family offices, pension funds and established asset managers.

(5) Homehealth, being an investment arm of Highlight Capital, acquainted with our Company through Highlight Capital, which is ultimately controlled by Mr. Stephen Hui Wang, a non-executive Director of our Company. For more information of Highlight Capital, please refer to the section headed "Detailed Terms of the [**REDACTED**] Investments – (5) Information about our [**REDACTED**] Investors – (g) Highlight Capital" in this Document.

Upon completion of the Series C+ Financing on, the shareholding structure of our company was as follows:

Shareholders	**Registered capital** *(000' RMB)*	**Equity interest** *(%)*
Dr. Zhao	41,442.0	15.73
OAP	25,335.5	9.62
FIIF	20,470.2	7.77
WEA	13,476.6	5.12
LBC Sunshine Healthcare Fund II L.P.	11,353.5	4.31
Nanjing Hongjing	11,333.0	4.30
Zhuhai Guichuang	10,958.6	4.16
Zhuhai Tongqiao Investment	10,152.0	3.85
Huzhou Guiqiao	9,577.1	3.64
AIHC	9,461.2	3.59
Five Investment	9,227.7	3.50
Zhuhai Hanyi	6,746.2	2.56
Suzhou Xinjianyuan	6,463.7	2.45
Lianyungang Yifan	6,306.8	2.39
Highlight Medical	6,263.1	2.38
Ourea Biotech	5,792.3	2.20
Hangzhou Fujiang	5,682.9	2.16
Nanjing Yuyihui	4,983.3	1.89
Nanjing Qiankun	4,667.0	1.77
Hangzhou Haibang Yaogu	3,955.0	1.50
Shanghai Jinpu	3,513.1	1.33
Hangzhou Fenhua	3,467.9	1.32
Xiamen Jianfa Xinxing	3,443.3	1.31
Cormorant	3,027.6	1.15
Ningbo Tiesi	2,927.7	1.11
Fangyuan Chuangying	5,167.0	1.96
Anji Zhikang	2,712.3	1.03
Hudson Bay	2,649.1	1.01
Suzhou Taihong Jinghui	2,609.6	0.99
Hangzhou Haibang Yigu	2,261.6	0.86
Dr. Myron Samuel Scholes	2,000.0	0.76
Octagon	1,892.2	0.72
Ganzhou Titan	1,306.8	0.50
CITIC	1,155.6	0.44
Hangzhou Qizhen	484.0	0.18
Homehealth Investment Limited	1,135.3	0.43
Total	**263,401.0**	**100.00**

(m) Conversion into a joint stock limited company

On March 2, 2021, our Board passed resolutions approving, among other matters, the conversion of our Company from a limited liability company into a joint stock limited company and the change of name of our Company from Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司) to Zylox-Tonbridge Medical Technology Co., Ltd. (歸創通橋醫療科技股份有限公司). Pursuant to the promoters' agreement dated March 2, 2021 entered into by all the then Shareholders, all promoters approved the conversion of the net assets value of our Company as of January 31, 2021 into 263,401,001 Shares of our Company, with the remaining RMB710,621,364.34 in net assets included as capital reserves of the Company. On March 2, 2021, our Company convened our first general meeting, and passed related resolutions approving the conversion of our Company into a joint stock limited company, the articles of association and the relevant procedures. Upon completion of the conversion, the registered capital of our Company became RMB263,401,001 divided into 263,401,001 Shares with a nominal value of RMB1 each, which were subscribed by all the then Shareholders in proportion to their respective equity interests in our Company before the conversion. The conversion was completed on March 2, 2021 when our Company obtained a new business license.

EMPLOYEE INCENTIVE SCHEMES

In recognition of the contributions of our employees and to incentivize them to further promote our development, Hangzhou Fujiang, Zhuhai Guichuang, Zhuhai Tongqiao Investment and Huzhou Guiqiao were established in the PRC as our Employee Incentive Platforms ("**Employee Incentive Platforms**").

(1) Hangzhou Fujiang

Hangzhou Fujiang was established as a limited partnership under the laws of the PRC on July 27, 2015. Huzhou Lanshan Enterprise Management Partnership (Limited Partnership) (湖州蘭珊企業管理合夥企業(有限合夥)) ("**Huzhou Lanshan**") is general partner of Hangzhou Fujiang and is responsible for the management of Hangzhou Fujiang. Dr. Zhao is the general partner of Huzhou Lanshan. As of the Latest Practicable Date, Hangzhou Fujiang held approximately 2.16% equity interest in our Company. For the details on Hangzhou Fujiang, please refer to the section headed "Appendix VII – Statutory and General Information – Further Information about Our Directors, Supervisors, Management and Substantial Shareholders – 5. Employee Incentive Schemes" in this Document.

(2) Zhuhai Guichuang

Zhuhai Guichuang was established as a limited partnership under the laws of the PRC on April 27, 2020. Dr. Zhao is the general partner of Zhuhai Guichuang and is responsible for the management of Zhuhai Guichuang. As of the Latest Practicable Date, Zhuhai Guichuang held approximately 4.16% equity interest in our Company. For the details on Zhuhai Guichuang,

please refer to the section headed "Appendix VII – Statutory and General Information – Further Information about Our Directors, Supervisors, Management and Substantial Shareholders – 5. Employee Incentive Schemes" in this Document.

(3) Zhuhai Tongqiao Investment

Zhuhai Tongqiao Investment was established as a limited partnership under the laws of the PRC on September 2, 2016. Dr. Zhao is the general partner of Zhuhai Tongqiao Investment and is responsible for the management of Zhuhai Tongqiao Investment. As of the Latest Practicable Date, Zhuhai Tongqiao Investment held approximately 3.85% equity interest in our Company. For the details on Zhuhai Tongqiao Investment, please refer to the section headed "Appendix VII – Statutory and General Information – Further Information about Our Directors, Supervisors, Management and Substantial Shareholders – 5. Employee Incentive Schemes" in this Document.

(4) Huzhou Guiqiao

Huzhou Guiqiao was established as a limited partnership under the laws of the PRC on December 31, 2020. Dr. Zhao Zhong is the general partner of Huzhou Guiqiao and is responsible for the management of Huzhou Guiqiao. As of the Latest Practicable Date, Huzhou Guiqiao held approximately 3.64% equity interest in our Company. For the details on Huzhou Guiqiao, please refer to the section headed "Appendix VII – Statutory and General Information – Further Information about Our Directors, Supervisors, Management and Substantial Shareholders – 5. Employee Incentive Schemes" in this Document.

For further information regarding the terms of the Employee Incentive Schemes please refer to the section headed "Appendix VII – Statutory and General Information – Further Information about Our Directors, Supervisors, Management and Substantial Shareholders – 5. Employee Incentive Schemes" in this Document.

[REDACTED] SHARE OPTION SCHEME

The [**REDACTED**] Share Option Scheme (as amended from time to time) was adopted and approved by resolutions in writing by the Board on January 18, 2021. As of the Latest Practicable Date, share options have been granted to 22 grantees to subscribe for an aggregate of 4,788,547 Shares. For further information regarding the terms and the information of the grantees of the [**REDACTED**] Share Option Scheme, please refer to the section headed "Appendix VII – Statutory and General Information – Further Information About Our Directors, Supervisors, Management and Substantial Shareholders – 6. [**REDACTED**] Share Option Scheme".

DETAILED TERMS OF THE [REDACTED] INVESTMENTS

(1) Overview

Between September 2015 and January 2021, our Company obtained several rounds of investments from the [**REDACTED**] Investors through subscriptions for increased registered capital of our Company. For further details, see the subsection headed "Establishment and Development of Our Company" in this section.

(2) Principal terms of the [REDACTED] Investments and [REDACTED] Investors' Rights

The following table summarizes the key terms of the [**REDACTED**] Investments to our Company made by the [**REDACTED**] Investors:

	Series A	Series B	Series B+	Series C	Series C+
Amount of registered capital increased *(RMB)*	23,753,988	17,566,177	3,467,903	31,460,241	28,762,178
Amount of registered capital after each round of [REDACTED] Investment *(RMB)*	90,423,988	179,175,009	182,642,912	225,061,725	263,401,001
Amount of consideration paid	RMB46,400,000	RMB150,000,000	RMB30,000,000	RMB325,000,000	US$76,000,000
Post-money valuation of our Company	RMB176,630,259	RMB1,530,000,031[(1)]	RMB1,580,000,179[(2)]	RMB2,325,000,041[(3)]	US$696,000,007[(4)(5)]
Date of agreements	2015	January 17, 2019	November 30, 2019	September 28, 2020	January 20, 2021
Date of payment of full consideration	November 9, 2015	February 21, 2019	December 31, 2020	October 29, 2020	January 26, 2021
Cost per Share paid under the [REDACTED] investments	RMB1.95	RMB8.54	RMB8.65	RMB10.33	US$2.64
Discount to the [REDACTED][(6)] (approximation)	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Basis of determination of the valuation and consideration	The valuation and considerations for each round of [REDACTED] Investments were determined based on arm's length negotiation amongst the respective [REDACTED] Investors and our Group after taking into consideration of the timing of the investments and the status of our business operations and product development advancement.				
Lock-up Period	Pursuant to the applicable PRC law, within the 12 months following the [REDACTED], all current Shareholders (including the [REDACTED] Investors) could not dispose of any of the Shares held by them.				

	Series A	Series B	Series B+	Series C	Series C+
Use of [REDACTED] from the [REDACTED] Investments	We utilized the [REDACTED] from the [REDACTED] Investments for the principal business of our Group, including but not limited to research and development activities, the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, approximately 54% of the net [REDACTED] from the [REDACTED] Investments had been utilized.				
Strategic benefits to our Company brought by the [REDACTED] Investors	At the time of the [REDACTED] Investments, our Directors were of the view that our Group could benefit from the additional funds provided by the [REDACTED] Investors' investments in our Group and the knowledge and experience of the [REDACTED] Investors.				

Notes:

(1) The increase from the post-money valuation of Series A Financing to the pre-money valuation of Series B Financing was mainly because we had a number of milestones for our products during the period between the two financings, such as (i) obtaining CE Marking for PTA Balloon Catheter, (ii) completion of patient enrollment for Ultrafree DCB and (iii) initiating clinical trial for Thrombite CRD and Neurovascular embolization coils. We also acquired and restructured Zhuhai Tonbridge during the period.

(2) The increase from the post-money valuation of Series B Financing to the pre-money valuation of Series B+ Financing was mainly because we had a number of milestones for our products during the period between the two financings. For example, we completed clinical trial for Ultrafree DCB and applied for approval from NMPA for Thrombite CRD during the period.

(3) The increase from the post-money valuation of Series B+ Financing to the pre-money valuation of Series C Financing was mainly because we had a number of milestones for our products during the period between the two financings. For example, (i) we completed the type testing for coil, (ii) we initiated clinical trial for Peripheral Venous Stent System and (iii) we obtained the approval from NMPA for Thrombite CRD and intracranial support catheter while we expected to receive the NMPA approval for Ultrafree DCB.

(4) The increase from the post-money valuation of Series C Financing to the pre-money valuation of Series C+ Financing was mainly because we had a number of milestones for our products during the period between the two financings. For example, we obtained the approval from NMPA for Ultrafree DCB, in addition to the approvals we had obtained for Thrombite CRD and intracranial support catheter and we also successfully commercialized these three major products during the period.

(5) Our anticipated market capitalization immediately upon completion of the [**REDACTED**] has primarily taken into account (a) the post-money valuation of the Series C+ Financing; (b) the expected capital raising during the [**REDACTED**]; (c) our business growth since completion of the Series C+ Financing in January 2021, and (d) the difference in risks undertaken by the [**REDACTED**] investors investing in a private company vis-à-vis investors investing in a public company. Subsequent to completion of the Series C+ Financing, we have continued to advance in the R&D, manufacturing and commercialization of our products. In particular, we also obtained approval from NMPA for two more products in March 2021, i.e. Intracranial PTA balloon catheter (Rx) and Distal Access Catheter, the development status of which are set out in the product diagram under "Business – Overview" in this Document. Such progress and milestones are expected to support the step-up in the proposed [**REDACTED**] valuation of our Group.

(6) Calculated based on the assumption that the [**REDACTED**] is HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**]).

(3) Rights of the [REDACTED] Investors

Pursuant to the Shareholders' Agreement entered into among the Shareholders on January 20, 2021 and the supplemental agreements entered into by our Company with each of our [**REDACTED**] Investors in February 2021, the [**REDACTED**] Investors had been granted certain special rights, including, among others, (i) right of first refusal and co-sale, (ii) anti-dilution rights, (iii) liquidation rights, (iv) divestment rights and (v) information rights. Except for the divestment rights as described below, all other special rights shall cease to be effective and be discontinued upon [**REDACTED**].

Divestment rights

Each [**REDACTED**] Investor is given the right to, upon the occurrence of specified divestment events, request that Dr. Zhao, Nanjing Yuyihui, WEA and the Employee Incentive Platforms (collectively, the "**Company Shareholders**") purchase the Shares each [**REDACTED**] Investor then holds at the specified purchase price.

Pursuant to the Shareholders' Agreement entered into among the Shareholders on January 20, 2021 and the supplemental agreements entered into by our Company with each of our [**REDACTED**] Investors in February 2021, our [**REDACTED**] Investors either, as the case may be:

(i) have agreed to suspend the relevant divestment rights with effect from January 31, 2021 and such divestment rights will be terminated upon [**REDACTED**], provided in the event that (a) the Company fails to submit the application for the [**REDACTED**] of its H Shares on the Stock Exchange within a specified period of time or (b) the [**REDACTED**] does not take place, such divestment rights shall automatically be reinstated; or

(ii) confirmed that the relevant divestment rights have been invalid from the signing date of the relevant investment and shareholders' agreements.

The Company has submitted the application for the [**REDACTED**] of its H Shares on the Stock Exchange within the specified period of time as set out in the condition under (i)(a) above.

(4) Joint Sponsors' Confirmation

On the bases that (i) the consideration for the [**REDACTED**] Investments was irrevocably settled more than 28 clear days before the date of our first submission of the [**REDACTED**] to the Stock Exchange; and (ii) the special rights granted to the [**REDACTED**] Investors shall cease to be effective and be discontinued upon the [**REDACTED**] (save for the divestment rights as described above), the Joint Sponsors confirm that the [**REDACTED**] Investments are in compliance with the Interim Guidance on [**REDACTED**] Investments issued by the Stock Exchange on October 13, 2010 and as updated in March 2017 and the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017.

(5) Information about our [REDACTED] Investors

Our [**REDACTED**] Investors include Sophisticated Investors, such as OAP, FIIF, LBC Sunshine, AIHC, Five Investment, Highlight Medical and Ourea Biotech, among which, OAP, FIIF, Five Investment, Highlight Medical and Ourea Biotech have made meaningful investment in the Company at least six months before the [**REDACTED**]. The background information on our [**REDACTED**] Investors which made meaningful investment in the Company is set out below. To the best knowledge of our Directors, the decision of each [**REDACTED**] Investor in investing into our Company was made based on their own assessment of our Company taking into account our Company's leading position in the interventional medical device industry in developing minimally invasive neuro- and peripheral-vascular interventional medical devices. To the best knowledge of our Directors, save as disclosed below and in the section headed "Capitalization of our Company" below, none of these [**REDACTED**] Investors have any relationship with other [**REDACTED**] Investors.

(a) **OAP**: OAP is a private company limited by shares incorporated under the laws of Hong Kong on April 23, 2020 and is principally engaged in investment management business in Asia. It is a wholly-owned subsidiary of OrbiMed Asia Partners IV, L.P., an Asia-focused private equity fund operated by OrbiMed Advisors LLC ("**OrbiMed**"), a company jointly controlled by David Guowei Wang, Sunny Sharma, Sven H. Borho, William Carter Neild, Jonathan T. Silverstein and Carl L. Gordon. OrbiMed and its affiliates (the "**OrbiMed Group**") manages public and private company investments of over US$17 billion worldwide. Over the past 20 years, the investment scope of OrbiMed Group includes biopharmaceuticals, medical devices, diagnostics and healthcare services in the healthcare industry and its invested companies range from early-stage private companies to large multinational corporations globally, such as AmoyDx (stock code: 300685 (SZSE)), AK Medical (stock code: 1789 (SEHK)), Zai Lab (stock ticker: ZLAB (NASDAQ)), UM Healthcare (stock code: 2138 (SEHK)), Gracell Biotechnologies (stock ticker: GRCL (NASDAQ)) and Terns Pharmaceuticals (stock ticker: TERN (NASDAQ)). OAP is a dedicated healthcare and biotech fund and thus a Sophisticated Investor. To the best knowledge of the Directors, OAP is an Independent Third Party and other than Dr. Steven Dasong Wang (王大松), a non-executive Director who was nominated by OAP to the Board, OAP does not have any past or present relationships with the Company, its subsidiary, the other shareholders of the Company, Directors, Supervisors, senior management or their respective associates. For the details of Dr. Steven Dasong Wang's working experience in OrbiMed Group, please refer to the section headed "Directors, Supervisors and Senior Management" in this Document.

(b) **FIIF**: FIIF is a limited partnership established under the laws of the PRC. It is managed by SDIC Fund Management Co., Ltd. (國投創新投資管理有限公司) ("**SDIC**") which is held as to 40% by China State Investment High-Tech Industrial Investment Co., Ltd. (中國國投高新產業投資有限公司), which in turn is controlled by State Development and Investment Corporation (國家開發投資集團有限公司), a 100% state-owned enterprise. SDIC is an equity investment management institution with investments in a range of industries SDIC and its affiliates had over RMB100 billion of assets under management as of March 31, 2021. Its portfolio companies in biotech and healthcare sectors include, among others, Innovent Biologics (stock code: 1801 (SEHK)), Ascentage Pharma (stock code: 6855 (SEHK)), CanSino Biologics (stock code: 688185 (SHSE), 06185 (SEHK)), Peijia Medical (stock code: 9996 (SEHK)). FIIF is an equity investment fund with a fund size of over RMB22 billion as of March 31, 2021 and thus a Sophisticated Investor. To the best knowledge of our Directors, FIIF is an Independent Third Party and other than Dr. Hai Lu (陸海), a non-executive Director who was nominated by FIIF to the Board, FIIF does not have any past or present relationships with the Company, its subsidiary, the other shareholders of the Company, Directors, Supervisors, senior management or their respective associates. For the details of Dr. Hai Lu's working experience in SDIC Fund Management Co., Ltd., please refer to the section headed "Directors, Supervisors and Senior Management" in this Document.

(c) **WEA:** WEA, being a member of the Single Largest Group of Shareholders, is a limited liability company incorporated under the laws of Delaware on March 31, 2015 and its investment size as of March 31, 2021 was approximately RMB32 million. It is 100% owned by Dr. Zhong and is principally engaged in investment in the medical device industry, such as Kingstron Biological Technology (Changshu) Co., Ltd. (金仕生物科技(常熟)有限公司). As WEA jointly held 36.55% of our total issued share capital with Dr. Zhao, Dr. Zhong, Dr. Li, Ms. Wei, Zhuhai Tongqiao Investment, Hangzhou Fujiang, Zhuhai Guichuang, Huzhou Guiqiao and Nanjing Yuyihui immediately prior to the [**REDACTED**] by virtue of a concert party agreement dated January 21, 2021 entered into by the aforementioned parties, WEA is a substantial shareholder and thus a connected person of the Company. For the details on the aforementioned concert party agreement, please refer to the section headed "Capitalization of Our Company" in this Document.

(d) **LBC Sunshine**: LBC Sunshine is managed by Lake Bleu Capital (Hong Kong) Limited and ultimately owned by Mr. Li Bin. LBC Sunshine is an exempted limited partnership registered in the Cayman Islands. It specializes in investing in late-stage healthcare companies in Asia/Greater China and thus it is a Sophisticated Investor. The investment scope includes pharmaceuticals, biotech, medical devices, and healthcare services. LBC GP II Limited, an exempted company incorporated in the

Cayman Islands, acts as the general partner of LBC Sunshine. Lake Bleu Capital (Hong Kong) Limited had over US$2 billion of assets under management as of March 31, 2021 and invested in biotech and healthcare sectors include, among others, JD Health (stock code: 6618 (SEHK)), New Horizon Health (stock code: 6606 (SEHK)), MicroPort Cardioflow (stock code: 2160 (SEHK)), RemeGen (stock code: 9995 (SEHK)), Hygeia Healthcare (stock code: 6078 (SEHK)), Kangji Medical (stock code: 9997 (SEHK)), Hansoh Pharmaceutical (stock code: 3692 (SEHK)), Jinxin Fertility (stock code: 1951 (SEHK)), Akeso Biopharma (stock code: 9926 (SEHK)) and Pharmaron (stock code: 3759 (SEHK), 300759 (SZSE)). To the best knowledge of our Directors, LBC Sunshine is an Independent Third Party and does not have any past or present relationships with the Company, its subsidiary, the other shareholders of the Company, Directors, Supervisors, senior management or their respective associates.

(e) **Nanjing Hongjing:** Nanjing Hongjing is a limited liability company under the laws of the PRC on September 19, 2003. It operates investments in venture capital companies and provides services to its customers, including, but not limited to, consulting, management advice and business information supply. As of March 31, 2021, Nanjing Hongjing had an investment size of over RMB45.8 million and its invested companies in biotech and healthcare sectors include Welman (Xiang Bei) Pharmaceuticals Ltd. (湘北威爾曼製藥股份有限公司) and Jiangsu Chuanghua Taike Biotech Co., Ltd. (江蘇創華太科生物技術有限公司). Nanjing Hongjing is ultimately owned as to 100% by Mr. Chunhui Men, a Supervisor of our Company, and thus a connected person of our Company.

(f) **AIHC**: AIHC is established in Cayman Islands and is managed by AIHC Capital Management Limited ("**AIHC Capital**"), an asset management company licensed under the Securities and Futures Commission of Hong Kong and is ultimately owned by Wei Zhang. AIHC Capital and AIHC specialize in research and investment in global healthcare industries and thus AIHC is a Sophisticated Investor. AIHC Capital had over US$500 million of assets under management as of April 1, 2021 and its portfolio companies in biotech and healthcare sectors include, among others, I-Mab Biopharma (stock ticker: IMAB (NASDAQ)), Akeso Biopharma (stock code: 9926 (SEHK)) and Peijia Medical (stock code: 9996 (SEHK)). To the best knowledge of our Directors, AIHC is an Independent Third Party and does not have any past or present relationships with the Company, its subsidiary, the other shareholders of the Company, Directors, Supervisors, senior management or their respective associates.

(g) **Highlight Capital**

Five Investment: Five Investment is a limited liability company incorporated under the laws of Hong Kong on November 5, 2015. It is controlled by Highlight Capital Partners I L.P., a limited partnership formed under the laws of Cayman Islands, which is ultimately managed by its general partner Highlight Capital GP I Company Limited, which is in turn ultimately controlled by Mr. Stephen Hui Wang, a non-executive Director of our Company. Thus Five Investment is a connected person of our Company. Highlight Capital Partners I L.P. is an investment fund which principally focuses on investment opportunities in medical and healthcare industries and other related industries. Five Investment is a dedicated healthcare and biotech fund and thus a Sophisticated Investor.

Highlight Medical: Highlight Medical is a private company limited by shares incorporated under the laws of Hong Kong on April 17, 2015. It is controlled by Highlight Capital Partners I L.P., a limited partnership formed under the laws of Cayman Islands, which is ultimately managed by its general partner Highlight Capital GP I Company Limited, which is in turn ultimately controlled by Mr. Stephen Hui Wang, a non-executive Director of our Company. Thus Highlight Medical is a connected person of our Company. Highlight Capital Partners I L.P. is an investment fund which principally focuses on investment opportunities in medical and healthcare industries and other related industries. Highlight Medical is a dedicated healthcare and biotech fund and thus a Sophisticated Investor.

Ourea Biotech: Ourea Biotech is a private company limited by shares incorporated under the laws of Hong Kong on May 22, 2017. It is controlled by HL Partners II L.P., a limited partnership formed under the laws of Cayman Islands, which is ultimately managed by its general partner HL GP II Company Limited (together with Highlight Capital GP I Company Limited and their affiliates, "**Highlight Capital**"), which is in turn ultimately controlled by Mr. Stephen Hui Wang, a non-executive Director of our Company. Thus Ourea Biotech is a connected person of our Company. HL Partners II L.P. is an investment fund which principally focuses on investment opportunities in medical and healthcare industries and other related industries. Ourea Biotech is a dedicated healthcare and biotech fund and thus a Sophisticated Investor.

Highlight Capital is an equity investment firm. The assets under management as of March 31, 2021 for HL GP II Company Limited and Highlight Capital GP I Company Limited are over US$420 million. The portfolio companies of Highlight Capital in the healthcare and biotech sectors include, among others, Pharmaron (stock code: 300759 (SZSE)), Mindray (stock code: 300760 (SESE)) and Kintor Pharmaceuticals (stock code: 9939 (SEHK)).

PUBLIC FLOAT

The 201,881,003 Shares held by Dr. Zhao, WEA, Zhuhai Guichuang, Zhuhai Tongqiao Investment, Huzhou Guiqiao, Hangzhou Fujiang and Nanjing Yuyihui, FIIF, Nanjing Hongjing, Ourea Biotech (as to 3,227,100 Domestic Shares held), AIHC (as to 4,162,946 Domestic Shares held), Five Investment, Zhuhai Hanyi, Suzhou Xinjianyuan, Huzhou Yifan (formerly known as Lianyungang Yifan), Fangyuan Chuangying, Nanjing Qiankun, Hangzhou Haibang Yaogu, Shanghai Jinpu, Hangzhou Fenhua, Xiamen Jianfa Xinxing, Ningbo Tiesi, Anji Zhikang, Suzhou Taihong Jinghui, Hangzhou Haibang Yigu, Ganzhou Titan, CITIC and Hangzhou Qizhen, representing approximately 76.64% of our total issued Shares as of the Latest Practicable Date, or approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme), or approximately [**REDACTED**]% of our total issued Shares upon exercise of the [**REDACTED**] in full and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme, will not be considered as part of the public float as the Shares they hold are Domestic Shares which will not be converted into H Shares and [**REDACTED**] following the completion of the [**REDACTED**].

The 51,556,317 Shares held by OAP, LBC Sunshine, AIHC (as to 5,298,296 Unlisted Foreign Shares held), Cormorant, Hudson Bay, Dr. Myron Samuel Scholes and Octagon, representing approximately 19.57% of our total issued Shares as of the Latest Practicable Date, or approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme), or approximately [**REDACTED**]% of our total issued Shares upon exercise of the [**REDACTED**] in full and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme, are Unlisted Foreign Shares which will be converted into H Shares and [**REDACTED**] following the completion of the [**REDACTED**]. As these entities will not be core connected persons of our Company upon [**REDACTED**], are not accustomed to take instructions from core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by core connected persons, the H Shares held by them will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**].

The 9,963,681 Shares held by Highlight Medical, Ourea Biotech (as to 2,565,219 Unlisted Foreign Shares held) and Homehealth, representing approximately 3.78% of our total issued Shares as of the Latest Practicable Date, or approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme), or approximately [**REDACTED**]% of our total issued Shares upon exercise of the [**REDACTED**] in full and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme, are Unlisted Foreign Shares which will be converted into H Shares and [**REDACTED**] following the completion of the [**REDACTED**]. As these entities are ultimately controlled by Mr. Stephen Hui Wang, a non-executive Director of our Company and hence a core connected person of our company, the H Shares held by these entities will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**].

Pursuant to the applicable PRC law, within the 12 months following the [**REDACTED**], all current Shareholders could not dispose of any of the Shares held by them.

Based on the above, it is expected that immediately following completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme, the total number of [**REDACTED**] H Shares of our Company held by the public represents [**REDACTED**]% of the total number of issued Shares of our Company. Therefore, our Company will be able to meet the minimum public float requirement under Rule 8.08.

Immediately upon [**REDACTED**], assuming that (i) [**REDACTED**] H Shares are issued in the [**REDACTED**]; (ii) the [**REDACTED**] is not exercised; and (iii) 61,519,998 Unlisted Foreign Shares will be converted to H Shares and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme, based on an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**]), the Company will have a market capitalization of at least HK$[**REDACTED**] held by the public as required under Rule 18A.07 of the Listing Rules.

CAPITALIZATION OF OUR COMPANY

The table below is a summary of the capitalization of our Company as of the date of this Document and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme):

Shareholders	Number of Shares	Ownership percentage as of the date of this Document	Ownership percentage as of the [REDACTED]
Dr. Zhao[(A)(1)]	41,441,991	15.73%	[**REDACTED**]%
OAP[(B)]	25,335,535	9.62%	[**REDACTED**]%
FIIF[(A)]	20,470,199	7.77%	[**REDACTED**]%
WEA[(A)(1)]	13,476,617	5.12%	[**REDACTED**]%
LBC Sunshine[(B)]	11,353,491	4.31%	[**REDACTED**]%
Nanjing Hongjing[(A)]	11,333,000	4.30%	[**REDACTED**]%
Zhuhai Guichuang[(A)(1)]	10,958,575	4.16%	[**REDACTED**]%
Zhuhai Tongqiao Investment[(A)(1)]	10,151,978	3.85%	[**REDACTED**]%
Huzhou Guiqiao[(A)(1)]	9,577,095	3.64%	[**REDACTED**]%
AIHC[(A)(B)]	9,461,242	3.59%	[**REDACTED**]%
Five Investment[(A)(2)]	9,227,691	3.50%	[**REDACTED**]%
Zhuhai Hanyi [(A)]	6,746,205	2.56%	[**REDACTED**]%
Suzhou Xinjianyuan[(A)]	6,463,653	2.45%	[**REDACTED**]%
Huzhou Yifan[(A)]	6,306,777	2.39%	[**REDACTED**]%
Highlight Medical[(B)(2)]	6,263,113	2.38%	[**REDACTED**]%
Ourea Biotech[(A)(B)(2)]	5,792,319	2.20%	[**REDACTED**]%

Shareholders	Number of Shares	Ownership percentage as of the date of this Document	Ownership percentage as of the [REDACTED]
Hangzhou Fujiang[(A)(1)]	5,682,939	2.16%	[**REDACTED**]%
Fangyuan Chuangying[(A)]	5,166,994	1.96%	[**REDACTED**]%
Nanjing Yuyihui[(A)(1)]	4,983,293	1.89%	[**REDACTED**]%
Nanjing Qiankun[(A)]	4,667,000	1.77%	[**REDACTED**]%
Hangzhou Haibang Yaogu[(A)(3)]	3,955,030	1.50%	[**REDACTED**]%
Shanghai Jinpu[(A)]	3,513,103	1.33%	[**REDACTED**]%
Hangzhou Fenhua[(A)]	3,467,903	1.32%	[**REDACTED**]%
Xiamen Jianfa Xinxing[(A)]	3,443,299	1.31%	[**REDACTED**]%
Cormorant[(B)]	3,027,598	1.15%	[**REDACTED**]%
Ningbo Tiesi[(A)(2)]	2,927,696	1.11%	[**REDACTED**]%
Anji Zhikang[(A)]	2,712,273	1.03%	[**REDACTED**]%
Hudson Bay[(B)]	2,649,148	1.01%	[**REDACTED**]%
Suzhou Taihong Jinghui[(A)(2)]	2,609,614	0.99%	[**REDACTED**]%
Hangzhou Haibang Yigu[(A)(3)]	2,261,646	0.86%	[**REDACTED**]%
Dr. Myron Samuel Scholes[(B)]	2,000,000	0.76%	[**REDACTED**]%
Octagon[(B)]	1,892,249	0.72%	[**REDACTED**]%
Ganzhou Titan[(A)(2)]	1,306,810	0.50%	[**REDACTED**]%
CITIC[(A)]	1,155,572	0.44%	[**REDACTED**]%
Homehealth[(B)(2)]	1,135,349	0.43%	[**REDACTED**]%
Hangzhou Qizhen[(A)]	484,004	0.18%	[**REDACTED**]%
[**REDACTED**] taking part in the [**REDACTED**][(4)]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**	**100%**

Notes:

(1) The 2021 AIC Agreement dated January 21, 2021 was entered into by and amongst all the parties to the 2020 AIC Agreement with Huzhou Guiqiao as an additional party (each a "**Concert Party**" and collectively, the "**Concert Parties**"). Other than the addition of a new party Huzhou Guiqiao, an employee incentive platform solely controlled by Dr. Zhao, the terms of 2021 AIC Agreement are substantially the same as those in the 2020 AIC Agreement. Pursuant to the 2021 AIC Agreement, the aforementioned Concert Parties agreed to collectively exercise their shareholder rights in the Company and act in concert in all matters involving the operation and management of the Company. In the event that the Concert Parties fail to reach consensus in any matters involving the operation and management of the Company, each of the Concert Parties shall exercise their respective voting rights in accordance with the instructions of Dr. Zhao. As of the date of the aforementioned concert party agreement, the Concert Parties were collectively interested in approximately 36.55% of the total issued share capital of the Company. Zhuhai Tongqiao Investment, Hangzhou Fujiang, Zhuhai Guichuang and Huzhou Guiqiao are our Employee Incentive Platforms controlled by Dr. Zhao. Dr. Zhong is the controlling shareholder of WEA. Ms. Wei is the sole general partner of Nanjing Yuyihui. Immediately prior to the [**REDACTED**], the Concert Parties are collectively interested in approximately 36.55% of our total issued share capital.

(2) Pursuant to a concert party agreement dated March 11, 2021 entered into by and amongst Five Investment, Highlight Medical, Ourea Biotech, Ningbo Tiesi, Suzhou Taihong Jinghui, Ganzhou Titan and Homehealth (each a "**Honghui Shareholder**" and collectively, the "**Honghui Shareholders**"), the Honghui Shareholders agreed to collectively exercise their shareholder rights in the Company and act in concert in all matters involving the operation and management of the Company. In the event that the Honghui Shareholders fail to reach consensus in any matters involving the operation and management of the Company, each of the Honghui Shareholder shall exercise their respective voting rights in accordance with the instructions of Five Investment. Immediately prior to the [**REDACTED**], the Honghui Shareholders are collectively interested in approximately 11.11% of our total issued share capital. All of the Honghui Shareholders are ultimately controlled by Mr. Stephen Hui Wang, a non-executive Director of our Company.

(3) Pursuant to a concert party agreement dated February 20, 2021 entered into between Hangzhou Haibang Yaogu and Hangzhou Haibang Yigu, the aforementioned parties agreed to collectively exercise their shareholder rights in the Company and act in concert in all matters involving the operation and management of the Company. In the event that the abovementioned parties fail to reach consensus in any matters involving the operation and management of the Company, each of the aforementioned parties shall exercise their respective voting rights in accordance with the instructions of Hangzhou Haibang Yaogu. Immediately prior to the [**REDACTED**], Hangzhou Haibang Yaogu and Hangzhou Haibang Yigu are collectively interested in approximately 2.36% of our total issued share capital.

(4) Assuming no existing investors of the Company will participate in the [**REDACTED**].

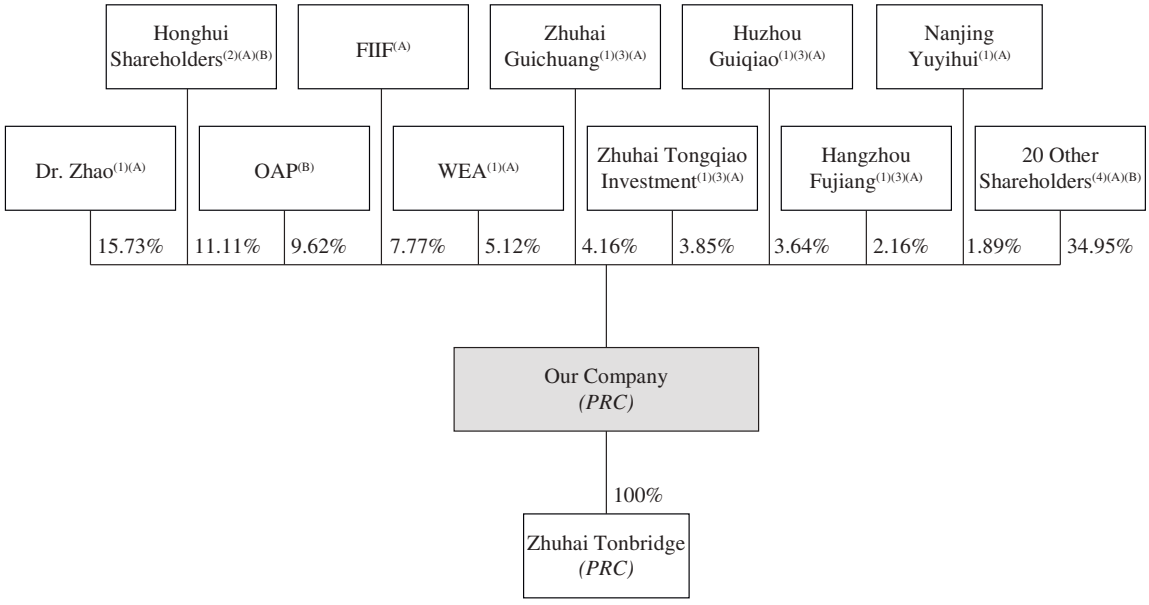
Remarks

(A) The Shares held by these Shareholders are Domestic Shares.

(B) The Shares held by these Shareholders are Unlisted Foreign Shares, which will be converted to H Shares upon [**REDACTED**].

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Company immediately before completion of the [**REDACTED**]:



Notes:

(0) Please refer to the section headed "[**REDACTED**] Investments Major Shareholding Changes of Our Company – Detailed Terms of the [**REDACTED**] Investments – (5) Information about our [**REDACTED**] Investors" in this Document for the beneficial owner of our [**REDACTED**] Investors and their relationship with our Company.

(1) On January 21, 2021, Dr. Zhao, Zhuhai Tongqiao Investment, Hangzhou Fujiang, Zhuhai Guichuang, Huzhou Guiqiao, WEA and Nanjing Yuyihui, amongst others, entered into a concert party agreement. Immediately prior to the [**REDACTED**], the aforementioned parties are collectively interested in approximately 36.55% of our total issued share capital. For the details on the aforementioned concert party agreement, please refer to the section headed "Capitalization of Our Company" in this Document.

(2) On March 11, 2021, Five Investment, Highlight Medical, Ourea Biotech, Ningbo Tiesi, Suzhou Taihong Jinghui, Ganzhou Titan and Homehealth entered into a concert party agreement. Immediately prior to the [**REDACTED**], the aforementioned parties are collectively interested in approximately 11.11% of our total issued share capital. For the details on the aforementioned concert party agreement, please refer to the section headed "Capitalization of Our Company" in this Document. All of the Honghui Shareholders are ultimately controlled by Mr. Stephen Hui Wang, a non-executive Director of our Company.

(3) Hangzhou Fujiang, Zhuhai Guichuang, Zhuhai Tongqiao Investment and Huzhou Guiqiao are our Employee Incentive Platforms holding Shares on behalf of our Directors, senior management and employees. For further details, please refer to the sub-section headed "Employee Incentive Schemes" in this section.

(4) For details on the 20 other Shareholders, please refer to the capitalization table of our Company in the sub-section headed "Capitalization of our Company" in this section.

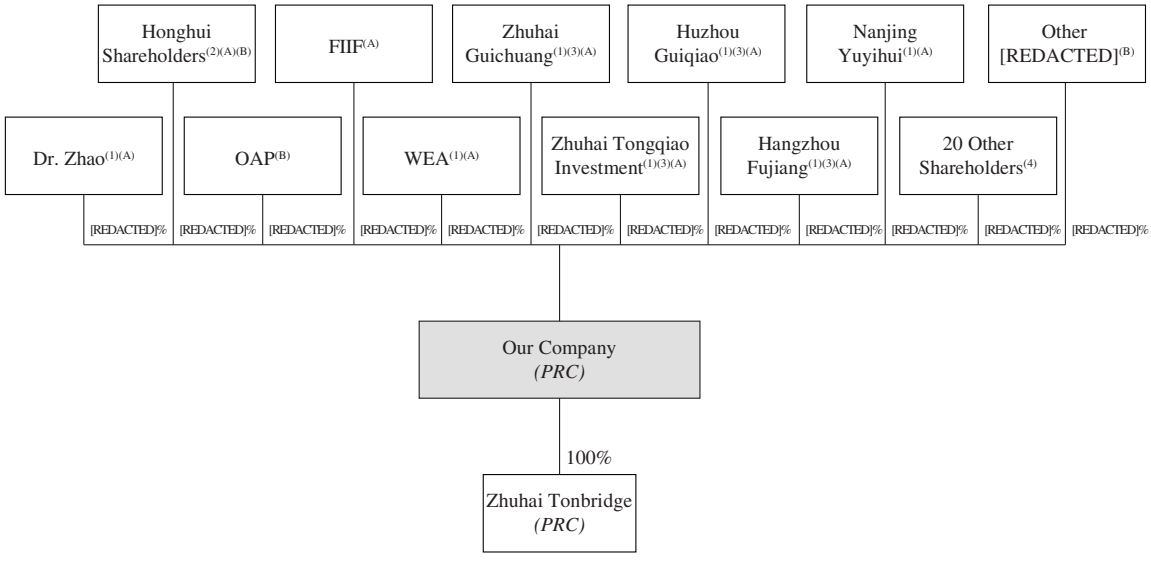
Remarks

(A) The Shares held by these Shareholders are Domestic Shares.

(B) The Shares held by these Shareholders are Unlisted Foreign Shares, which will be converted to H Shares upon [**REDACTED**].

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Company immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme):



Notes:

(0) to (4) see pages 259 to 260 for notes (0) to (4).

Remarks

(A) The Shares held by these Shareholders are Domestic Shares.

(B) The Shares held by these Shareholders are H Shares.

OVERVIEW

We are a leading player in the neuro- and peripheral-vascular interventional medical device market in China in terms of our comprehensive product portfolio. As an integrated medical device company supported by our in-house R&D and manufacturing capabilities, proprietary technological platforms, and commercialization capabilities evidenced by our track record and led by our experienced management team, we provide physicians and patients in China and overseas with medical devices to treat and manage neuro- and peripheral vascular diseases. Our current therapeutic areas include acute ischemic stroke (AIS), intracranial aneurysm, carotid artery stenosis, peripheral arterial and venous diseases, and dialysis related diseases.

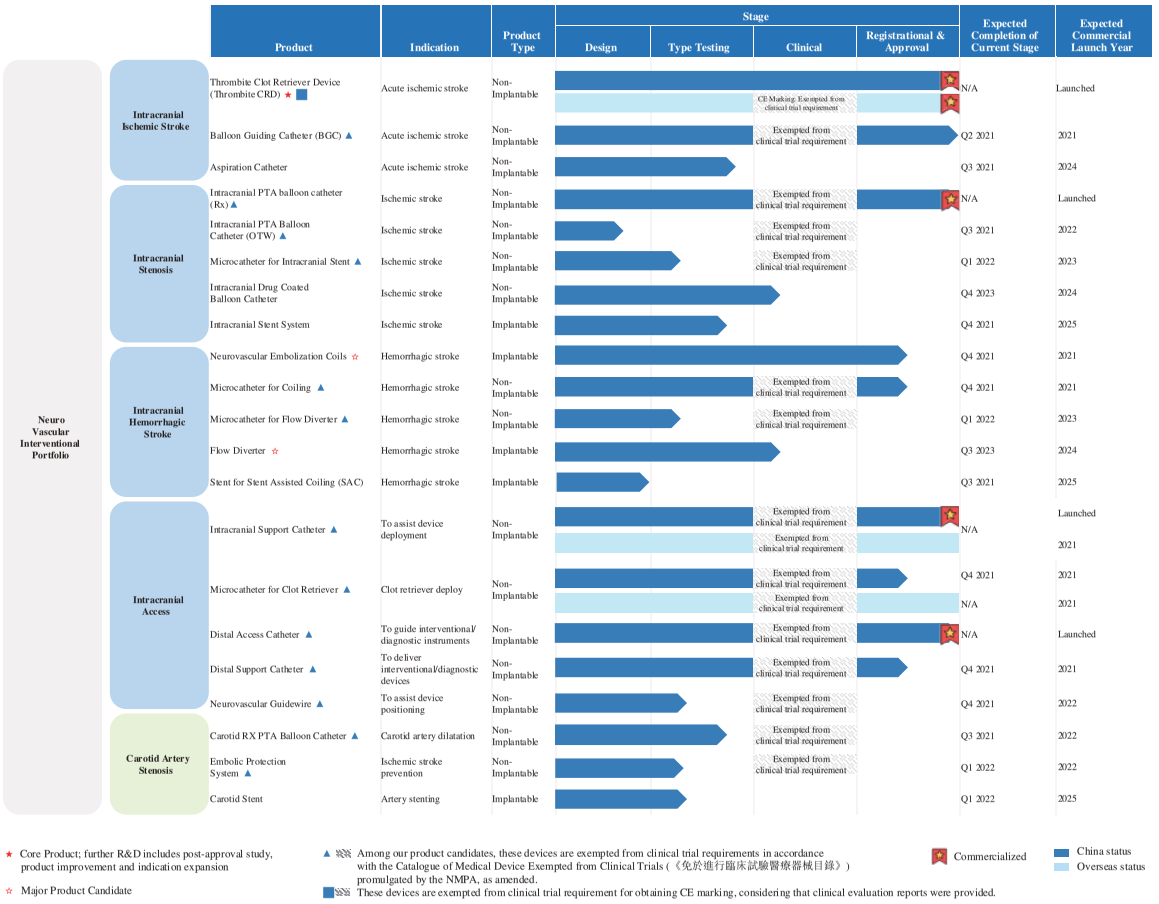
We provide total solutions to patients and physician with the most comprehensive product portfolio covering neuro- and peripheral-vascular interventional medical devices among domestic companies in China according to Frost & Sullivan. Since our inception in 2012, we have systemically and methodically developed a portfolio of 45 products and product candidates to cover neuro- and peripheral-vascular device market and vascular closure device market that are highly under-penetrated and fast growing. Our two Core Products are Thrombite Clot Retriever Device ("**Thrombite CRD**") and Ultrafree™ Drug Coated PTA Balloon Catheter ("**Ultrafree DCB**") which have been commercialized in China and we are conducting further research and development on our two Core Products. As of the Latest Practicable Date, our broad product portfolio included a total of 11 approved products in China and overseas(1), including 5 approved products for treating neurovascular diseases and 6 approved products for treating peripheral vascular diseases. We also have 37 product candidates at various development stages in China, including 7 at registration stage, 9 at clinical trial stage, 11 at type testing stage, and 10 at design stage. During the Track Record Period, we commercialized 6 products in China and overseas and generated revenue from the sales of such products. In 2020, we substantially increased our sales in China and revenue generated from our sales in China accounted for 87.9% of our total revenue for 2020. As our current products and product candidates receive more marketing approvals in China, we expect to generate more sales in China. As of the Latest Practicable Date, there was no price guidance set by the PRC government on stroke treatment and prevention devices.

In the neurovascular interventional medical device space, we are the only domestic company that are developing a full suite of products for major neuro-vascular categories, namely ischemic, hemorrhagic, stenosis, carotid artery, vascular access device, according to Frost & Sullivan. In the peripheral-vascular interventional medical device space, we have the most comprehensive product portfolio among domestic players in China with 22 approved products and product candidates according to Frost & Sullivan. We are also the only domestic medical device company that has obtained CE Mark and commercialized products in Europe for both neuro- and peripheral-vascular medical devices according to Frost & Sullivan.

We strive to provide all patients, regardless of their race, age and affluence, with accessible medical devices and services.

(1) including 5 products approved in both China and Europe, 3 products approved in China only and 3 products approved in Europe but still in development stage in China

All of our products and product candidates are Class III medical devices. The following diagram summarizes the development status as of the Latest Practicable Date of our in-house developed products which are approved or commercialized and product candidates which are expected to launch by 2025, including, among others, our two Core Products, namely Thrombite CRD and Ultrafree DCB, and certain indication expansion of Ultrafree DCB including Drug Coated PTA Balloon Catheter – BTK and Drug Coated PTA Balloon Catheter – Dialysis Access as indicated below.



Notes:

1. Acute ischemic stroke.
2. Applicable to both neuro and peripheral-vascular interventional portfolios.

(1) Refer to Glossary of Technical Terms for further details of some of the indications.

In 2021, we expect to achieve significant advancement for our product portfolio. We expect to obtain NMPA approval and commercialize additional 8 product candidates including balloon guiding catheter, intracranial PTA balloon catheter (Rx), neurovascular embolization coils, microcatheter for coiling, microcatheter for clot retriever, distal access catheter, distal support catheter and vessel snare. We also plan to submit applications for NMPA approval for 6 product candidates in 2021, including microcatheter for coiling, carotid Rx PTA balloon catheter, PTA balloon catheter – large diameter, retrievable inferior vena cava filter, endovenous radiofrequency ablation (RFA) catheter, and suture-mediated closure system. Furthermore, we are currently conducting 9 clinical trials for our innovative devices, including intracranial drug coated balloon catheter, flow diverter, endovenous radiofrequency ablation (RFA) catheter, retrievable inferior vena cava filter, peripheral venous stent system, peripheral drug-eluting stent system, drug-coated PTA balloon catheter – dialysis access, peripheral detachable coil and suture-mediated closure system. We are advancing a total of 39 product candidates through different stages of development that we intend to obtain approvals in China by 2025. Regarding our two Core Products, Thrombite CRD and Ultrafree DCB, we are conducting further R&D to expand their indications and upgrade their features, including among others, clinical trials required by NMPA to expand their indications and upgrade their features and bring Drug Coated PTA Balloon Catheter – BTK and Drug Coated PTA Balloon Catheter – Dialysis Access, to commercialization. We believe all these approved products and product candidates in our comprehensive product portfolio will solidify our leading position in the neuro- and peripheral-vascular interventional medical device market in China.

Stroke is a leading cause of death and disability globally. Neurovascular disease is the leading cause of death in China which accounted for over 20% of the total mortality in 2019 in China and such percentage is constantly growing. The incidence of ischemic stroke continues to rise in China, primarily due to life style issues and aging population. The recommendation by the AHA for mechanical thrombectomy (MT) as the first-line treatment choice for ischemic stroke and its subsequent adoption in China have set off a revolution in ischemic stroke treatment that shifted traditional anti-coagulant drug regiment and intravascular thrombolysis to the new MT procedures with proven safety and significantly enhanced efficacy. MT procedures are expected to grow rapidly in China for the next 10 years, benefiting from a number of factors such as favorable government policies, rising living standard and increasing healthcare expenditure, which will propel the growth of neurovascular medical device market. The number of neuro-interventional procedures in China increased from 77.4 thousand in 2015 to 159.6 thousand in 2019 at a CAGR of 19.8% and is estimated to further increase to 1,781.0 thousand in 2030, at a CAGR of 24.5% from 2019 to 2030.

Peripheral-vascular interventional device market in China also represents a large, underdeveloped and rapidly expanding market that is currently dominated by MNC players. The recent approval and gradual adoption of DCB in treating various arterial diseases, including lower extremity arterial diseases, are seen as a viable alternative to stenting, and a new paradigm of "leaving nothing behind" is taking hold of peripheral-vascular disease treatment in China, which is expected to propel the growth of the peripheral-vascular interventional device market in China for the next 10 years. The number of peripheral artery intervention procedures in China increased from 58.6 thousand in 2015 to 112.2 thousand in

2019 at a CAGR of 17.7%, and is estimated to further reach 600.1 thousand in 2030 at a CAGR of 16.5% from 2019 to 2030. We aim to capture such significant growth potential and solidify our leading market position in both neuro- and peripheral-vascular interventional medical device market in China.

We have built a synergistic corporate platform with integrated R&D, manufacturing and commercialization capabilities, which enables smooth collaborations and accelerates development process during the full product life-cycle and therefore helps to achieve cost-efficiency.

- *R&D*. Led by our three experienced and multi-disciplinary R&D team leaders, including Dr. Jonathon Zhong Zhao, our founder and chairman of the Board, Dr. Zheng Li, our senior vice president, and Dr. Ning Pan, our senior vice president, who have an average of over 15 years of experience in global leading medical device companies with proven track record of successful product development, we have established in-house R&D capabilities which are manifested by our product innovations, our proprietary technologies and efficient product development process. Leveraging our strong R&D and product development capabilities, we have developed a portfolio of innovative products and product candidates with advanced features that are comparable in performance to imported products by established international brands in the industry. We have the largest number of products that received priority marketing approval through the Special Approval Procedures of Innovative Medical Devices promulgated by the NMPA (the "**NMPA Special Approval Channel**") among neuro- and peripheral- vascular innovative medical device companies in China according to Frost & Sullivan. We have two products, Thrombite CRD and Ultrafree DCB, that were approved through the NMPA Special Approval Channel, out of the 11 neuro- and peripheral-vascular innovative medical devices that were approved through such NMPA Special Approval Channel as of January 2021. Our R&D capabilities, combined with our extensive registration experience and established strong collaboration with leading physicians and hospitals, also help improve our clinical trial efficiency and expedite our product advancement. For example, our patient enrollment timeline reduced by half from 25 months in our first large scale clinical trial to around one year, which is at the top level for similar product in the industry according to Frost & Sullivan. All subsequent patient enrollments of our clinical trials have generally followed around one-year timeline, which we believe is at a highly efficient level. Our in-house R&D capabilities are also evidenced by our patent portfolio. As of the Latest Practicable Date, we had 39 patents and 43 patent applications in China.

- *Manufacturing*. Manufacturing process of vascular interventional products is complex and technologically challenging. Over the years, we have accumulated extensive expertise and know-how in developing and manufacturing vascular interventional products and obtained a number of patents for our proprietary technologies. Our manufacturing expertise and know-how combined with advanced technologies applied during our manufacturing process help ensure both high quality and efficiency of our production. We had built manufacturing facilities of an

aggregate area of approximately 3,800 sq.m. in Hangzhou and Zhuhai, China as of the Latest Practicable Date. In addition, we are in the process of expanding our production capacity with additional aggregate area of approximately 13,000 sq.m. in Hangzhou and plan to build a new manufacturing site in Zhuhai with an aggregate area of approximately 20,000 sq.m in preparation for the commercialization of our further expanded product portfolio.

- *Commercialization*. We have a proven track record of commercializing 9 products since our inception in 2012. We employ a strategic offline and online integrated marketing model with a focus on academic promotion to increase market and physician awareness and penetration of our products. We have a dedicated in-house sales team of 50 members led by Mr. Yang Xie with a focus on academic marketing driven by our extensive expertise and clinical resources. We had also established an extensive distribution network by collaborations with 23 domestic distributors who were authorized by us to cover over 1,500 hospitals across 22 provinces, 4 autonomous regions and 4 municipal cities in China as of the Latest Practicable Date. Over the years, we have developed strong collaborations with and established a well-recognized brand among KOLs and leading physicians and hospitals in China in the field of neuro- and peripheral-vascular intervention.

Our business grew rapidly during the Track Record Period under the leadership of our senior management team. Our management team consists of seasoned industry executives with vast experience in leading medical device companies in China and globally, such as Dr. Jonathon Zhong Zhao, our founder and Chairman of the Board. We benefit from their proven track record of successful research and development, and commercialization of medical devices. During the Track Record Period, our revenue increased by 461.9% from RMB4.9 million in 2019 to RMB27.6 million in 2020, our gross profit increased from RMB1.2 million in 2019 to RMB16.3 million in 2020, and our gross profit margin increased from 24.2% in 2019 to 58.9% in 2020.

OUR STRENGTHS

A total solution provider with the most comprehensive portfolio of the neuro- and peripheral-vascular interventional medical devices among domestic companies in China

To address the unmet medical needs for total solutions, we have developed the most comprehensive product portfolio covering neuro- and peripheral vascular interventional medical devices among domestic companies in China. As of the Latest Practicable Date, we had 45 products and product candidates including 11 approved products[(1)] in China and overseas. We also have 37 product candidates at various development stages in China, including 7 product candidates at registration stage, 9 product candidates at clinical trial stage, 11 product candidates at type testing, and 10 product candidates in design stage.

(1) including 5 products approved in both China and Europe, 3 products approved in China only and 3 products approved in Europe but still in development stage in China

Our neurovascular product portfolio: Our current neurovascular product portfolio covers a full suite of products for five major categories, namely ischemic, hemorrhagic, stenosis, carotid artery, vascular access device, and according to Frost & Sullivan, we are the only domestic company in China that has developed a neurovascular product portfolio covering all these five major categories. We had obtained Class III registration certificates for 4 neurovascular interventional products and 9 products are at the clinical or registration stage as of the Latest Practicable Date. We expect to have 19 neurovascular interventional products approved by the end of 2025.

Our peripheral-vascular product portfolio: We are one of the first companies that developed a portfolio of peripheral-vascular interventional products in China. With 22 approved products and product candidates, we have the most comprehensive peripheral-vascular interventional product portfolio among domestic players in China covering a full spectrum of arterial and venous products including stents, balloons, catheters and filters, according to Frost & Sullivan. We expect to have 18 peripheral-vascular interventional products approved by the end of 2025. According to Frost & Sullivan, we are the first and only domestic player that commercialized peripheral stent system in European market which is one of the primary products for peripheral vascular disease treatment.

In addition, our product portfolio also includes two vascular closure device candidates which makes us the first domestic medical device company that has developed vascular closure device candidates.

We strategically develop a suite of products covering the full procedure cycle for major vascular diseases, offering seamless treatment solutions with better prognosis. For example, our clot-removing product combination of clot retriever device, intracranial support catheter and BGC can effectively improve the successful recanalization rate of intracranial blood vessels, reduce operation time and incidence of post-procedure complications. Our carotid artery revascularization product combination of carotid micro-mesh double-layer braided stent, distal protection device and Rx PTA balloon catheter is expected to ensure product compatibility and improve the procedure safety as such product combination can reduce the risk of irretrievability of devices and medical accidents due to incompatibility of devices during carotid artery revascularization procedures.

We believe being a total solution provider with a comprehensive product portfolio allows us to (i) offer physicians surgical flexibility and device compatibility to reduce surgical risk that may arise from switching products from different manufacturers and further improve clinical outcome, (ii) empower hospitals with more efficient supply chain management and easier post-procedure follow-up monitor and (iii) implement more flexible pricing strategy with attractive prices. Our one-stop offering strategy will enable our products to be used by more physicians and enter into more hospitals.

We are well positioned to capture the significant growth potential in the large, fast-growing and under-penetrated neuro- and peripheral vascular interventional medical device markets in China. Neuro and peripheral vascular interventional device markets are still at early development stage in China. For example, according to Frost and Sullivan while mechanical thrombectomy procedure for ischemic strokes had a penetration rate of 3% in the U.S., its penetration rate in China was only 0.6% in 2019. While the penetration rate of peripheral artery diseases related surgery was 5.4% in the U.S., such penetration rate was only 0.2% in China in 2019. Such low procedure penetration in China indicates huge unmet demands and growth potential.

In-house R&D capabilities evidenced by innovation and efficient product development process

We have established in-house R&D capabilities which are evidenced by our innovative products with advanced features to capture the unmet clinical needs and efficient product development process. Our R&D capabilities lay a solid foundation to support the rapid development and accelerated regulatory approval of our product candidates and enable our products to achieve excellent performance.

Innovative medical devices

Leveraging our strong R&D and product development capabilities, we have developed a portfolio of innovative products and product candidates with advanced features and comparable performance with imported products from established international medical device companies. We have two products, Thrombite CRD and Ultrafree DCB, among the 11 neuro- and peripheral-vascular innovative medical devices that have been approved through such NMPA Special Approval Channel as of January 2021.

Our Thrombite CRD was approved through the NMPA Special Approval Channel in September 2020. It is the only domestic intracranial clot retriever protected by invention patents. Thrombite CRD features a unique "S"-side spirally-rising open structure, which has a stronger ability to capture thrombus. Its smaller diameter and longer length as compared to the usual size and length of other similar products in China make it suitable to more intracranial vascular lesion areas under various medical conditions. We have completed a multi-center, single-blind, randomized trial in China in October 2019, which statistically demonstrated more favorable efficacy by a 7.5% increase in successful recanalization rate of blood vessels and a safety profile compared to a world-class clot retriever.

Our Ultrafree DCB was approved through the NMPA Special Approval Channel in November 2020. It is the only such product with carrier-free paclitaxel crystal coating in China, improving drug delivery percentage and absorption efficiency in target diseased blood vessels. Clinical results have demonstrated that it significantly improved the long-term treatment effect of blood vessels. We have completed a multi-center, single-blind, randomized trial in China in July 2019, which demonstrated a 22.63% increase in target vessel patency rate after 12 months and 52.48% decrease in target vessel restenosis rate after 6 months as compared to a world-class uncoated balloon catheter.

Efficient product development process

As a pioneer in the neuro- and peripheral vascular interventional device industry in China, we have accumulated extensive experiences and established strong collaborations with KOLs and leading physicians and hospitals, which, combined with our in-house R&D capabilities, help shorten our product development cycle, improve clinical trial efficiency and expedite our product advancement. For example, our patient enrollment time reduced by half from 25 months in our first large scale clinical trial to around one year, which is at the top level for similar product in the industry according to Frost & Sullivan. All subsequent patient enrollments of our clinical trials have generally followed around one-year timeline, which we believe is at a highly efficient level. As a result of our strong R&D capabilities, our products generate high quality clinical data and results which led to accelerated regulatory approval process. Since our inception in 2012, we have obtained NMPA approvals for 6 of our products, among which we obtained NMPA approval within one year since submission of application for 3 products. In both neuro- and peripheral-vascular areas, we expect to obtain NMPA approvals for 39 product candidates by 2025. We have also demonstrated our product development capabilities overseas. As of the Latest Practicable Date, we obtained CE Mark for 8 products in Europe, demonstrating the global recognition of our product quality. We have obtained the most CE Marks for neuro- and peripheral vascular interventional devices among China-based medical device companies, according to Frost & Sullivan.

We believe that our innovation and efficient product development process supported by our robust R&D capabilities will enable us to further expand our product portfolio, advance our product feature, and boost sales of our commercialized products, which will significantly increase market penetration of our products and serve as a high barrier for new market entrants.

Our visionary and experienced R&D team and close collaborations with KOLs and experienced physicians

We have assembled an R&D team with global vision and vast multidisciplinary experience in medical device industry. Our R&D team is led by three leaders, Dr. Jonathon Zhong Zhao, Dr. Zheng Li and Dr. Ning Pan, who have an average of over 15 years of experience in global leading medical device companies with proven track record of successful product development. All of the three leaders obtained PhD degree in Engineering from renowned universities in the U.S., The Johns Hopkins University, North Carolina State University, and Stanford University, respectively. They are supported by a team of over 100 members, among whom more than 39% have master degrees and more than 16% have experience working at multinational medical technology companies, including Johnson & Johnson, Medtronic, and Boston Scientific.

We put special focus on close collaboration with experienced physicians to better address the operational and medical needs. We have established close relationships with KOLs in the vascular intervention field and have implemented standard procedures for collaboration with the KOLs. Leveraging our extensive network and collaboration with the KOLs, we are able to gain first-hand knowledge of unmet clinical needs, surgeons' preferences and clinical trends,

which enables us to design, optimize and upgrade our products based on physicians' clinical experience and recommendations to cater to the specific needs in real life operation procedures. Our R&D efforts go beyond commercialization. We conduct post-approval studies for our commercialized products to monitor the performance of our products and clinical feedback. We may conduct clinical trials in the future to develop additional features or expand indications for our commercialized products based on clinical needs. Our focus on the clinical utility of our products in the PRC healthcare market and close collaborations with KOLs significantly promote our brand name and the adoption of our products among medical communities and help to enhance the penetration of our product in the China market.

Leading R&D and manufacturing technological platforms driving technological breakthrough and long-term growth in neuro- and peripheral- vascular markets

We have established leading R&D and manufacturing technology platforms to achieve continuous innovation and technological breakthrough. Our proprietary technologies enable rapid prototyping which shortens product development cycles. Furthermore, our proven manufacturing capability provides better quality control and enables continuous cost reduction. We believe our leading R&D and manufacturing technology platforms provide a strong basis for us to maintain long-term growth in neuro- and peripheral vascular fields.

Over the years, we have accumulated extensive expertise and know-how in developing and manufacturing vascular interventional products and obtained a number of patents for our proprietary technologies. As of the Latest Practicable Date, we had 39 patents and 43 patent applications in China. We have established the following technology platforms and production capabilities for our major products:

- ***Balloon forming and manufacturing platform***: we have a balloon forming and manufacturing platform with complete balloon molding, laser welding, pleating/folding and final assembly production lines. Benefitted from our continuous efforts in building an advanced program in developing various balloons to meet the needs in neurovascular and, peripheral intervention, we have obtained NMPA approvals for balloons in connection with neurovascular and peripheral diseases.

- ***Braiding and coiling catheter development and manufacturing platform***: We have established a braiding and coiling catheter development and manufacturing platform with multi-ratio and varied-density braiding technology. Such capabilities serve as the core techniques for the development of various mesh-shaped medical devices such as guiding catheter of various diameters and PPIs, distal protection system, and aneurysm embolization devices. We have achieved weaving a high-density mesh based flow diverter with one-end closed (instead of both ends with loose wires) to improve long-term treatment prognosis.

- ***Catheter forming and manufacturing platform***: Our catheter forming and manufacturing platform with coil winding, mesh-braiding, thermal-molding, marker-band placing, and coating technologies allows us to develop various winding/braiding overlapping designs at various lengths, thereby achieving more flexible catheter with better pushability and user experience.

- ***Stent forming and processing center***: We have a stent forming and processing center with high-precision laser cutting machines for both micro-scale device cutting such as nitinol intra-cranial stent, polymer-based degradable devices, and large diameter device such as venous stent, frame of covered stent and of heart valves. We have developed and improved downstream sand-blasting, welding, shape-setting, electrochemical polishing and surface treatment technology to round out all metal processing capabilities.

- ***Drug-coating with different medicinal components and carrier types***: We have developed drug-coating technologies with different medicinal components and carrier types for our various drug-device combination products. We have also established state-of-the-art ultrasonic spray coating lines for balloons of various sizes and lengths, various drug coating densities, and release profiles. Combining our drug coating formulations, patented ultrasonic spraying technology and post-coating processing technology, we developed the only carrier-free drug coated balloon catheter with much even and more stable coating and small drug particles which maximize drug deployment to targeted area and minimize the clot for distal small blood vessels.

- ***Finite element and fatigue analysis and testing platform***: We have a finite element and fatigue analysis and testing center for our implantable devices. Long-term implants, such as peripheral arterial and venous stents, intracranial stents, covered stents, flow diverter and other metal and polymeric material based devices, require between 10 million and 380 million cycle of fatigue tests and the design of these devices typically needs fast changes and modifications. Our finite element and fatigue analysis and testing center is capable to carry out such fatigue tests and enables quick modification of product design. Such capability is essential in achieving fast turnaround in our product design and assembly.

In addition to our extensive R&D expertise, know-how and proprietary technologies, we also operated manufacturing facilities in Hangzhou and Zhuhai, China with an aggregate area of approximately 3,800 sq.m. as of the Latest Practicable Date. Our facilities comply with the GMP requirements in China and the EU. We conduct all the key manufacturing procedures in-house in order to monitor and control product quality at every step. Our manufacturing expertise and know-how combined with advanced technologies applied during our manufacturing process help ensure both high quality and efficiency of our production. Our comprehensive in-house manufacturing facilities ensure stable and consistent production to meet sales needs, enable quick responses to prototyping needs of new product concepts, and lessen our dependence on external suppliers, which help us to accelerate product registration and expand market reach in China and globally.

Commercialization capabilities evidenced by our track record with well-established distribution and KOL network

We have a proven track record of commercializing 9 products in China and overseas. Within two weeks since our two Core Products received NMPA approvals, they obtained manufacturing certificates and were ready for commercialization. As of the Latest Practicable Date, we had established an extensive distribution network with 23 domestic distributors who are authorized by us to cover over 1,500 hospitals across 22 provinces, 4 autonomous regions and 4 municipal cities in China. With our effective and extensive sales and marketing activities, our revenue increased from RMB4.9 million in 2019 to RMB27.6 million in 2020.

Our robust commercialization capabilities are driven by a dedicated in-house sales team with extensive expertise and clinical resources. Our sales and marketing team is led by industry veterans with 10 to 15 years of experience in both well-known multinational medical device companies and leading domestic companies, such as Johnson & Johnson, Medtronic, Abbott, Acotec, Endovastec, and MicroPort. In particular, the head of our sales and marketing team, Mr. Yang Xie, has more than 25 years of experience in the medical device industry and led the successful commercialization of multiple products while serving as the sales and marketing director in Johnson & Johnson. As of the Latest Practicable Date, we had established a sales and marketing team with 50 members led by Mr. Yang Xie with an average of approximately 10 years of experience in the medical device industry.

We employ a strategic offline and online integrated marketing model with a focus on academic marketing to increase market awareness and penetration of our products. To carry out offline marketing strategy, we frequently engage with physicians regularly to discuss the latest medical technologies, organize seminars and conduct on-site product demonstrations and education to build their familiarity with our products, promote wider adoption of our products, and discuss potential product enhancement. We have also been actively participating in a series of academic conferences in China, such as Oriental Conference of Interventional Neuroradiology (東方腦血管病大會) and China Intracranial Stent Special International Symposium (中國顱內支架專題國際研討會). We also have strong presence at international conferences and academic events, such as Leipzig Interventional Course (LINC) and joint conference of World Stroke Organization and European Stroke Organization (WSO-ESO), to further promote our products and brand name globally.

We implement an innovative online marketing strategy by collaborating with recognized social media platforms and through our company website and our WeChat official channels. We participated in educational symposia and case presentations on social media platforms that are specialized in vascular intervention such as 365heart.com and Neuro-Intervention News (神介資訊) to promote awareness of our products. Through the integrated strategy, we keep the public updated on the latest developments of our products and product candidates, publications of KOLs regarding the latest industry trend and feedbacks of our products.

Over the years, through our extensive sales and marketing efforts, we have established a well-known brand among KOLs and leading physicians and hospitals in China in the field of vascular intervention including vascular surgery, neurosurgery, neurology, interventional radiology and nephrology. In addition to promoting awareness and adoption of our products, our frequent communications and close collaboration with KOLs and physicians provide us with valuable feedback on our products, insight to industry trend and clinical needs which help guide our R&D progress and product advancement. We believe that our commercialization capabilities, close collaboration with KOLs, physicians and hospitals, established distribution network, extensive commercialization experience and our well-established reputation in the medical device industry in China will greatly benefit the future commercialization of our product candidates.

Seasoned and experienced management team with strong shareholder support

We are led by a world-class management team of seasoned industry executives with vast experience in leading medical device companies in China and globally. We benefit from their strong academic background and proven track record of successful development and commercialization of medical device. We believe our success to a large extent is driven by our management's leadership with global vision as well as local expertise in R&D, clinical trials, regulatory affairs, manufacture and commercialization of vascular interventional products.

Dr. Jonathon Zhong Zhao, our founder and chairman of the Board, has more than 25 years of experience in the pharmaceutical and medical device industries. Dr. Zhao is widely recognized as a world-class scientist and inventor in the field of drug/carrier formulation and coating, and medical devices with over 100 issued U.S., European, and Chinese patents, and was part of the team that developed the world's first coronary Drug-eluting Stent Cypher while at Johnson & Johnson. Dr. Zhao received a Ph.D. degree in Biomedical Engineering from The Johns Hopkins University in the U.S..

Dr. Zheng Li, our senior vice president, has over 10 years of industry experience of serving in multinational biotechnology companies. Prior to joining us, Dr. Li served as an engineer at increasing levels at international pharmaceutical companies, such as Medtronic PLC. Dr. Li received a Ph.D. degree in Mechanical Engineering from North Carolina State University in the U.S..

Mr. Yang Xie, our senior vice president, has more than 25 years of industry experience. Mr. Xie previously was the director of sales and marketing of Johnson & Johnson, vice president of Panshi Information Technology Co., Ltd., general manager of Shanghai Puwei Medical Instrument Factory Co., Ltd., and an investment partner of Milestone Capital, specializing in investments in the medical device and related industries. Mr. Xie received a master's degree in radio electronics from Fudan University and completed the Executive M.B.A. program in Washington University in St. Louis.

Dr. Ning Pan, our senior vice president, has an industry experience of over 15 years serving in multinational medical device companies, such as Johnson & Johnson where he was a principal engineer focusing on research and development of cardiovascular device implant and Boston Scientific Corporation where he was an engineering fellow responsible for the research and development of transcatheter aortic valve replacement. Dr. Pan served as a US expert on ISO/TC150/SC2/WG1, Cardiac valves, and WG3, Vascular prostheses technical committee for 8 years when the working groups developed ISO5840 cardiac valve series standards (WG1) and ISO 25539 endovascular device series standards (WG3). Dr. Pan received a Ph.D. degree in Mechanical Engineering from Stanford University in the U.S..

Mr. Quanwei Yuan, our chief financial officer, has corporate finance and capital market related experience of over 10 years. Mr. Yuan previously worked at renowned investment banks such as Credit Suisse Group AG, Deutsche Bank AG and Bank of America & BofA Securities. Mr. Yuan also served as an executive director and the chief financial officer for Souche Holding and as a vice president at Simcere Pharmaceutical Group Limited. Mr. Yuan received a master's degree in business administration from the University of Chicago. See "Directors, Supervisors and Senior Management" for more information on our senior management team.

In addition to our seasoned management team, we also benefit tremendously from the strong support of our Shareholders. Since our Company's establishment, we have received investments from industry-leading investors with extensive experience in managing and growing medical device companies, including Highlight Capital, OrbiMed Healthcare Fund Management and Lake Bleu Capital and AIHC Capital. We believe our renowned Shareholders are the testament to our success, and will fuel our continued growth with financial support and industry resources.

OUR STRATEGIES

We plan to implement the following strategies to achieve our mission and vision:

Further strengthen our commercialization capabilities to solidify our leadership in China

We plan to further strengthen our commercialization capabilities to accelerate sales of our approved product and late-stage product candidates. We will further deepen our collaboration with KOLs and physicians and continue to actively participate in academic promotion such as providing product education to physicians to further increase adoption of our products, and enhance recognition for our product offering and innovation. To increase penetration among our covered hospitals and enter into new hospitals, we expect to further expand the distribution network for both of our existing and future commercialized products by cooperating with additional distributors who have impressive sales records in high-growth regions in China. We plan to coordinate our sales and marketing team to support these distributors to reach their sales targets. In preparation for the sales expansion of our marketed products and upcoming commercialization of our product candidates at registration stage, we intend to further scale up our sales and marketing team by hiring additional experienced sales personnel.

We also endeavor to enhance our manufacturing capabilities to support the sales of our approved products and expedite the commercialization of our products candidates. We believe that the ability to cost-effectively manufacture high-quality products on a commercial scale is key to meeting the fast-growing market needs and capturing additional growth opportunities. We have completed construction of our new headquarters manufacturing facilities in Hangzhou with aggregate area of approximately 13,000 sq.m. We expect the new facilities in Hangzhou will be in operation by the end of 2021. In addition, we plan to expand the manufacturing facilities in Zhuhai to capture the market demand of our products, including Thrmobite CRD. We intend to build a new manufacturing site in Zhuhai with an aggregate area of approximately 20,000 sq.m., which is expected to enter into full operation by the end of 2022. We also plan to further enhance our manufacturing capacities by investment in automation to meet growing market needs.

Continue to accelerate product development and expand our product portfolio to provide total solutions

We believe our leadership is, and will continue to be, attributable to our successful development of a robust portfolio of complementary and advanced products. We will continue to accelerate product development and expand our product portfolio.

We currently have an extensive portfolio with 45 products and product candidates in different development stages. We plan to submit applications for NMPA approval for 6 products in 2021, and obtain NMPA approvals for 8 products in 2021 and obtain NMPA approvals for other candidates by 2025. We plan to accelerate the clinical trial and registration of such product candidates. We are currently conducting 9 clinical trials. We will leverage our close relationships with KOLs and leading hospitals to accelerate patient enrollment for our clinical trials. Some of our product candidates are eligible for clinical trial exemption under the Catalogue of Medical Devices Exempted from Clinical Trials (《免於進行臨床試驗醫療器械目錄》) issued by the NMPA. We will further strengthen enhance our development efforts in type testing, animal study and product registration for these exempted product candidates in order to further enrich our product portfolio.

In addition, we plan to expand our portfolio to cover more indications in neuro- and peripheral vascular areas and provide more effective solutions to patients and physicians, gradually increasing our market penetration. We plan to conduct further studies on our approved products, such as product improvements to realize whole-device imaging and indication expansion to cover pulmonary embolism and longer treatment window for Thrombite CRD, as well as material upgrade and indication expansion to cover pulmonary BTK indications, dialysis fistulae and vertebral artery stenosis for Ultrafree DCB. On the back of the breadth of our portfolio, we are confident to provide total solutions to the full spectrum of neuro- and peripheral-vascular diseases.

To further enhance our product development capabilities, we plan to expand our R&D team and improve execution efficiency throughout the development processes. We expect to hire additional R&D members with solid academic background and extensive industry experience in order to further accelerate our product development pace and expand our portfolio.

Further advance R&D capabilities to support our long-term growth

We plan to further enhance our R&D capability focusing on interventional solutions tailored for neuro- and peripheral-vascular diseases in China. We will continue to invest in technology innovations to support the development of next generation products. We also plan to improve our R&D efficiency leveraging our synergistic technology platforms in neuro- and peripheral-vascular fields.

To advance our R&D efforts, we plan to recruit more talents to strengthen our internal R&D teams. We intend to strengthen our collaboration with KOLs and leading physicians and hospitals to gain first-hand knowledge of current and unmet clinical needs, surgeons' preferences and clinical trends, in order to enhance the clinical utility of our products and therefore increase the market potential of our product candidates.

In addition, we may strategically collaborate with academic institutions or medical associations on developing new products to broaden our product portfolio. We also plan to complement our organic growth with prudent investment, acquisition or partnership. Particularly, we plan to opportunistically acquire product candidates which have advanced technologies or have synergies with our existing research and development infrastructure. To pursue such opportunities, we will explore suitable investment and partnership arrangements, including establishing strategic alliances, joint ventures and in-licensing relationships. We believe that our extensive industry knowledge and R&D expertise, and proven product development speed will not only empower us to promptly identify and capture potential targets to enhance our R&D capabilities, but also make us a more desirable acquirer or partner than our competitors. As of the Latest Practicable Date, we had not identified any specific investment or acquisition targets.

Further develop our integrated platform and enhance operational efficiency

We plan to further streamline our integrated platform with comprehensive R&D, manufacturing and commercialization capabilities. With our continuously growing operation scale, we will further centralize and unify our management in procurement, clinical trial, registration, manufacturing and quality control, in order to enhance our overall operational efficiency.

We believe that manufacturing capability and quality control are critical to the expansion of our product portfolio. Our manufacturing facilities in Hangzhou are expected to be in full operation in October 2021, which will enhance our manufacturing capacity and help further centralize our procurement and production processes. We plan to strengthen our production efficiency by streamlining supply chain management, quality control systems and reducing raw material and processing costs. We intend to continue in-house production for all our future marketed products.

With the successful registrations for 8 products and our regulatory experience with the NMPA registration process and CE Mark, we plan to further implement centralized product registration management which allows us to share such experience among various registration processes and to reduce the costs and time involved in the clinical trial and product registration for our product candidates.

We plan to enhance the core competency of every aspect of our integrated platform, from R&D, manufacturing to commercialization, which in turn will further promote the overall competitiveness of our Company. We aim to upgrade from an R&D-driven company to a full-powered integrated platform. We will maximize the synergy effect of our integrated platform to rely on the revenue from our commercialized products and other resources to support the development and commercialization of our other product candidates, which in turn will generate more revenue thereby mitigating the uncertainties and risks involved in the development of innovative medical devices and ensure sustainable growth.

Selectively expand our global footprint

During the Track Record Period, we have obtained CE Mark for 6 products and commercialized 4 products in Europe, including Thrombite CRD, peripheral stent system, PTA balloon catheter and HP PTA balloon catheter. Leveraging our successful overseas registration and sales experiences, we intend to pursue geographical expansion in selected markets based on different product demands, adopting tailored strategies to commercialize our products in different target jurisdictions, including joint development, granting commercial rights to third parties and cooperation with distributors. We hold global rights of our products and product candidates through patent registration and protection over proprietary technologies. We may enter into partnership arrangements to expand our market coverage and maximize the global value of our products. In particular, we have considered the geographical distance, disease similarity, regional competitive landscape of medical device, and local regulatory conditions for our plan to expand geographical coverage. While we currently do not have immediate plan to enter into new markets outside of China and Europe, we plan to expand our neurovascular line in East Asian countries in the next three years, including Japan, Singapore, Korea and Indian, and expand our peripheral-vascular line in India, Singapore and Malaysia. In the longer term, we will also seek development in larger markets such as Mexico, Columbia and Argentina.

To promote our brand name overseas, we plan to become a regular and long-term participant of LINC and join more prominent international medical conferences and industry exhibitions such as World Live Neurovascular Conference, and conferences held by European Stroke Organization and World Stroke Organization. We plan to leverage our brand name in China and high product quality to promote our brand awareness and build our reputation among influential KOLs and major medical associations globally. Led by our management team's global vision and leveraging our proven R&D, manufacturing and commercialization capabilities, we may also strategically import advanced technologies, invention patents and product prototypes from overseas or collaborate with overseas companies to co-develop products to expand our global footprint.

OUR PRODUCT AND PRODUCT PIPELINE

Since the inception of the Company, we have adopted and executed our strategic business model of developing medical devices and solutions with advanced features with a focus on underpenetrated neurovascular and peripheral-vascular interventional market. Our product candidates are selected and developed in-house, and we hold global rights of our self-developed products and product candidates through patent registration and protection over proprietary technologies.

As China's leading interventional medical device company in developing minimally invasive vascular interventional medical devices, we have built a comprehensive product portfolio including neurovascular and peripheral -vascular interventional surgical devices. We have a total of 45 products and product candidates including 11 approved products in China and overseas[(1)], including two of our Core Products, Thrombite CRD and Ultrafree DCB, which we are further developing to upgrade their features and indication coverage so as to bring two additional Core Products to commercialization in the regulated market, and 37 product candidates to be launched in China by the end of 2025. Our comprehensive portfolio consists of 21 neuro-vascular products and product candidates, 22 peripheral-vascular products and product candidates, and 2 vascular closure device candidates. We currently mainly target the China market and do not have immediate plan to enter into new markets outside China and Europe. We expect to launch another 5 products in 2021, 9 in 2022, 4 in 2023, 13 in 2024 and 5 in 2025 in China.

Our product candidates are subject to approval by relevant authorities, such as the NMPA and the EMA, before commercialization in relevant jurisdictions. For details, see "Regulatory Environment." We believe that as of the date of this Document, we had not received any material comments or concerns raised by the relevant regulatory authorities with respect to our Core Products that we are not able to address in a timely manner, and we believe we are on track to file for approval related to our product candidates as described in "– Our Product and Product Pipeline." Both of our Core Products and our five major product candidates are Regulated Products for the purpose of Chapter 18A of the Listing Rules.

(1) including 5 products approved in both China and Europe, 3 products approved in China only and 3 products approved in Europe but still in development stage in China

OUR NEUROVASCULAR PRODUCTS

Our Ischemic Neurovascular Products

Thrombite Clot Retriever Device ("Thrombite CRD") – Our Core Product

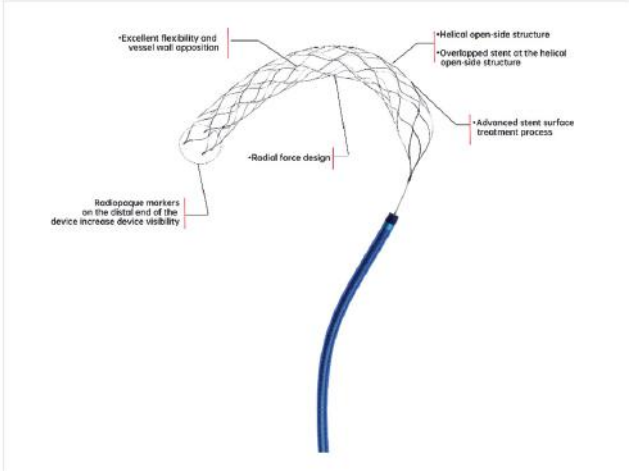
Overview

Our Thrombite CRD is a minimally invasive device to capture and remove clots blocking blood vessels to treat neurovascular diseases such as acute ischemic stroke (AIS). We commenced the clinical trial for Thrombite CRD in October 2016 and completed such clinical trial in October 2019. We received the registration certificate of Class III medical device from the NMPA in September 2020. We commercialized Thrombite CRD in China in September 2020. We currently mainly target the China market for Thrombite CRD. We also obtained CE Mark in January 2020 and started commercialization of Thrombite CRD in Europe in May 2020. For more details of customers and distribution channels, please see "Business – Sale and Marketing" and "Business – Customers".

Product Structure

Thrombite CRD is comprised of a self-expanding and shape-memory nitinol stent and a delivery system with a push wire wrapped in an introductory sheath. The stent is firstly compressed in the introductory sheath. After the delivery system deployed the stent into the target blood vessel through the supporting catheter, the stent is able to expand and catch the clot upon release from the catheter. It has radiopaque markers at both the proximal and distal ends to allow fluoroscopic visualization, which helps the physician to accurately position the stent retriever to capture the thrombus.

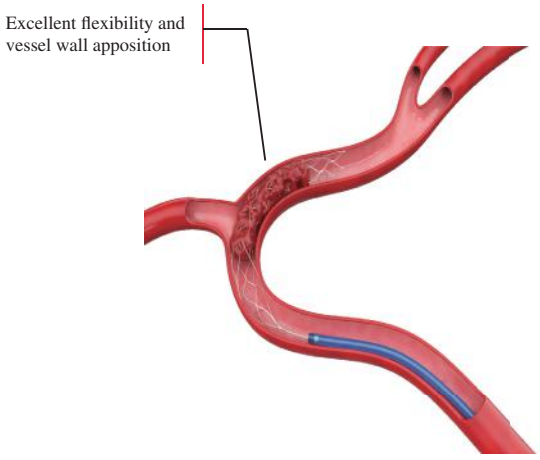
We have developed various specifications with different lengths and diameters for the stent, allowing physicians to choose the stent with proper length and size in accordance with occluded blood vessel diameter and thrombus size. The following graph illustrates the product structure of Thrombite CRD.



Source: Company data

Operation Procedure

The procedure can be performed with general anesthesia or under conscious sedation in an angiographic room. During a clot retrieval thrombectomy, the physician first determines the occluded location of the blood vessel using the angiography. The physician then inserts a set of delivery catheters, typically including a guiding catheter and a microcatheter, and places the guiding catheter up to the carotid artery in the neck and then uses the microcatheter inside the guiding catheter to reach the occluded segment and pass through the clot. The stent retriever, compressed within the introductory sheath, is then inserted into the microcatheter and delivered to the occluded segment. The physician uses the delivery wire to hold the stent position and withdraws the microcatheter to unsheathe the stent, letting it to open and expand outward to pierce through and capture the thrombus. The physician can monitor the position of stent's markers to ensure that the stent is fully open. The physician then pulls back the stent retriever with the captured clot as shown in the graph below.



Source: Company data

Summary of Clinical Trial Results

We completed a multi-center, single-blind, randomized and non-inferiority trial in China in October 2019 to evaluate the efficacy and safety of Thrombite CRD, as compared to a market-leading commercialized clot retriever device developed by an international medical device company (the comparable product). The procedures for the trial were completed in 17 centers, with Changhai Hospital, a Class III Grade A hospital specializing in neurovascular diseases, as the leading principal investigative institution. A total of 217 eligible subjects were enrolled in the trial and randomly assigned to the Thrombite group (who used Thrombite CRD) and the control group (who used comparable product), with 107 and 110 subjects in the respective group. The results showed that Thrombite CRD is comparable in efficacy and safety measures in every category as compared to the comparable product.

- Efficacy:

  - The primary endpoint is the recanalization rate of blood vessels among subjects. Angiography was performed to assess the recanalization level of the target vessels. The criteria for successful recanalization is that an mTICI score of grade 2b and grade 3 is granted indicating an almost complete restoration of blood flow in the treatment vessel. The Thrombite group had a recanalization rate of 92.3%, as compared to the recanalization rate of 84.8% in the control group. The results confirmed the superior efficacy of Thrombite CRD to the comparable product as judged by the instant recanalization rate. The results are statistically different in favor of Thrombite CRD.

  - The secondary endpoints of the trial include, among others, NIHSS score at 24 hours and 7 days, ratio of patients with 90 days post treatment mRS score between 0-2, success rate of device deployment and procedural success rate. There was no statistical difference in the secondary endpoints for the two study groups.

The table below shows the detailed results of the primary and secondary efficacy endpoints:

Primary Endpoint		**Thrombite group**	**Control group**
Recanalization rate of blood vessels		92.3%	84.8%
Secondary Endpoints			
NIHSS score	**At 24 h**	10.03 ± 7.13	10.02 ± 7.89
	At 7 days	7.55 ± 6.89	7.26 ± 7.09
mRS score (ratio of patients with 90 days post treatment mRS score between 0-2)		1.92 ± 1.43 (67.8%)	1.78 ± 1.47 (73.6%)
Device Performance	**Successful Push Rate**	97.5%	99.2%
	Successful Retrieval Rate	99.2%	96.8%

Notes:

NIHSS score: the National Institutes of Health Stroke Scale, a tool used by healthcare providers to objectively quantify the impairment caused by a stroke. The NIHSS is composed of 11 items, each of which scores a specific ability between a 0 and 4. For each item, a score of 0 typically indicates normal function in that specific ability, while a higher score is indicative of some level of impairment. The maximum possible score is 42, with the minimum score being a 0.

mRS score: the modified Rankin Scale, a commonly used scale runs from 0-5 (from fully independent to death) for measuring the degree of disability or dependence in the daily activities of people who have suffered a stroke or other causes of neurological disability.

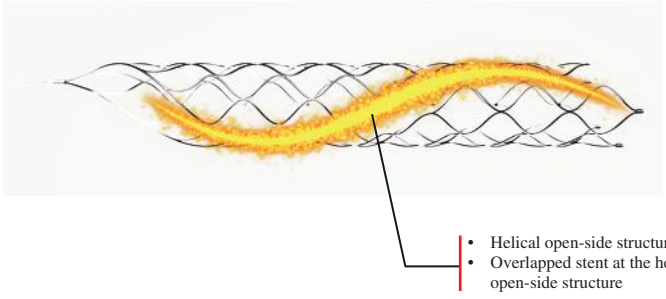
- Safety

  - The safety endpoints include the rate of symptomatic intracranial hemorrhage (ICH) and subarachnoid hemorrhage at 24 hours, adverse effect (AE) and serious adverse effect (SAE), incidence of device defects, rate of non-symptomatic intracranial hemorrhage at 24 hours, mortality rate at 24 hours, brain hernia, symptomatic and non-symptomatic cerebral hemorrhage. AE refers to the adverse medical events that occurred during the clinical trial, but not necessarily related to the trial device. Only the AE and SAE in Thrombite group, only 1.9% of AE was device-related and 0% of SAE was device-related. There was no statistically significant difference in the incidence of AEs and SAEs between the two study groups. The safety endpoints monitored in the clinical trial together confirmed the safety of Thrombite CRD. The table below sets out the details of safety endpoints results:

Endpoints	Thrombite group	Control group
Rate of symptomatic ICH at 24 hours	1.9%	5.0%
Subarachnoid hemorrhage at 24 hours	35.3%	47.1%
Incidence of SAE	41.1%	39.1%
Incidence of AE	96.3%	96.4%
Rate of device defects	0%	0%
Rate of non-symptomatic intracranial hemorrhage at 24 hours	15.0%	12.0%
Mortality rate at 24 hours	1.0%	2.9%
Brain hernia	8.5%	9.7%
Symptomatic and non-symptomatic cerebral hemorrhage	17.0%	17.0%

Competitive Advantages

As shown in the figure below, Thrombite CRD has an S-shape open-side structure with orderly and staggered arrangement along the spiral direction, which ensures stronger ability to tangle the thrombus. In the stent's circled shape, the spirally rising structure of Thrombite CRD can better capture the clot. Compared to most competitor products of Thrombite CRD on the market share the feature that all grids at the open side are arranged in a straight line in the longitudinal direction, this structure can wrap the embedded clot more tightly with less possibility to fall off.



In addition, Thrombite CRD has 16 product codes of different lengths and diameters, which is the most comprehensive in the market. We offer smaller diameter (3mm), compared to the normally 4 mm stent, and longer length (30mm), compared to the usual length (20mm) at the 4mm diameter of other similar products in China, which is able to fit into more sizes of blood vessels in order to be used under various complex medical conditions. According to Frost & Sullivan, it is also the only domestic stent retrieval device with an invention patent for its innovative open-side and spirally rising structure.

Market Opportunity and Competition

Acute ischemic stroke (AIS) is responsible for almost 90% of all strokes. AIS, caused by thrombotic or embolic occlusion of a cerebral artery, is characterized by the sudden loss of blood circulation to an area in the brain, resulting in a corresponding loss of neurologic function. With the growing and aging population, the number of new cases of acute ischemic stroke (AIS) is increasing steadily. The incidence of AIS in China grew from 2.8 million in 2015 to 3.4 million in 2019, and is estimated to reach 5.8 million in 2030 with a CAGR of 5.0%.

The number of ischemic stroke treatment procedures in China increased from 13.5 thousand in 2015 to 45.8 thousand in 2019 and is estimated to further increase to 881.3 thousand in 2030, at a CAGR of 30.8% from 2019 to 2030.

As of the Latest Practicable Date, there were 12 major marketed clot retriever devices in China, which were manufactured by four international companies and four domestic companies**.** For more details, see "Industry Overview – Ischemic Neurovascular Disease and China Ischemic Stroke Neuro-interventional Device Market".

Further Development Plan

Post-approval Study

We plan to voluntarily initiate a further clinical study of the Thrombite CRD in one year in combination with our BGC to prove the favorable efficacy in intracranial clot retrieval over separate usage of Thrombite CRD, including decreased incidence of distal embolization of small thrombus and improved prognosis. We expect to enroll 200 to 300 AIS patients with large vessel occlusion for this study, which will last for 2 to 3 years. We are currently in discussion with KOLs and CROs to improve the study design. We plan to initiate the study as soon as our BGC receives NMPA approval, which is expected to be in the second half of 2021.

Product Improvement

We plan to improve the X-ray visibility of Thrombite CRD by adding 2 to 4 platinum iridium wires based on its current structure to realize whole-device imaging and further improve the precise positioning and tracking of the device during the deployment process, thus enhancing the procedure success rate. We are currently finalizing the design of this product upgrade, which is expected to take 6 to 12 months. Once the design is finalized, we plan to initiate communications with the NMPA for the next steps, including key elements and design of the clinical trial, which depends on NMPA's determination on the impact of the upgrade on the functions and designs of our current Thrombite CRD. We expect this product upgrade process may take 2 to 4 years.

Indication Expansion

We plan to expand the indications of Thrombite CRD to a treatment window of 8-20 hours after the stroke from the current treatment window of up to 8 hours after the stroke, to further increase the competitiveness of Thrombite CRD. We expect to conduct a clinical trial to obtain the NMPA approval of this indication expansion. We are working on the design of the study on this indication expansion of Thrombite CRD and evaluating the potential principal investigators, which we expect to take approximately one year. Upon availability of the final study design, we plan to initiate communications with the NMPA for the next steps, including key elements and design of the clinical trial, which depends on NMPA's determination on the impact of such indication expansion on the functions and designs of our current Thrombite CRD. We expect the study on this indication expansion may take 2 to 4 years.

We also plan to expand the indications of Thrombite CRD to patients with pulmonary embolism. We are currently modifying the Thrombite CRD to make it better suit pulmonary blood vessels. We are working on the design of the study on this indication expansion which we expect to take 10 to 18 months. After finalizing the study design, we will initiate type testing process, which will generally take 9 to 12 months. We expect to conduct additional animal studies and a clinical trial to obtain the NMPA approval of this indication expansion. We plan to enroll 200 to 300 subjects for the clinical trial, which may take 3 to 4 years. We will discuss with KOLs and CROs in the second half of 2021 regarding the trial plan. We expect to launch Thrombite CRD with new indication for pulmonary embolism beyond 2025.

Based on the consultation with the MPA, as advised by our PRC Legal Advisor, the indication expansion of Thrombite CRD will be recognized and regulated by the NMPA. Our future indication expansion of Thrombite CRD will comply with applicable regulations.

Our Hemorrhagic Neurovascular Products

Neurovascular embolization coils

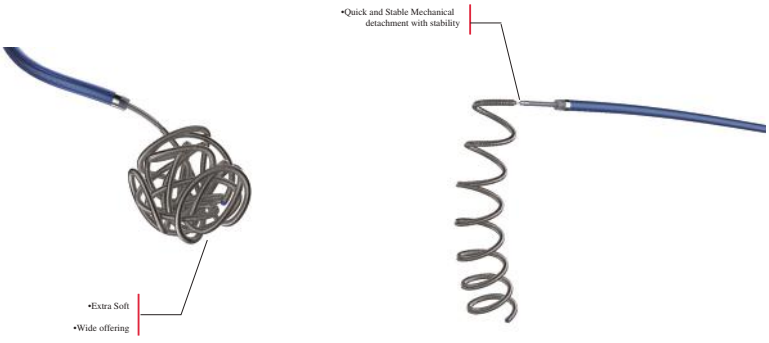
Overview

Our neurovascular embolization coils are a set of flexible coils used in the endovascular coiling procedure, which is a minimally invasive technique using a catheter to reach the aneurysm in the brain, displace the coils to block the blood flowing into the aneurysm, thus reducing the risk of aneurysm rupture. We have completed a multi-center, single-blind and non-inferiority clinical trial for our neurovascular embolization coils and submitted the registration application to the NMPA in August 2020. We expect to receive NMPA approval in the fourth quarter of 2021 and commercialize our neurovascular embolization coils in China subsequently. We currently do not have immediate plan to develop this product outside the China market.

Product Structure

Our neurovascular embolization coils are comprised of a coil and a delivery system. A catheter is used to carry and deploy the coils to the aneurysm. The delivery system has radiopaque markers to allow fluoroscopic visualization, which enables the physician to accurately navigate the catheter to the aneurysm opening. After the coil is fully displaced in the aneurysm, the delivery system is detached from the coil and can be retracted easily through the catheter. The coils are made of Platinum-Tungsten alloy, which is soft enough to fit into the aneurysm with little risk to cause its rupture.

We have developed nearly 100 specifications with different lengths and diameters of the coil, allowing physicians to accommodate more aneurysm of different sizes. The following graph illustrates the product structure of our neurovascular embolization coils:



Source: Company data

Operation Procedure

In an endovascular coiling procedure, the physician puts a catheter into the large artery in the patient's groin, and advances the catheter through the patient's arteries until it reaches the aneurysm. Through the catheter, the physician uses a microcatheter to introduce the delivery system carrying the coil and navigate it to the aneurysm. The coil will wind up and cause a blood clot to form inside the aneurysm, which will block off the blood flow into the aneurysm. The graphs below demonstrate the endovascular coiling procedure. The physician then detaches the coils from the delivery system through instant mechanical detachment mechanism and retracts the delivery system.

Source: Literature Review, Frost & Sullivan Analysis

We have completed a multi-center, single-blind non-inferiority trial in China to evaluate the efficacy and safety of the our neurovascular embolization coils. The procedures for the trial were completed in 11 centers and enrolled a total of 256 subjects, with Changhai Hospital, a Class III Grade A hospital specializing in neurovascular diseases, as the leading principal investigative institution. In conclusion, the comprehensive trial results demonstrated non-inferiority as compared to a market-leading commercialized neurovascular embolization coil developed by an international medical device company (the comparable product). We have submitted the registration application to the NMPA in August 2020.

- Efficacy:
  - The primary endpoint is the successful vascular occlusion rate at 6 months among subjects. The neurovascular embolization coils group (who used our neurovascular embolization coils) group showed a rate of 86.05%, as compared to 85.83% in the control group who used comparable product.
  - The secondary endpoints of the trial include, among others, the successful vascular occlusion rate immediately after the procedure, recurrence rate at 6 months, success rate of device deployment and ratio of patients with 6/12 months post treatment mRS score between 0-2. There was no statistically significant difference in the secondary endpoints for the two study groups.

◦ The table below sets out the details of primary and secondary efficacy endpoints results:

Primary Endpoint		**Our neurovascular embolization coil group**	**Control group**
Successful vascular occlusion rate at 6 months		86.05%	85.83%
Secondary Endpoints		**Our neurovascular embolization coil group**	**Control group**
	At 6 months		
mRS score (ratio of patients with 6/12 months post treatment mRS score between 0-2)	**0**	84.75%	88.60%
	1	13.56%	11.40%
	2	1.69%	0%
	At 12 months		
	0	89.38%	91.23%
	1	9.73%	8.77%
	2	0.88%	0%
Successful vascular occlusion rate immediately after the procedure		86.61%	78.40%
Recurrence rate at 6 months		3.51%	1.79%
Success rate of device deployment		98.96%	98.52%

- Safety:

  - The safety endpoints include, but not limited to, AE and SAE, and incidence of device defects. There was no statistically significant difference in the incidence of AEs and SAEs, or incidence of device defects between the two study groups, which confirmed the safety of our neurovascular embolization coils.

Competitive Advantages

Compared to other major coils on the market, our neurovascular embolization coil is softer and imposes minimal pressure to the aneurysm wall, thus reducing the risk to cause aneurysm rupture or other damage, and is also easier to detach from delivery system with our unique mechanical detachment technology with a pending patent application. Compared to traditional electrolytic detachable coils, the detachment of mechanical detachable coils is instant and there is no need of other special instruments to assist its detachment.

In addition, we offer more choices of different lengths and diameters for the coils. The sizes of our neurovascular embolization coils span from 1mm to 25mm in diameter and 1mm to 50 mm in length, including half sizes such as 2.5mm and 3.5mm, covering treatment for many types of aneurysm. Most other detachment coils in the current market do not provide 1mm*1mm size or half sizes. Our neurovascular embolization coils enable more precise and fine-tuned applications.

Market Opportunity and Competition

The prevalence of unruptured intracranial aneurysm has been estimated to be about 2% in the general population. The prevalence of intracranial aneurysm in China was 51.1 million in 2019 and is estimated to increase to 57.9 million in 2030.

The number of intracranial aneurysm interventional procedures in China increased from 30.6 thousand in 2015 to 60.0 thousand in 2019 and is estimated to further increase to 443.7 thousand in 2030, at a CAGR of 19.9% from 2019 to 2030.

As of the Latest Practicable Date, there were 21 major marketed intracranial aneurysm embolization coils in China, which were manufactured by five international companies and four domestic companies, and 8 intracranial aneurysm embolization coil candidates under clinical or registration stage in China, which are being developed by two international companies and one domestic company. For more details, see "Industry Overview – Hemorrhagic Neurovascular Stroke and China Intracranial Aneurysm Interventional Device Market".

Further Development Plan

We plan to upgrade our neurovascular embolization coils to improve the basket-forming performance of coils, and to enhance their shape retention ability through improvements in material selection and processing techniques. We also plan to develop more sizes of our neurovascular embolization coils to be used in combination with the flow diverter to achieve better procedure efficiency for intracranial aneurysms.

WE MAY NOT BE ABLE TO ULTIMATELY MARKET OUR NEUROVASCULAR EMBOLIZATION COILS SUCCESSFULLY.

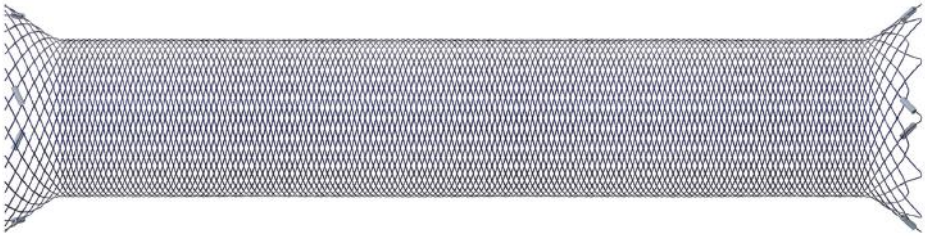
Flow diverter

Overview

Our flow diverter is important in endovascular treatment of intracranial aneurysms. It has an optimized metal and mesh coverage, which is capable of changing the hemodynamics in the target artery and promoting formation of the thrombosis inside the tumor cavity and repair of the vascular intima at the tumor neck. Pre-clinical data has supported feasibility, safety and preliminary efficacy of our flow diverter on rabbits. We have obtained approval from the ethics committee of the principal investigator's hospital, and we expect to initiate patient enrollment by the end of the second quarter of 2021 for a multi-center, single-blind and non-inferiority clinical trial in China. We expect to complete the clinical trial by the end of 2023 and currently do not have immediate plan to develop this product outside the China market.

Product Structure

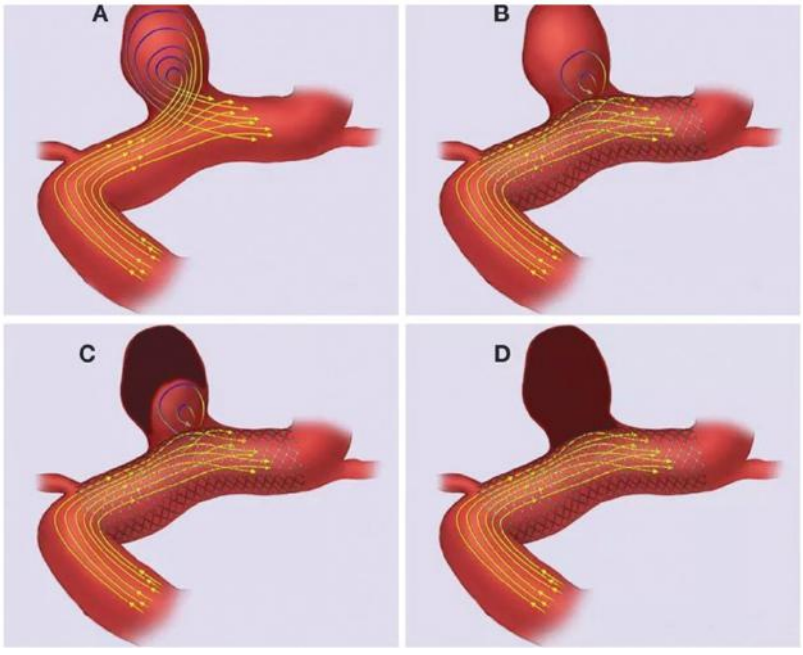
Our flow diverter is a self-expanding stent system, which is comprised of a stent and a delivery system. The stent is made of deformable material and releasable in a self-expanding manner, and is compressed in a protective sheath before use. The delivery system consists of a conveying guide wire and an introduction sheath. The conveying guide wire is provided with a proximal radiographic ring and a distal spring ring for positioning and marking the stent. The following graph illustrates the product structure of our flow diverter.



Source: Company data

Operation Procedure

During the embolization procedure, the physician uses standard interventional radiographic technique to place the microcatheter at the aneurysm opening, and then advances the compressed our flow diverter into the microcatheter. After the microcatheter navigates the our flow diverter to the aneurysm opening site, our flow diverter is released from the sheath. The stent is fully resheathable to be repositioned and redeployed when the distal spring ring is retracted completely inside the microcatheter. The dense mesh of the stent greatly reduces the blood flow into the aneurysm and causes the embolization inside the aneurysm, leading to its occlusion. The graph below shows the operation procedure of our flow diverter.



Notes:

A. Blood flow inside aneurysm;

B. Our flow diverter changing blood flow after implantation;

C. Embolization in aneurysm;

D. Occlusion of aneurysm

Summary of Pre-Clinical Study Results

A study on rabbits was completed in November 2020 to investigate the feasibility, safety and efficacy of our flow diverter. The study was based on the establishment of wide-necked aneurysm model induced by elastase on rabbits, because the aneurysm induced by elastin in the right common carotid artery of rabbits is similar to human intracranial aneurysm in morphology, hemodynamics and histopathology.

- *Feasibility*: the feasibility of our flow diverter was evaluated by multiple parameters, including the smoothness to implant the stent, the visibility of importing and releasing of the stent system under X-ray, the accuracy of placing the stent in the target lesion location and the easiness to retract the stent and conveying system. Participating doctors rated each parameter from a scale of 1 to 5, with 5 representing the highest level of satisfaction. All parameters were rated 5, evidencing the feasibility of our flow diverter.

- *Safety*: the safety of our flow diverter was evaluated by parameters including the patency of branch vessels covered by the stent, whether the implantation of stent would cause stenosis of intracranial artery, and other adverse events such as vascular occlusion, perforation or peeling of blood vessel wall and vasospasm. Participating doctors rated each adverse event parameter from a scale of 1 to 5, with 1 representing the lowest level of seriousness. Results showed no obstruction to any branch vessels covered by the stent, and the level of post-surgery stenosis of intracranial artery was within the lowest range of 0%-25% in all 6 tests. In addition, all adverse event parameters were rated 1, supporting the safety of our flow diverter.

- *Efficacy*: the efficacy of our flow diverter was evaluated by parameters including aneurysm occlusion, stent coverage of aneurysm neck and aneurysm relapse. Results showed complete coverage of aneurysm neck, effective aneurysm occlusion and no relapse after 90 days from the surgery, demonstrating preliminary efficacy of our flow diverter.

Competitive Advantages

While the competitor flow diverters on the market or in development typically have a few imaging wires for fluoroscopic visualization of the stent during procedures, every wire of our flow diverter is wrapped with imaging wires, which enables the physician to accurately position and deploy the stent at the site of aneurysm.

The distal end of our flow diverter is close-loop using loop-weaving technologies, as compared to other major flow diverters in the market using open-loop stents. The close-loop feature can reduce the irritation and damage to the blood vessels upon release.

While many other flow diverters in the market are of the same width throughout the stent body, both ends of our flow diverter are specially designed to be slightly wider as shown in the above graph, ensuring full adherence to the vessel wall to support the embolization process.

Market Opportunity and Competition

Flow diverter stent is a new kind of stent with high mesh density, which increases the metal coverage of the aneurysm neck. It can induce thrombosis in the aneurysm by interfering with the hemodynamic changes in the neck of the aneurysm and in the aneurysm, which can achieve a thorough and lasting embolization effect.

As of the Latest Practicable Date, there were 4 marketed flow diverter stents in China, which were manufactured by two international companies and one domestic company, and 2 flow diverter stent candidates in clinical stage in China, both of which are being developed by domestic companies. For more details, see "Industry Overview – Hemorrhagic Neurovascular Stroke and China Intracranial Aneurysm Interventional Device Market".

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR FLOW DIVERTER SUCCESSFULLY.

Other Neurovascular Products

We have another 18 neurovascular product and product candidates, among which 1 has launched in China. In March 2021, we obtained NMPA approvals for Intracranial PTA balloon catheter (Rx) and Distal Access Catheter, respectively. We expect to start commercialization of these two newly-approved products by the end of the second quarter of 2021. In June 2021, we obtained NMPA approval for Balloon Guiding Catheter (BGC) and we expect to start commercialization in the third quarter of 2021. We expect to launch another 6 neurovascular products in 2021, 4 in 2022, 2 in 2023, 2 in 2024 and 3 in 2025 in China. We currently do not have immediate plan to develop these products outside the China market.

Launch or expected launch year in China	Indication	Candidate name	Design features and application	Exemption from clinical trial requirement	Current stage of development	Expected time for completion of the current stage
2021	AIS	Balloon Guiding Catheter (BGC)	It is a large lumen catheter with a compliance balloon at the distal tip of the catheter. It is designed to facilitate the insertion and guidance of an intravascular catheter. It features various stiffness in different parts of the catheter which provides a combination of sufficient support and flexibility allowing the catheter to negotiate through torturous vessel to the target site. High compliance balloon at tip helps to stop blood flow at low inflating pressure, which is critical in neuro intervention procedure. The optimized three layer coaxial catheter wall design with a mixture of braided wire and polymer jacket enables catheter to have a sufficient large lumen while keeping the OD at low profile to accommodate 8F and 9F sheath.	Yes	Obtained NMPA approval in June 2021	–
2024	AIS	Aspiration Catheter	It is designed for the aspiration and removal of intracranial neurovascular and peripheral blood clots. It features 4F-8F multiple size options to meet the aspiration needs of different vessel segments. The nitinol spiral and stainless steel braided structure provides better flatness resistance.	No	Type testing	Q4 2021

Launch or expected launch year in China	Indication	Candidate name	Design features and application	Exemption from clinical trial requirement	Current stage of development	Expected time for completion of the current stage
2021	Ischemic stroke	Intracranial PTA balloon catheter (Rx)	It is designed for balloon dilation of the stenosis of intracranial arteries to improve intracranial perfusion. It features a mini-folding technology with small outer diameter to optimize the number of balloon folded. The soft and tapered head end design and the smaller size of the lesion lead make the balloon have an excellent ability to pass the lesion.	Yes	Obtained NMPA approval in March 2021	–
2022	Ischemic stroke	Intracranial PTA Balloon Catheter (OTW)	It is designed for balloon dilation of the stenosis of intracranial arteries to improve blood supply. It features Over-the-wire (OTW) design that tracks along the full length of the catheter to enhance successful placement.	Yes	Design	Q3 2021
2023	Ischemic stroke	Microcatheter for Intracranial Stent	It is designed for delivery of intracranial stenosis stents or other intracranial treatment devices. The micro-catheter provides a large inner cavity to reduce the push resistance of the stent and stable support to ensure smooth release of the stent.	Yes	Design	Q2 2021
2024	Ischemic stroke	Intracranial Drug Coated Balloon Catheter	It is designed for interventional treatment of patients with non-acute symptoms of intracranial atherosclerosis and improves vascular perfusion. It is based on improved Rx balloon catheter with better flexibility and pushability. The drug used in the coating is sirolimus (rapamycin) instead of the more commonly used paclitaxel.	No	Clinical (Multicenter, single-arm and objective)	Q4 2023
2025	Ischemic stroke	Intracranial Stent System	It is designed to increase the inner diameter of narrow blood vessels to treat patients suffering from TIA or stroke due to intracranial atherosclerotic stenosis. It features a grid design, providing optimal distribution of the radial force in the narrow part, and a hypotube design in the middle section of the conveying system, ensuring the smooth pushing to target vessel.	No	Type testing	Q1 2022

Launch or expected launch year in China	Indication	Candidate name	Design features and application	Exemption from clinical trial requirement	Current stage of development	Expected time for completion of the current stage
2021	Hemorrhagic stroke	Microcatheter for Coiling	It is designed for the delivery of interventional/diagnostic devices in the periphery and neurovascular. It features optimal angle retention at the tip to ensure the stability of the coil delivery.	Yes	Registrational	Q4 2021
2023	Hemorrhagic stroke	Microcatheter for Flow Diverter	The product is designed for the delivery of blood flow guides or other intracranial treatment devices in the intracranial nerves and blood vessels. It features a large cavity to reduce the pushing resistance of the stent. It also has a braided and spring coil enhanced design to provide stable support and ensure stable release of the flow diverter.	Yes	Design	Q2 2021
2025	Hemorrhagic stroke	Stent for Stent Assisted Coiling (SAC)	It provides support in the tumor-bearing artery prevent coil herniation into the tumor-bearing artery and recurrence aneurysm. It is made of imaging materials, which can realize wholebody imaging to ensure accurate deployment. It also features multiple strands of wire and woven to reduce the irritation of the stent to the blood vessel. The metal coverage of the stent is about 15%, which ensures the patency of the perforating blood vessels. It also features 0.017 inch delivery system, which allows the stent to reach more distal blood vessels.	No	Design	Q3 2021
Launched in October 2020	To assist device deployment	Intracranial Support Catheter	It is designed for delivery of interventional/diagnostic devices in intracranial nerves and blood vessels. It features a nitinol spiral and stainless steel braided structure with better flatness resistance, and a strengthened arch support design to provide stronger stability and support.	Yes	Obtained NMPA approval in September 2020 and launched in October 2020	–

Launch or expected launch year in China	Indication	Candidate name	Design features and application	Exemption from clinical trial requirement	Current stage of development	Expected time for completion of the current stage
2021	Clot retriever deploy	Microcatheter for Clot Retriever	It is used by physicians to selectively inject or inject control media and/or liquids and/or embolic materials, and/or appropriate devices (such as stents, coils) to the periphery and neurovascular. It features a stainless steel wire spiral reinforcement design to ensure smooth conveying of the stent.	Yes	Registrational	Q3 2021
2021	To guide interventional/ diagnostic instruments	Distal Access Catheter	It is used by physicians to guide interventional/diagnostic instruments in the peripheral, coronary and neurovascular systems. It features ultra-soft non-invasive tip, which can reach the carotid petrosal segment through tortuous vessels.	Yes	Obtained NMPA approval in March 2021	–
2021	To deliver interventional/ diagnostic devices	Distal Support Catheter	It is designed for delivery of interventional/diagnostic devices in the intracranial nerves and blood vessels. Its nitinol spiral and stainless steel braided structure has better flatness resistance.	Yes	Registrational	Q4 2021
2022	To assist device positioning	Neurovascular Guidewire	It is designed for routine intravascular applications, including neurovascular and peripheral blood vessels. It can be used to selectively guide and locate catheters and other interventional devices in the peripheral and neurovascular to establish percutaneous access for endovascular devices, or perform intravascular positioning. The tip is soft and the middle part provides good supports, ensuring both flexibility and supportability.	Yes	Type testing	Q4 2021
2022	Carotid artery dilatation	Carotid RX PTA Balloon Catheter	It is designed for treatment of carotid artery. It has a rapid exchange port that fits 0.014 guide wire. It is designed to have a reinforce wire that improves the pushability that helps physicians to advance the catheter to the designated therapeutic site. Optimized balloon catheter design ensures deflation time from 8 to 15 seconds.	Yes	Type testing	Q3 2021

Launch or expected launch year in China	Indication	Candidate name	Design features and application	Exemption from clinical trial requirement	Current stage of development	Expected time for completion of the current stage
2022	Ischemic stroke prevention	Embolic Protection System	It is designed for containing and removing embolic material (thrombus/fragment) during carotid angioplasty and stent implantation. Its structure ensures its close attachment to the blood vessel wall in curved blood vessels to avoid thrombus leakage.	Yes	Design	Q3 2021
2025	Artery stenting	Carotid Stent	It is designed for carotid atherosclerotic stenosis. The stent with double-layer woven dense mesh structure ensures sufficient support and excellent flexibility while minimizing the occurrence of plaque shedding.	No	Type testing	Q1 2022

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OTHER NEUROVASCULAR PRODUCTS SUCCESSFULLY.

OUR PERIPHERAL-VASCULAR PRODUCTS

Our Peripheral Arterial Products

Ultrafree™ Drug coated PTA balloon catheter (Ultrafree DCB) – Our Core Product

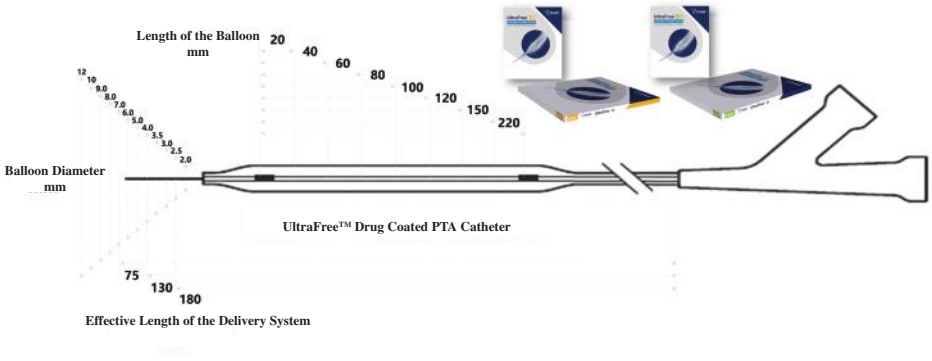
Overview

Ultrafree DCB is an interventional device designed for percutaneous transluminal angioplasty for patients with stenosis or occlusion in femoral artery and popliteal artery (except inferior knee artery). We commenced the clinical trial for Ultrafree DCB in November 2014 and completed such clinical trial in July 2019. We received the registration certificate of Class III medical device from the NMPA in November 2020. We subsequently commercialized Ultrafree DCB in China in December 2020. We currently mainly target the China market. We have also obtained CE Mark in October 2020 and plan to commercialize Ultrafree DCB in Europe by the end of the second quarter of 2021. For more details of customers and distribution channels, please see "Business – Sale and Marketing" and "Business – Customers".

Product Structure

Ultrafree DCB is comprised of a drug-coated balloon (DCB) and a catheter connected to a base of Y-shape hub. The DCB has radiopaque markers and is folded in a protective sheath before use. The DCB is coated with paclitaxel, which is evenly distributed on the surface of the effective balloon length with a surface drug concentration of 3μg/mm^2. Paclitaxel inhibits smooth muscle cell proliferation and intimal hyperplasia, thus helping maintain long-term patency rate of treated target vessels.

The catheter base is a Y-shape hub, with one end to inflate and deflate the balloon, and the other end to connect the guidewire. The radiopaque markers on the catheter carrying the DCB allow precise position and placement under fluoroscopic visualization. The distal end of Ultrafree DCB is smooth and tapered, which facilitates the delivery of the catheter to and through the narrowed blood vessel lesions. The following graph illustrates the product structure of Ultrafree DCB.



Source: Company data

Operation Procedure

During a percutaneous transluminal angioplasty procedure, the physician inserts a guidewire into the vessel and places it across the lesion and then advance the Ultrafree DCB on the guidewire to the lesion, making sure that the effective length of the DCB extend past the lesion at both proximal and distal edges. The physician then inflates the DCB through the Y-shape hub, letting the balloon of the DCB dilate between the stenotic section of the vessel and the paclitaxel drug coating come into contact with the vessel wall. The diffusion of the coated drug to the blood vessel lasts for 30 to 120 seconds, depending on the specifications of the lesion and the conditions of the patient. The physician can then deflate and retract the Ultrafree DCB from the patient's blood vessel.

Summary of Clinical Trial Results

We have completed a multi-center, single-blind and randomized trial in China to evaluate the efficacy and safety of Ultrafree DCB, as compared to another market-leading commercialized bare PTA balloon developed by an international medical device company (the comparable product). The procedures were carried out in 15 centers and completed in July 2019, with Peking Union Medical College Hospital, a Class III Grade A hospital specializing in neurovascular diseases, as the leading principal investigative institution. A total of 192 eligible subjects were enrolled and randomly assigned to the Ultrafree group who used the Ultrafree DCB and the control group who used comparable product, including 93 in Ultrafree group and 99 in the control group.

- *Efficacy*: The efficacy of Ultrafree DCB is evaluated primarily based on the late lumen loss (LLL) in target vascular disease segment at 6 months. LLL is the most commonly used measure of blood vessel diameter loss due to the recoil and subsequent renarrowing of the artery posttreatment. The results showed over 70% decrease in late lumen loss in patients in the Ultrafree group (0.50±0.82mm) as compared to the control group (1.69±0.87mm). Improved efficacy is also reflected in the secondary indicators shown in the chart below, such as improved target vessel restenosis rate at 6 months, and target lesion revascularization rate. The most commonly used measures of lower limb health, such as Rutherford score and ABI, also showed improved results in the Ultrafree group.

Primary Endpoint	**Ultrafree group**	**Control group**
Late lumen loss in target vascular disease segment at 6 months	0.50±0.82mm	1.69±0.87mm
Secondary Endpoints	**Ultrafree group**	**Control group**
Target vessel restenosis rate at 6 months	21.13%	73.61%
Target lesion revascularization rate (TLR)	6.45%	20.20%
Target vessel revascularization rate (TVR)	8.60%	22.22%
Device success rate	100%	100%
Technical success rate	95.7%	83.84%
Procedure success rate	93.75%	80.28%
Stent remedial treatment rate	6.45%	17.17%
Rutherford rating at 6 months as compared to baseline		
<0, n(%)	63(87.50)	55(77.46)
=0, n(%)	9(12.50)	10(14.08)
>0, n(%)	0(0.00)	6(8.45)
ABI (ankle/brachial index) before discharge (Mean ± standard deviation)	0.88±0.20	0.90±0.19
ABI (ankle/brachial index) at 6 months (Mean ± standard deviation)	0.89±0.27	0.78±0.28

Notes:

Rutherford rating: the Rutherford classification is the most commonly used measure grading system for measuring the severity of chronical arterial occlusive disease for the purposes of standardized reporting practice. Symptomatic disease is stratified into 6 categories, with 0 indicating no symptom, and increasing score indicating more and more severe conditions such as moderate claudication to 6 as major tissue loss.

ABI index: the Ankle Brachial Index (ABI) is the systolic pressure at the ankle, divided by the systolic pressure at the arm. It has been shown to be a specific and sensitive metric for the diagnosis of Peripheral Arterial Disease (PAD). Normal people have a range of 0.9-1.3, with lower score indicating progressively worsening situation of the patients.

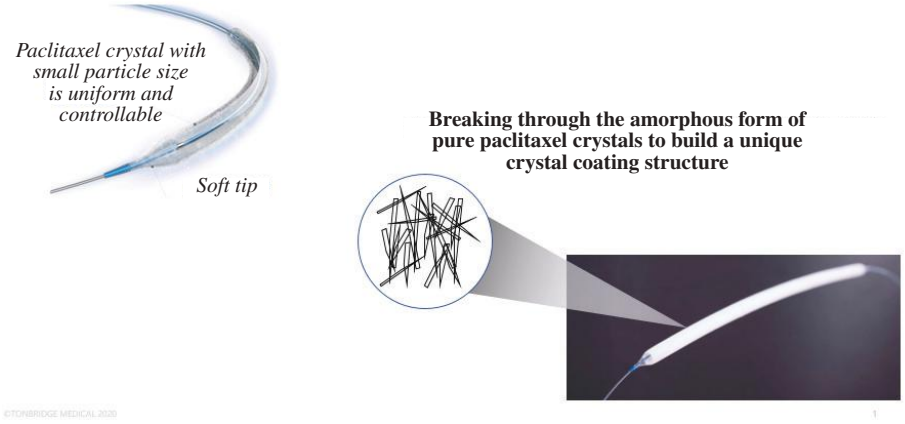
- *Safety*: The safety endpoints include trial-related mortality, amputation of the target lesion above the ankle, re-intervention of lesion limb and incidence of device defects. The table below sets out the details of safety endpoints results, suggesting Ultrafree DCB is considered to be equivalent in all safety measures monitored as compared to the comparable product:

Endpoints	**Ultrafree group**	**Control group**
Trial-related mortality n(%)	0(0.00)	0(0.00)
Amputation of the target lesion above the ankle n(%)	0(0.00)	3(3.03)
Re-intervention of lesion limb n(%)	8(8.60)	23(23.23)
Incidence of device defects n(%)	0(0.00)	0(0.00)

Competitive Advantages

Similar to most competing DCB products, Ultrafree DCB uses paclitaxel in the coating to prevent restenosis. The key differentiating feature of Ultrafree DCB is that a carrier-free microcrystalline state coating of paclitaxel is applied on the balloon surface through a proprietary ultrasonic coating technology. This patented processing technology enables better control of the uniformity and size of small paclitaxel particles on the balloon surface. Smaller particle size results in larger surface area of the particles, which improves surface adsorption and provides better adherence to the balloon. Such small particles are also less likely to cause embolization of downstream small arteries and hence a better product safety profile.

Compared to the major competing DCB products using hydrophilic substance as carrier, paclitaxel crystals on our DCB are in a stable crystalline state with better adherence to the balloon and thus help reduce the drug loss during the transport in the vessel. Our Ultrafree DCB has been manufactured to control the coating loss before use to less than 3% of the drug load according to the company testing data. Furthermore, the carrier-free paclitaxel coating on Ultrafree DCB also means that the effective drug in the coating is undiluted, which facilitates higher treatment efficiency by allowing higher concentration drug dose to reach the lesion successfully.



Source: Company data

Market Opportunity and Competition

With the improvement of the overall living standards and the aging population, PAD has gradually become a severe health issue in China. Along with the improvement on the diagnostic technology and knowledge, the prevalence of PAD in China increased from 44.8 million in 2015 to 49.5 million in 2019. It is projected that the total number will reach 62.3 million in 2030.

The market size of the China PAD interventional device increased from RMB1.4 billion in 2015 to RMB2.4 billion in 2019 at a CAGR of 15.7% and is expected to further increase to RMB12.2 billion in 2030 at a CAGR of 15.7% from 2019 to 2030.

As of the Latest Practicable Date, there were 5 marketed DCBs in China, which were manufactured by one international company and three domestic companies. We are one of the three domestic medical device companies who have received registration certificate of DCB from the NMPA. We are well positioned to serve Chinese patients with our carrier-free paclitaxel DCB with the stable, small particle size crystal coating of paclitaxel. For more details, please see "Industry Overview – Peripheral-vascular Disease and China Peripheral-vascular Device Market".

Post-market Surveillance Program

Pursuant to the NMPA approval, we are required to continue to collect clinical safety data for additional two years. We are in the process of discussing surveillance plans with CROs for monitoring approximately 200 patients through our multi-center post-market surveillance program to investigate the long-term safety of our Ultrafree DCB. In addition, we will actively engage with physicians for potential collaborations that will help us gain more clinical data or better understand the safety and efficacy of our Ultrafree DCB.

Further Development Plan

Product Improvement

We are actively developing improved features of Ultrafree DCB by improving the underlining PTA balloon catheter material, reducing the product diameter and increasing product flexibility for better crossing, navigation, and dilatation performance, including replacing the balloon materials used in current Ultrafree DCB to achieve high dilatation pressure to better treat refractory and hypercalcified lesions. We have finalized the design of this product improvement and we are currently conducting type testing, which will generally take 4 to 5 months. Meanwhile, we are conducting in vitro performance research to evaluate the physical and chemical properties of the product, and a comparison study on the product before and after this improvement to evaluate the applicability of the pre-clinical data of Ultrafree DCB to support the safety and pharmacokinetics performance of updated version. We plan to initiate communications with the NMPA for the next steps in the second half of 2021, including key elements and design of the clinical trial, which depends on NMPA's determination on the impact of upgrade on the functions and designs of our current Ultrafree DCB.

Indication Expansion

Drug Coated PTA Balloon Catheter – BTK: We are further developing Ultrafree DCB to expand its indication to cover the treatment of stenosis or occlusion in below-the-knee (BTK) popliteal arteries. We expect to conduct a clinical trial to obtain the NMPA approval for Drug Coated PTA Balloon Catheter – BTK, whose design is substantially the same as Ultrafree DCB with minor modification to make it more suitable for the BTK indication. We are conducting an ex vivo study to evaluate the physical and chemical properties of Drug Coated PTA Balloon Catheter – BTK, and to compare with Ultrafree DCB to evaluate the applicability of the pre-clinical data of Ultrafree DCB to support the safety and pharmacokinetics performance of minor modified version. We are in the process of conducting animal studies and are also conducting the required type testing for the BTK indication, which will generally take 4 to 5 months. We expect to initiate a multi-center, randomized and single-blind clinical trial in the second half of 2021 which will last for approximately 2.5 years, and enroll approximately 120 patients in the treatment group. We expect to launch Drug Coated PTA Balloon Catheter – BTK in 2024.

Drug Coated PTA Balloon Catheter – Dialysis Access: We are also further developing another Ultrafree DCB to expand its indication to cover the treatment of stenosis or occlusion of obstructive lesions of native or synthetic arteriovenous dialysis fistulae. We expect to conduct a clinical trial to obtain the NMPA approval for Drug Coated PTA Balloon Catheter – Dialysis Access, whose design is substantially the same as Ultrafree DCB with minor modification to make it more suitable for the new indication. We are conducting an in vitro performance research to evaluate the physical and chemical properties of Drug Coated PTA Balloon Catheter – Dialysis Access, and a comparison study with Ultrafree DCB to evaluate the applicability of the pre-clinical data of Ultrafree DCB to support the safety and

pharmacokinetics performance of minor modified version. We are in the process of conducting required animal studies, and completed the required type testing for dialysis indication. We have commenced a multi-center, randomized and single-blind clinical trial in February 2021, which will last for approximately 2 years. We plan to enroll a total of approximately 140 patients in the treatment group. We expect to launch Drug Coated PTA Balloon Catheter – Dialysis Access in 2024.

Drug Coated Balloon for vertebral artery stenosis: We plan to develop another upgraded version of Ultrafree DCB, the design of which is substantially the same as Ultrafree DCB with minor modification to make it more suitable to cover the treatment of stenosis or occlusion of obstructive lesions in vertebral arteries. We have finalized the design of the product and completed type testing. We are planning for suitable animal efficacy model studies and expect to initiate a clinical trial in the second half of 2021. The clinical study is expected to last for 3 to 4 years with 120 patients enrolled in the treatment group. We expect to launch the upgraded Ultrafree DCB with new indication to cover stenosis or occlusion of vertebral arteries beyond 2025.

Based on the consultation with the MPA, as advised by our PRC Legal Advisor, the indication expansion of Ultrafree DCB will be recognized and regulated by the NMPA. Our future indication expansion of Ultrafree DCB will comply with applicable regulations.

Our Peripheral Venous Products

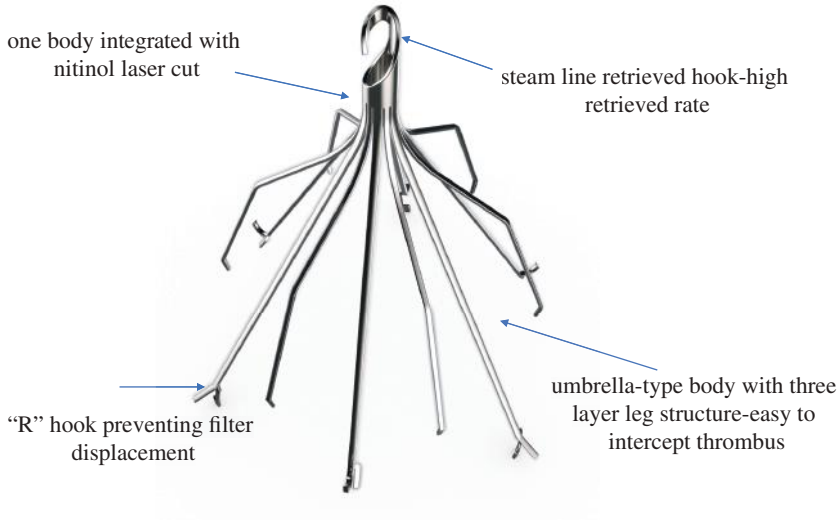
Retrievable inferior vena cava filter

Overview

Our retrievable inferior vena cava filter is a filtering device to be placed into the inferior vena cava (IVC) to prevent pulmonary embolism. Pulmonary embolism (PE) is usually a consequence of deep vein thrombosis (DVT). DVT occurs when a blood clot (thrombus) forms in one or more of the deep veins in one's body, often in legs. Blood clots that develop in the veins of the leg or pelvis occasionally break up and large pieces of the clot can travel to the lungs, which causes PE. PE is associated with high mortality. Acute pulmonary embolism is prone to misdiagnosis and missed diagnosis, with a mortality rate of 20% – 30%. A retrievable inferior vena cava filter traps large clot fragments and prevents them from traveling through the vena cava to the heart and lungs, where they could cause severe complications such as pain, difficulty breathing, shortness of breath or even death. Pre-clinical data has supported the feasibility, safety and preliminary efficacy our retrievable inferior vena cava filter. We obtained approval from the ethics committee of the principal investigator hospital of a multi-center, randomized and non-inferiority clinical trial in China to investigate the efficacy and safety of our retrievable inferior vena cava filter and commenced the patient enrollment in March 2020. We completed enrollment of 188 patients in February 2021. We expect to complete the clinical trial by the fourth quarter of 2021 and currently do not have immediate plan to develop this product outside the China market.

Product Structure

Our retrievable inferior vena cava filter is an umbrella-shaped device made of nitinol crimped in a sheath when unused. The legs of the device can trap the thrombus and prevent it from traveling to the heart or lungs through vena cava. The small hooks at the end of each leg can anchor the filter to the vessel wall to prevent it from migrating to the heart or lungs. Our retrievable inferior vena cava filter has a crescent shaped hook at the proximal end that enables the filter to be captured and retrieved from the body by a catheter. The following graph illustrates the product structure of our retrievable inferior vena cava filter.



Source: Company data

Operation Procedure

In an inferior vena cava filter placement procedure, the physician uses imaging guidance to insert a catheter through the skin into a large vein in the neck or upper leg and advanced to the inferior vena cava in the abdomen. The retrievable inferior vena cava filter is then placed through the catheter into the vein. Once it is in the correct location, the physician releases the filter from the sheath, allowing it to fully expand and attach to the blood vessel wall. To retrieve the filter, the physician inserts a special catheter with a loop into a large vein in the neck and advances it to the site of the filter in the vena cava. The physician uses the loop of the catheter to capture the filter through its proximal hook. The filter is then closed while being pulled into the catheter and retrieved from the body. This removal procedure may be performed when the risk of clot traveling to the lung has been mitigated. This should be assessed by a physician or the interventional radiologist, ideally less than six months after insertion.

Summary of Pre-Clinical Study Results

An animal study was completed in 2019 to investigate the feasibility, safety and efficacy of our retrievable inferior vena cava filter. The study has shown that the inferior vena cava filter and retrieval system is safe and easy to operate. The venous filters were shown to be smoothly retrieved at 90 days post procedure. After retrieval, there were no obvious abnormalities in the veins, complications or obvious abnormalities in laboratory examinations, and no abnormal pathological changes in major tissues and organs.The safety of our retrievable inferior vena cava filter in this study meets the requirements of clinical experimental research.

Ongoing Clinical Trial

We started the patient enrollment for a multi-center, randomized and non-inferiority clinical trial in China in March 2020 to investigate the efficacy and safety of our retrievable inferior vena cava filter.

The primary endpoint of efficacy is the success rate of filter placement. The secondary endpoints include substantial shift of filter before retrieval, incidence of filter breakage before retrieval, incidence of perforation of vena cava before retrieval, incidence rate of inferior vena cava occlusion before retrieval, incidence rate of symptomatic pulmonary embolism before retrieval, success rate of filter retrieval and vascular patency rate.

The safety indicators include AE, SAE and incidence of device defects.

Competitive Advantages

Our retrievable inferior vena cava filter is shape set from a single laser cut part made of nitinol, as compared to some competitor IVC filters which are welded together with different parts. A welded structure with different material is susceptible to galvanic corrosion in the blood vessel. The crescent hook on our retrievable inferior vena cava filter has an open lumen which helps to further mitigate risk of blood clotting by allowing smoother blood flow. The open lumen at the proximal end of the filter can accommodate guide wires, enabling more accurate positioning and easier retrieval, and provides an additional bail-out option to physicians should it ever become necessary. In addition, our retrievable inferior vena cava filter can be advanced from either a large vein in the neck or groin, offering more flexibility in the procedure as compared to other competitor IVC filters that can only be inserted from femoral vein.

Market Opportunity and Competition

The number of DVT incidence in China increased from 1.1 million in 2015 to 1.5 million in 2019 at a CAGR of 8.3%. It is estimated to increase to 3.3 million in 2030 at a CAGR of 7.3% from 2019 to 2030.

The number of IVC filter interventional procedures in China increased from 41.0 thousand in 2015 to 85.7 thousand in 2019 and is estimated to further increase to 673.7 thousand in 2030, at a CAGR of 20.6% from 2019 to 2030.

As of the Latest Practicable Date, there were 7 major marketed retrievable vena cava filters in China, which were manufactured by five international companies and two domestic companies, and 3 retrievable vena cava filter candidates at clinical stage in China, all of which are being developed by domestic companies. For more details, see "Industry Overview – Peripheral-vascular Disease and China Peripheral-vascular Device Market – Overview of Peripheral Venous Diseases – China IVCF Interventional Device Market."

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR RETRIEVABLE INFERIOR VENA CAVA FILTER SUCCESSFULLY.

Peripheral venous stent system

Overview

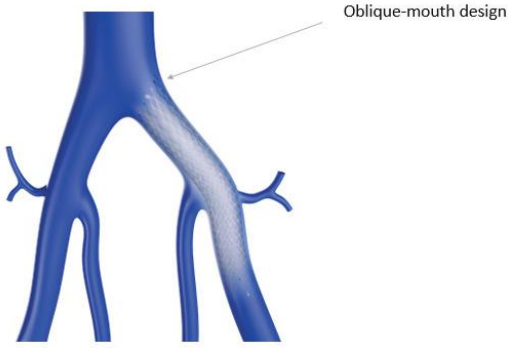
Our peripheral venous stent system is designed for the treatment of iliac vein stenosis or occlusive disease such as Iliac vein compression syndrome (IVCS). We obtained approval from the ethics committee of the principal investigator hospital of a multi-center, randomized and non-inferiority clinical trial in China to investigate the efficacy and safety of our peripheral venous stent system and initiated patient enrollment in October 2020. We are in the process of patient enrollment with a target of 220 patients in total according to the approved clinical trial plan. We expect to complete the clinical trial by the second half of 2023 and currently do not have immediate plan to develop this product outside the China market.

Product Structure

Our peripheral venous stent system is comprised of a delivery system and a self-expanding stent pre-installed in the delivery system. The stent is an implantable self-expandable nickel-titanium alloy stent which will expand to a preset diameter at body temperature, and a balloon is used to post-dilate -expand the stent if necessary. Our peripheral venous stent system is designed with different shape of the distal end to cover different lengths of lesion sites.

Operation Procedure

During the procedure, the physician inserts a guidewire into the vessel and places it across the lesion and then advances our peripheral venous stent system to the lesion as demonstrated in the graph below. Then the stent is released to the lesion site. The stent expands at body temperature and is used to reshape the vascular vessel.



Source: Company data

Summary of Pre-Clinical Study Results

An animal study was completed in 2020 to investigate the feasibility, safety and efficacy of our peripheral venous stent system. The study has shown that the peripheral venous stent system is safe and easy to operate. Based on ongoing monitor as of the Latest Practicable Date, the patency rate of the stented vessel remained high at 180 days. All blood vessels are open, and all blood vessels flow smoothly. No dissection, hemangioma, angiographic filling defect, excessive stenosis or stent displacement were found. There was no abnormality in the gross anatomy after the final follow-up. The stent area was completely endothelialized, and no thrombus was seen.

The samples submitted for inspection in this study meet the requirements of clinical trials.

Ongoing Clinical Trial

We started the patient enrollment for a multi-center, randomized and non-inferiority clinical trial in China in October 2020 to investigate the efficacy and safety of our peripheral venous stent system. The primary efficacy endpoint is the patency rate of target vessel at 12 months after the procedure. The secondary efficacy endpoints include device deployment success rate and target vessel revascularization rate. Safety endpoints include incidence rate of AE/SAE and incidence rate of device defects.

Competitive Advantages

We have utilized advanced technologies to realize fine adjustment and instant release of the stent, ensuring procedure efficiency. Our technologies also enable the re-positioning and retrievability of the stent to guarantee the accuracy of stent placement. Most marketed peripheral venous stent systems have a flat-mouth design. For bifurcated blood vessels, the flat-mouth structure of the stent does not conform to the vascular anatomy. After the flat-mouth structure stent is released, it is easy to cause the contralateral blood flow change due to the protrusion into the abdominal vena cava or the restenosis of the blood vessel. The oblique-mouth design of our peripheral venous stent system, on the other hand, better conforms to the anatomical structure of blood vessels and can greatly reduce the influence of contralateral blood flow.

Market Opportunity and Competition

The incidence of IVCS in China was 0.7 million in 2019, and it is expected to reach 2.0 million in 2030 with a CAGR of 10.1% from 2019 to 2030.

The number of iliac vein stent interventional procedures in China increased from 293 in 2016 to 2,207 in 2019 and is estimated to further increase to 182,746 in 2030, at a CAGR of 49.4% from 2019 to 2030.

As of the Latest Practicable Date, two iliac vein stent products were approved in China, which were manufactured by two international companies. As of the Latest Practicable Date, no domestic product was approved in China and there were 4 iliac vein stent candidates at clinical stage in China, among which one is being developed by an international company and three are being developed by domestic companies. For more details, see "Industry Overview – Peripheral-vascular Disease and China Peripheral-vascular Device Market – Overview of Peripheral Venous Diseases – China IVCS Interventional Device Market."

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL VENOUS STENT SYSTEM SUCCESSFULLY.

Other Peripheral-Vascular Products

We have another 19 peripheral-vascular products and product candidates, among which 4 have received marketing approval in Europe and 3 have launched in China. We expect to launch another 1 peripheral-vascular product in 2021, 3 in 2022, 2 in 2023, 8 in 2024 and 2 in 2025 in China. We currently do not have immediate plan to develop these products outside the China and Europe market.

Launch or expected launch year in China	Indication	Candidate name	Design features and application	Exemption from clinical trial requirement	Current stage of development	Expected time for completion of the current stage
Launched in March 2018[(1)]	Arterial dilatation	PTA Balloon Catheter	It is designed for Percutaneous Transluminal Angioplasty (PTA) in the peripheral vasculature, iliac, femoral, ilio-femoral, popliteal, infra popliteal, and renal arteries as well as the treatment of obstructive lesions of native and synthetic arteriovenous dialysis fistulae. We offer PTA balloon catheters with balloon diameter ranging from 3mm to 12mm. The catheter is designed with excellent crossing capability with optimized catheter stiffness and hydrophilic coating, The soft tip at distal end of balloon ensures atraumatic interventional procedure.	Yes	Obtained NMPA approval in March 2018 and launched in March 2018	–
2023[(2)]	Arterial stenosis or occlusion	Peripheral Stent System	It is designed to treat lesions in iliac artery, superficial femoral arteries and/or proximal popliteal arteries via a 6F delivery system. It has a relatively high radial resistance force comparing to competing stents to promote stent wall opposition to blood vessel and help reduce restenosis.	No	Design	Q3 2021
2025[(3)]	Arterial stenosis or occlusion	Peripheral Drug-Eluting Stent System	It is designed to treat lesions in the SFA and proximal popliteal arteries. It features a relatively high radial resistance force comparing to competing stents to promote stent wall opposition to blood vessel and help reduce restenosis.	No	Clinical (Multicenter, single-arm and objective)	Q4 2024

Launch or expected launch year in China	Indication	Candidate name	Design features and application	Exemption from clinical trial requirement	Current stage of development	Expected time for completion of the current stage
2021	Peripheral arterial	Vessel Snare	It is designed to retrieve and manipulate foreign objects in the peripheral vasculature. It features a platinum tungsten radiopaque maker band for easy operation. It has a wide range selection of pre-set nitinol recapture loop with diameter ranging from 5mm to 40mm to meet physician's need, and a detachable hemostatic valve for ease of use.	Yes	Registrational	Q2 2021
2024	Arterial dilatation	PTA Scoring Balloon Catheter	It is designed to perform angioplasty for patients with moderate and severe calcified peripheral vascular lesions. The polymer based scoring element with optimized cross section allows the balloon to break the calcified lesion at relatively low pressure, which helps to mitigate blood vessel dissection risk.	No	Design	Q3 2021
2024	Vessel dissection	Multi-segment Stent System	It is designed to treat patients who have a tear in the blood vessels that occurred from a balloon angioplasty procedure. The point stent delivery system can accommodate multiple point stent with potentially different diameters. Each stent has a radiopaque marker with unique design feature to ensure accurate deployment and secure placement.	No	Design	Q2 2021
2024	Arterial stenosis or occlusion	Drug Coated PTA Balloon Catheter – BTK	It is an interventional device designed for percutaneous transluminal angioplasty for patients with stenosis or occlusion in popliteal artery below the knee. It uses carrier-free pure paclitaxel for its drug-coating. The propriety drug coating process in conjunction with the optimized OTW PTA design with excellent crossing capability to navigate difficult vessel make our BTK DCB a competitive product.	No	Type testing	Q3 3021
Launched in February 2021	Retrieve IVC filter	Snare Retrieval Kit for IVC Filter	It is designed to retrieve an IVC in the veins once the IVC is due for retrieval. This device kit has multiple sizes of the snare as compared to a single size in other major marketed devices.	Yes	Obtained NMPA approval in December 2020 and launched in February 2021	–

Launch or expected launch year in China	Indication	Candidate name	Design features and application	Exemption from clinical trial requirement	Current stage of development	Expected time for completion of the current stage
2022	Varicose vein	Endovenous Radiofrequency Ablation (RFA) Catheter	It is designed to treat varicose veins by closing the diseased vein thermally with radiofrequency generated energy. It features a flexible catheter with good bending ability without the need of guide wire comparing to competing device. It has good safety and waterproof performance with waterproof handle design. It has designs with 5cm and 7cm/5cm heating element length for different patient needs. The design with heating element at distal end facilitates segmented ablation which allows for simple and easy operation.	No	Clinical (Multicenter, randomized controlled and non-inferiority)	Q2 2021
2022	Vein dilatation	PTA Balloon Catheter – Large Diameter	It is designed to treat large arteries and veins. It is 0.035" over the wire balloon catheter with diameter ranging from 14mm to 25mm. It features braided inner tube to improve stability, pushability and bending resistance. The guide wire lumen can be used as a perfusion catheter (tolerate a pressure of 900 psi). The short shoulder design provides the most effective expansion and precise expansion of bifurcation lesions, reducing barotrauma to adjacent normal tissues. It has a short deflation time of approximately 30 seconds.	Yes	Type testing	Q2 2021
2022	Thrombolytic agent delivery	Infusion Catheter	It is designed for Catheter Directed Thrombolysis (CDT) by infusion lytic agent to an area of clot. It features an array of small holes to facilitate fast and effective thrombolytics infusion at target site.	Yes	Design	Q3 2021
2024	Varicose vein	Varicose Veins Closure System	It is designed to treat varicose veins by closing the diseased vein non-thermally with injected adhesive. It offers less pain and bruising post procedure, faster recovery time and no tumescent anesthesia.	No	Design	Q4 2021

Launch or expected launch year in China	Indication	Candidate name	Design features and application	Exemption from clinical trial requirement	Current stage of development	Expected time for completion of the current stage
2024	Thrombus removal	Peripheral Thrombectomy System	It is designed for mechanical declotting and controlled and selective infusion of physician specified fluids, including thrombolytics, in the peripheral vasculature. It features a low pressure inflation balloon to block blood flow for better thrombolytic efficiency and easy-to-use aspiration system for clot removal.	No	Design	Q4 2021
Launched in September 2019[4]	Vessel dilatation	High Pressure PTA Balloon Catheter	It is designed for usage in the peripheral vasculature, including iliac, femoral, popliteal, tibial, peroneal, subclavian and for the treatment of obstructive lesions of native or synthetic arteriovenous dialysis fistulae. It has rated burst pressure (RBP) 24atm with lower compliance of 1.0+/-0.5%. The optimized tip design allows for good catheter crossing capability.	Yes	Obtained NMPA approval in September 2018 and launched in September 2019	–
2024	Arteriovenous (AV) fistula	Drug Coated PTA Balloon Catheter – Dialysis Access	It is designed for percutaneous transluminal angioplasty for dialysis access treatment. In addition to the proprietary drug coating technology that ensure excellent drug delivery to the lesion site, it has rated burst pressure (RBP) 24atm with lower compliance of 1.0+/-0.5%. The optimized tip design allows for good catheter crossing capability.	No	Clinical (Multicenter, single-arm and objective)	Q2 2024
2025	Thoracic aorta aneurysm (TA) and abdominal aorta aneurysm (AAA) treatment	Thoracic Aorta Stent Graft System	It is designed to treat aneurysms and dissections of the aorta in the chest with in-situ Arch Fenestrations. The stent system is designed for in-situ Arch Fenestrations with optimized design with low spring back force to mitigate risk of aortic arch dissection, and optimized variable radial resistance force across stent length to meet clinical need. Its section of thoracic stent has wiggle room to move axially without damage the stent graft while accommodating branch stents, which help to maintain the integrity of the stent.	No	Type testing	Q3 2021

Launch or expected launch year in China	Indication	Candidate name	Design features and application	Exemption from clinical trial requirement	Current stage of development	Expected time for completion of the current stage
2024	Peripheral arterial tumors and vessel blocking treatment	Peripheral Detachable Coil	It is designed to embolize peripheral arteriovenous vessels aneurysms or slow down blood flow. It features a wide range product sizes 2D/3D shape with diameter ranging from 3mm to 30mm and coil length from 4cm to 80cm, an interlocking design with coils being freely pushed withdrew to ensure accurate embolization, a slanted interlocking arm design reduces the risk of early release, compatible with soft 4F guiding catheter dense thrombogenic fibers facilitates fast embolization.	No	Clinical (Multicenter, single-arm and objective)	Q4 2024
2023	To assist device development	TIPS Access Set	It is designed to be used together for percutaneous transjugular liver access during diagnostic and interventional procedures in patients undergoing a TIPs procedure. The reinforced sleeve provides additional support during the puncture process. The puncture needle facilitates access to blood vessels in the liver, and facilitates the placement of follow-up guide wires, catheters, and sheaths. The design structure of the 10Fr sheath ensures no kinks or compression, and good flexibility. The marker band on the 10Fr sheath increases the visibility required for positioning accuracy.	Yes	Design	Q3 2021
2024	Peripheral circulation and hemodialysis treatment assist device deployment	TIPS Endoprosthesis	It is designed to treat portal hypertension by establishing a direct passage between a hepatic vein and a branch of the portal vein, thus allowing some proportion of portal flow to bypass the liver. It features a gold radiopaque marker band for good visual under fluoroscopy, a half-covered stent with bare stent prevents hepatic vein blockage, e-PTFE film that effectively prevents intimal hyperplasia, heparin coating that prevents thrombosis in the stent, and a delivery system to allow fast release.	No	Design	Q3 2021

Notes:

(1) obtained CE Mark in December 2016 and launched in Europe in March 2017

(2) obtained CE Mark in December 2016 and launched in Europe in March 2017

(3) approved in 2020 and expect to launch in 2021 in Europe

(4) obtained CE Mark in January 2020 and launched in Europe in July 2020

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OTHER PERIPHERAL-VASCULAR PRODUCTS SUCCESSFULLY.

Our Vascular Closure Product

Suture-mediated closure system

Overview

Our suture-mediated closure system is used to suture the femoral artery access site after diagnostic/therapeutic interventional procedures. We have obtained approval from the principal investigator hospital of a multi-center, randomized and non-inferiority clinical trial in China to investigate the efficacy and safety of our suture-mediated closure system, and started patient enrollment in June 2020. We are in the process of patient enrollment with a target of 228 patients in total according to the approved clinical trial plan. We expect to complete the clinical trial by the end of 2021 and currently do not have immediate plan to develop this product outside the China market.

Product Structure

Our suture-mediated closure system is comprised of a suture device and a knot-cutting device. It is designed for closure of arterial access site of a size from 5F to 21F in interventional catheter procedures. At least two suture mediated systems and pre-deployed suture technique are required for access sites larger than 8F. The following graph illustrates the product structure of our suture-mediated closure system.

Suture-mediated closure device

Suture trimmer

Source: Company data

Operation Procedure

Before the closure procedure, the physician first determines the expected size of access site and whether more than one suture device need to be pre-deployed near the potential access site. At the time of closure, the physician inserts the closure device over a guidewire until the indicator on the device shows that it reaches the working depth. The physician then slowly retract the closure device until it is positioned at the appropriate location for closure. The suture device is then actuated to suture the access site. Once hemostasis is confirmed, the physician removes the guidewire and cut the suture below skin level using the knot-cutting device in our suture-mediated closure system.

Summary of Pre-Clinical Study Results

An animal study was completed in 2020 to investigate the feasibility, safety and efficacy of suture-mediated closure system. The study has shown that the closure device is safe and effective. After releasing the suture, the original arterial blood vessel puncture site can be quickly closed, and the hemostatic effect is clear. The puncture point with 8F puncture sheath can be closed immediately, and the withdrawal is safe and smooth. At one month post procedure, the target vessel in ultrasound examination showed no stenosis, bleeding, thrombosis, aneurysm, arteriovenous fistula or other abnormal complications.

The samples submitted for inspection in this study meet the requirements of clinical trials.

Ongoing Clinical Trial

We started the patient enrollment for a multi-center, randomized and non-inferiority clinical trial in China in June 2020 to investigate the efficacy and safety of our suture-mediated closure system, which is still ongoing. The primary efficacy endpoint is the incidence of vascular complications in the primary ipsilateral site at 30 days after the procedure. The secondary endpoints include device deployment success rate and vascular closure success rate and the safety endpoints include incidence of vascular complications in the secondary ipsilateral approach and incidence rate of AE/SAE.

Competitive Advantages

We will be the first domestic company to develop suture-based closure device. Suture-based closure device is used for incision size over 8F for TAA, AAA, transcatheter aortic valve replacement (TAVR) and transcatheter mitral valve replacement (TMVR) procedures.

Market Opportunity and Competition

The number of vascular closure procedures in China increased from 107.5 thousand in 2015 to 274.3 thousand in 2019 and is estimated to further increase to 3,782.1 thousand in 2030, at a CAGR of 26.9% from 2019 to 2030.

As of the Latest Practicable Date, there were 4 major marketed VCDs in China, all of which were manufactured by international companies, together with 2 VCD candidates at clinical and registrational stages in China, both of which are being developed by domestic companies.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR SUTURE-MEDIATED CLOSURE SYSTEM SUCCESSFULLY.

Other Vascular Closure Device Products

We are developing another VCD product. We expect to launch this product in China in 2024 and currently do not have immediate plan to develop this product outside the China market.

Expected launch year in China	Indication	Candidate name	Design features and application	Exemption from clinical trial requirement	Current stage of development	Expected time for completion of the current stage
2024	Blood vessel closure	Vascular Closure Device	It includes a balloon catheter and integrated sealant for vessel closure post procedure. The device utilizes the proprietary sealant, comprised of Polyethylene Glycol (PEG), to seal femoral arterial access sites with sheath from 5F to 7F while reducing times to hemostasis and ambulation in patients who have undergone diagnostic or interventional endovascular procedures. The key benefit of the device is that the sealant dissolves eventually, leaving nothing permanently at puncture site but healthy artery.	No	Design	Q4 2021

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OTHER VASCULAR CLOSURE DEVICE SUCCESSFULLY.

OUR PLATFORM

We have developed an integrated platform for the discovery, development, manufacture and commercialization of interventional medical devices including neurovascular and peripheral-vascular interventional surgical devices for neurovascular and peripheral-vascular diseases. The integration of our platform enables smooth collaboration among different functional groups at key points in the lifecycle of a product candidate with the goal of increasing the speed of development and likelihood of success while at the same time reducing the cost of development. In addition, our platform has been stress tested throughout the development of our product candidates by requiring each functional group to improve their process, approach and collaboration skills.

RESEARCH AND DEVELOPMENT

We focus on developing innovative technologies and interventional surgical devices for neurovascular and peripheral-vascular diseases. We believe that the success of our operations depend to a large extent on our ability to develop improved interventional medical devices. We have a proven track record of independently developing and commercializing interventional medical devices.

We are engaged in ongoing research and development activities to deliver clinically advanced new products, to enhance the effectiveness, ease of use, safety, reliability, and to expand the applications of our products as appropriate. As of the Latest Practicable Date, we had a total of 45 products and product candidates in various stages of development, including 11 approved products in China and overseas[(1)]. We also have 37 product candidates at various development stages in China, including 7 at registration stage, 9 at clinical trial stage, 8 at type testing stage, and 11 at design stage. We also anticipate to develop and commercialize 10 devices in 2021, such as neurovascular embolization coils, after the expected NMPA approval in the second half of 2021.

The time required from developing to commercializing a new product varies by product candidate and can be affected by various factors which may be beyond our control, such as clinical trial results and government policies and approvals. We incurred research and development costs of RMB53.0 million and RMB72.1 million for the years ended December 31, 2019 and 2020, respectively.

Our R&D Team

We have a strong in-house research and development team of over 100 members primarily based in Hangzhou and Zhuhai as of the Latest Practicable Date, among whom more than 39% have master degrees and more than 16% have experience working at multinational pharmaceutical and medical device companies such as Medtronic, Johnson & Johnson, Boston Scientific, Mindray and Jafron Biomedical Co. The team is led by three team leaders, Dr. Jonathon Zhong Zhao, our founder and chairman of the Board, Dr. Zheng Li, our senior vice president, and Dr. Ning Pan, our senior vice president, who have an average of over 15 years of experience in global leading medical device companies with proven track record of successful product development. For details of the background of our three team leaders, please see "Directors, Supervisors and Senior Management". As of the Latest Practicable Date, our core R&D team responsible for the development of the Core Products remained with the Company.

We have entered into confidentiality and non-compete agreements with our key employees and employees involved in our research and development activities, pursuant to which any intellectual property conceived and developed during their employment belongs to us and they waive all relevant rights or claims to such intellectual property.

(1) including 5 products approved in both China and Europe, 3 products approved in China only and 3 products approved in Europe but still in development stage in China

Our research and development teams collaborate closely with leading experts and KOLs in the industry, who provide invaluable guidance and significant insights in the development, positioning, applications and performance of our products and technologies.

Product Design and Pre-Clinical Development

In-House Plan and Design

Over the years, we have accumulated extensive expertise and know-how in developing and manufacturing vascular interventional products and obtained a number of patents for our proprietary technologies. We have established the following technology platforms and production capabilities for our major products:

- ***Balloon forming and manufacturing platform***: we have a balloon forming and manufacturing platform with complete balloon molding, laser welding, pleating/folding and final assembly production lines. Benefitted from our continuous efforts in building an advanced program in developing various balloons to meet the needs in coronary, peripheral, and neurovascular intervention, we have obtained NMPA approvals for balloons treating cardiovascular, peripheral and neurovascular diseases.

- ***Braiding and coiling catheter development and manufacturing platform***: We have established a braiding and coiling catheter development and manufacturing platform with multi-ratio and varied-density braiding technology. Such capabilities serve as the core techniques for the development of various mesh-shaped medical devices such as guiding catheter of various diameters and PPIs, distal protection system, and aneurysm embolization devices. We have achieved weaving a high-density mesh based flow diverter with one-end closed (instead of both ends with loose wires) to improve its long-term prognosis.

- ***Catheter forming and manufacturing platform***: Our catheter forming and manufacturing platform with coil winding, mesh-braiding, thermal-molding, marker-band placing, and coating technologies allows us to develop various winding/braiding overlapping designs at various lengths, thereby achieving more flexible catheter with better pushability and user experience.

- ***Stent forming and processing center***: We have a stent forming and processing center with high-precision laser cutting machines for both micro-scale device cutting such as nitinol intra-cranial stent, polymer-based degradable devices, and large diameter device such as venous stent, frame of covered stent and of heart valves. We have developed and improved downstream sand-blasting, welding, shape-setting, electrochemical polishing and surface treatment technology to round out all metal processing capabilities.

- ***Drug-coating with different medicinal components and carrier types***: We have developed drug-coating technologies with different medicinal components and carrier types for our various drug-device combination products. We have also established the state-of-the-art ultrasonic spray coating lines for balloons of various sizes and lengths, various drug coating densities, and release profiles. Combining our drug coating formulations, patented ultrasonic spraying technology and post-coating processing technology, we developed the only carrier-free drug coating balloon catheter with much infrangible coating and small drug particles which maximize drug deployment to targeted area and minimize the clot for distal small blood vessels.

- ***Finite element and fatigue analysis and testing platform***: We have a finite element and fatigue analysis and testing center for our implantable devices. Long-term implants, such as peripheral arterial and venous stents, intracranial stents, covered stents, flow diverter and other metal and polymeric material based devices, require between 10 million and 380 million cycle of fatigue tests and the design of these devices typically needs fast changes and modifications. Our finite element and fatigue analysis and testing center is capable to carry out such fatigue tests and enables quick modification of product design. Such capability is essential in achieving fast turnaround in our product design and assembly.

Pre-Clinical Animal Studies

We have contracted with multiple animal laboratories to conduct animal tests in China, including the animal tests for flow diverter, retrievable inferior vena cava filter, peripheral venous stent system and suture-mediated closure system. Pursuant to the relevant agreements, the laboratories are primarily responsible for assisting us with designing animal test plans and conducting the animal test accordingly. Moreover, the laboratories are obligated to provide required space, facilities, equipment, materials, technical support and animals following the standards in relevant agreements. We are responsible for arranging personnel to conduct the animal tests, monitoring the tests and compensating the laboratories as parties agreed upon.

The laboratories are not allowed to assign their obligations under the agreements to any third party without our prior written consent. Both parties assume strict confidentiality obligation under the agreements.

According to the agreements, we typically possess sole ownership of all the data and results from the animal tests, and the laboratories are not allowed to publish or reveal any related information to any third party or use or allow any third party to use such information without our prior written consent. In addition, we take ownership of all intellectual property rights related to all new methods and technology developed from the animal tests, while the laboratories are not entitled to use or reveal or allow any third party to use such intellectual property without our prior consent and compensating for their use accordingly.

CLINICAL TRIALS

Our clinical development team has significant experience in conducting clinical trials for our products. As of the Latest Practicable Date, we had 14 clinical development staff, led by Qing Zhu, our experienced team leader with over 10 years of industry experience who has supervised and managed the clinical trials of a series of products, including Thrombite CRD and Ultrafree DCB. Prior to joining us in August 2016, Ms. Zhu served in several CROs and as the manager in the clinical trial department in Microport for over 7 years. She received a bachelor degree in biology engineering from China Pharmaceutical University in 2005.

We conduct clinical trials of our new products in order to test the clinical efficacy and safety of devices. Primary parameters for clinical trials are selected on basis of our anticipated uses of products. Further clinical trials might be conducted to upgrade the features or expand the indication coverages of our approved products. In addition, robust clinical data are an important marketing tool for increasing credibility for our brand and products.

We have a separate department, our registration affairs team, in charge of registration submission of our clinical report together with other materials to the relevant government agencies for regulatory approval of our product candidates. As of the Latest Practicable Date, we had 10 registration affairs staff, led by Tao Liu, our experienced team leader with over 10 years of industry experience who has led the clinical and registration strategy making of our pipeline assets, such as neurovascular embolization coils and thoracic aorta stent graft system. Prior to joining us in January 2021, Mr. Liu served as manager or director in the regulatory affairs department of other renowned medical device companies such as Johnson & Johnson. He received a bachelor degree in bio-chemical engineering from Beijing University of Chemical Technology in 2002 and completed a joint M.B.A. program of China Europe International Business School and Johnson & Johnson in 2013.

As of the Latest Practicable Date, we had initiated 12 clinical trials and obtained 16 product approvals from relevant regulatory authorities. Our clinical data and practices are designed to meet the standards of GCP.

During the COVID-19 outbreak, we experienced some delays in the patient enrollment process and data entry for certain of our clinical trials, particularly at the beginning of the COVID-19 pandemic. Nonetheless, there has not been any material disruption of our ongoing clinical trials. The COVID-19 pandemic has not caused any early termination of our clinical trials or necessitated removal of any patients enrolled in the clinical trials. To manage the risks associated with the COVID-19 pandemic, we adopted various measures. We have not experienced and currently do not expect any material delays in regulatory affairs with respect to our clinical trials or any long-term impact on our operation or deviation from our overall development plans due to the COVID-19 pandemic. Since all of our clinical trials are in China, our clinical trial progress in the first quarter of 2021 has exceeded that of the corresponding period last year.

Collaboration with Clinical Trial Institutions

The NMPA maintains a catalog of hospitals that it has approved as clinical trial centers, from which we select a number of participating hospitals with desirable expertise, professional knowledge, technology, equipment and patient samples. We will meet with the selected participating hospitals to discuss the trial's goals and requirements.

We submit the relevant documents to the ethics committee of each participating hospital for review. Such documents typically include our clinical trial protocol, draft informed consent to be filled out by patients, draft case report forms to be completed by investigators supervising the clinical trial, and agreement with the hospital to perform the clinical trial.

The clinical trials are required to be conducted strictly pursuant to the approved protocol. The ethics committees may ask us to revise the clinical trial protocol or other documents before their approval. Once the protocol is approved, any amendment thereafter is required to be reviewed and consented by the ethics committees. We typically enter into an agreement with each selected hospital for each clinical trial, under which we and the participating hospitals prepare a clinical trial protocol that describes in detail the purpose of the clinical trial, the overall timetable, structures, procedures of the trial, methods and the risks involved.

As of the Latest Practicable Date, we had entered into such collaboration agreements with 17 clinical trial centers to develop Thrombite CRD, including Changhai Hospital; 15 clinical trial centers to develop Ultrafree DCB, our other Core Product, including Peking Union Medical College and the Second Xiangya Hospital of Central South University; and 11 clinical trial centers to develop neurovascular embolization coils. We have obtained the approval from the NMPA in 2020 for the Thrombite CRD, Ultrafree DCB, snare retrieval kit for IVC filter and intracranial support catheter. We completed the clinical trial for neurovascular embolization coils and submitted the registration application to the NMPA in 2020.

We and the institution generally enter into an agreement for each clinical trial. Pursuant to the agreement, each participating hospital is obligated to conduct clinical trials following the protocol and at the end of the clinical trial, issues a case report based on the collected data. The leading institution gathers case report forms from all participating hospitals, and prepares formal reports of the clinical trial. We make payments according to the agreed schedules and items for the hospitals' services. Under the agreement, we own all related intellectual property and results from the trial. Each participating hospital is entitled to publish academic papers or attend academic events using the trial results with our prior consent.

Relationships with CROs and SMOs

We use industry-leading CROs and SMOs to manage, conduct and support our clinical trials. We select our CROs and SMOs based on various factors, such as their qualifications, academic credentials and professional experience of their employees and their industry reputations. We generally enter into an agreement regarding each clinical research project with the CROs and SMOs. We closely monitor our CROs and SMOs to help ensure their performance will comply with our protocols and applicable laws, regulations and guidelines, which in turn protect the integrity and authenticity of the data from our clinical trials and studies.

We provide the CROs and SMOs with their required materials and information and are responsible for the preparation of test devices, establishment of clinical test quality control, quality assurance system and test management.

The CROs and SMOs are responsible for collecting and keeping record of subjects' information along the process to ensure the whole clinical trial process complied with the applicable laws or standards. We make payments in accordance with the payment schedule agreed by parties. Pursuant to the agreement, we own all related intellectual property and results from the trial. The CROs and SMOs are obligated to keep all non-public information and data from the trials confidential.

Among the CROs we have partnered with, we mainly collaborate with three domestic CROs specialized in medical device development for the support of our clinical trials. These CROs have an operating history of 6 to 15 years and are all full-service provider of medical device pre-clinical and clinical study design and conduction, clinical data management and analysis, clinical audit and regulatory affairs, and other related services. We have started collaborating with these CROs from 2017 to 2019. Among the SMOs we have partnered with, we mainly collaborate with one domestic SMO for the support of our clinical trials. Since its establishment in 2013, this SMO has assisted more than 1,200 clinical research projects on chemical drugs covering a broad variety of medical fields and has established long-term collaborations with more than 400 GCP institutions, covering 30 provinces, autonomous regions, and municipalities across China. We have started collaborating with this SMO since 2017. All the principal investigators we collaborate with are chief physicians or associate chief physicians from Class III Grade A hospitals in China, such as Changhai Hospital and Beijing Jishuitan Hospital. We have started collaborating with such principal investigators from 2015 to 2019.

During the Track Record Period, none of our CROs, SMOs and principal investigators, including their shareholders, directors and senior management, have any other past or present relationships (including, without limitation, business, employment, family, trust, financing, fund flow or otherwise) with us, our subsidiaries, our shareholders, directors or senior management, or any of their respective associates.

Relationship with Principal Investigators and KOLs

In addition to our collaboration with clinical trial institutions, CROs and SMOs, we also maintain continuous communications with leading principal investigators, KOLs, physicians and hospitals, who are informed of our latest research and development progress. The principal investigators we work with include reputable physicians who work at leading Class III hospitals and hold important positions in various prestigious expert institutes. They not only provide us with important feedback on clinical needs but also present the clinical use of our products in academic settings, which we believe can invite wider discussion of our products and product candidates and in turn contribute to our research and development efforts. Furthermore, we host meetings for key participants in our industry with respect to our research and development efforts and product pipeline. We have presented our products in multiple industry conferences, where we keep industry participants updated of our latest research and development progress.

MANUFACTURING

As of the Latest Practicable Date, we had 2 principal manufacturing facilities which are separately located in Hangzhou, Zhejiang province, China and Zhuhai, Guangdong province, China with aggregate areas of approximately 1,500 and 2,300 square meters, respectively. Our manufacturing facilities have complied with the GMP requirements in China and the EU. Our site at Hangzhou is primarily used for the production of our peripheral-vascular products. We have 3 production lines, including balloon, drug-coated balloon and stent. The facility is designed to have a total planned capacity of up to 20,800 units of balloons, 13,000 units of drug-coated balloons and 13,100 units of stents and other products per year.

Our site in Zhuhai is primarily used for the production of our neurovascular products. We currently have 3 production lines, including Thrombite CRD, catheter and coil. The facility is designed to have a total planned capacity of up to 15,000 units of Thrombite CRD, 35,000 units of catheters and 12,500 units of coils per year. As of the Latest Practicable Date, we did not commence the production of coils.

To expand our manufacturing capability to meet the growing market demand, we plan to build a new manufacturing site at Hangzhou with an aggregate area of approximately 13,000 sq.m. and we target to commence trial production in the fourth quarter of 2021. The facility is designed to have 3 production lines, including Ultrafree DCB, PTA balloon catheter and stent, with a total planned capacity of up to 40,000 units of Ultrafree DCBs, 125,000 units of PTA balloon catheters and 59,508 units of stents per year. Our manufacturing facilities in Hangzhou are expected to be in full operation in October 2021.

In addition, we plan to expand the manufacturing facilities in Zhuhai to capture the market demand of our products, including Thrombite CRD. We intend to build a new manufacturing site in Zhuhai with an aggregate area of approximately 20,000 sq.m., which is expected to enter into full operation by the end of 2022. The new facility is designed to have up to three production lines for Thrombite CRD, which we believe will be sufficient to meet the growing market demand.

Our manufacturing facilities and our manufacture process will be subject to ongoing, periodic inspection by the NMPA, EMA or other comparable regulatory agencies to ensure compliance with GMP, which is usually the pre-requisite to obtain marketing approval in the respective jurisdictions. Failure to comply with applicable regulations could lead to increased expense and result in sanctions being imposed on us, including fines, injunctions, civil penalties, requirement to suspend or put on hold one or more of our clinical trials, failure of regulatory authorities to grant marketing approval of our product candidates, delays, suspension or withdrawal of approvals, supply disruptions, license revocation, seizures or recalls of products or product candidates, operating restrictions and criminal prosecutions, any of which could harm our business.

The following tables set forth the production capacity, actual production volume and utilization rate for each production line in our manufacturing facilities in Hangzhou and Zhuhai for the period indicated.

	For the Year Ended December 31,	
Balloon	**2019**	**2020**
Production capacity (units)	20,800	20,800
Actual production volume (units)	10,214	13,622
Utilization rate (%)	49.1%	65.5%

	For the Year Ended December 31,	
Drug-coated balloon	**2019**	**2020**
Production capacity (units)	13,000	13,000
Actual production volume (units)	274	1,852
Utilization rate (%)	2.1%	14.2%

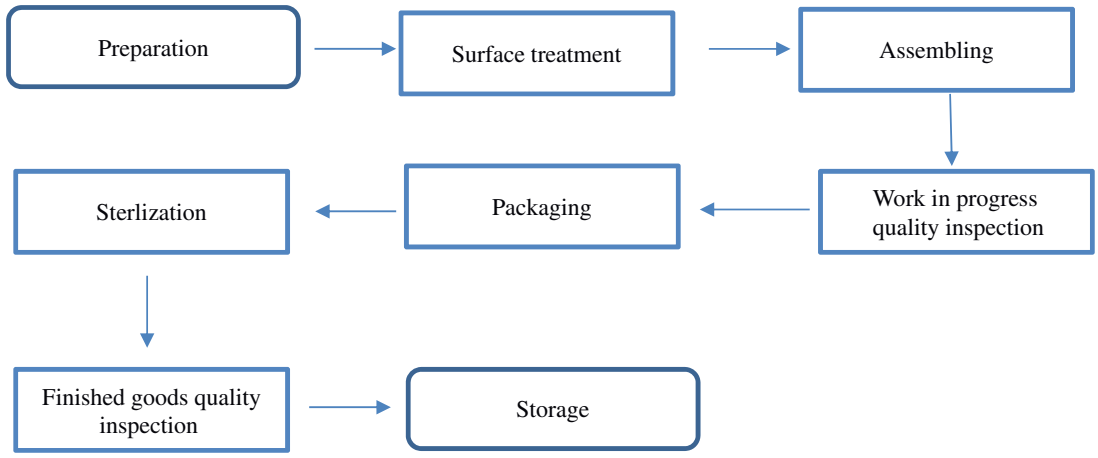
	For the Year Ended December 31,	
Thrombite CRD	**2019[(1)]**	**2020**
Production capacity (units)	–	15,000
Actual production volume (units)	–	1,500
Utilization rate (%)	–	10.0%

	For the Year Ended December 31,	
Intracranial support catheter	**2019[(1)]**	**2020**
Production capacity (units)	–	35,000
Actual production volume (units)	–	2,380
Utilization rate (%)	–	6.8%

	For the Year Ended December 31,	
Stent and others	**2019**	**2020**
Production capacity (units)	13,100	13,100
Actual production volume (units)	2,689	5,401
Utilization rate (%)	20.5%	41.2%

1 The relevant production line has only been in operation since 2020.

The manufacturing of major products primarily involves the following steps:



- **Preparation**: We examine and wash the raw materials or components of the medical devices.
- **Surface treatment**: We fine process the surface of key parts of the medical devices.
- **Assembling**: We assemble parts of the medical devices.
- **Work in progress quality inspection**: We inspect our work-in-progress after various stages, including preparation, braiding, surface treatment and assembling.
- **Packaging**: We package the medical devices.
- **Sterilization**: We transport the packaged medical devices to third party sterilization service providers for professional sterilization.
- **Finished goods quality inspection**: We inspect the finished goods before storing them into our warehouse.

We conduct all the key manufacturing process of our major products in-house. The head of our manufacturing team in China has rich manufacturing experience in the medical device industry. Our integrated production process increases our production efficiency and reduces our dependence on third parties. This vertical integration also enables us to adjust our production quickly to respond to changes in market demand for our products.

The machines we use to manufacture our neuro-vascular products mainly include laser welding machine and catheter heat-melt shrinking machine. The machines we use to manufacture our peripheral-vascular products mainly include balloon forming machine, laser welding machine, marker ring pressing machine, hydrophilic coating machine, balloon folding machine, drug spraying machine and stent pressing machine. We purchase machinery from multiple suppliers, and we are able to purchase manufacturing machinery from alternative suppliers. We have implemented a comprehensive maintenance system for our machinery. During the Track Record Period, we had not experienced any material or prolonged interruptions of our machinery due to equipment or machinery failure.

We believe that our current manufacturing capacity is able to meet our short-term commercial needs and our locations enable us to take an advantage in manufacturing over our competitors. We have access to China's vast labor pool, which makes it easier for us to hire people with the appropriate skills for our production. Typically, we require new employees to undergo two to eight weeks of training before they commence work on our production lines. The training continues with respect to specific steps in the production process after employees commence work on the production lines. The comprehensive training enables us to increase our capacity utilization rate and our product yield rate, which as a result enhances our manufacturing efficiency.

SALES AND MARKETING

Our Sales Landscape

As of the Latest Practicable Date, we had commercialized 9 products, including two of our Core Products, Thrombite CRD and Ultrafree BCD, and also intracranial support catheter, peripheral stent system, PTA balloon catheter, snare retrieval kit for IVC filter, high pressure PTA balloon catheter, intracranial PTA balloon catheter (Rx) and distal access catheter in China and overseas. For details of our commercialized products, please refer to the paragraphs headed "– Our Products and Product Candidates". In 2019, the revenue generated from our sales in China accounted for 14.3% of our total revenue in 2019. In 2020, we substantially increased our sales in China and the portion of revenue generated from our sales in China accounted for 87.9% of our total revenue for 2020. As our current products and product candidates receive more marketing approvals in China, we expect to generate more sales in China. For details of our sales model in China and overseas, please refer to the paragraphs headed "– Our Sales and Distribution Arrangements" in this section.

We use a combination of our in-house sales and marketing team and a network of independent distributors to sell our products in China. As of the Latest Practicable Date, we had a sales and marketing team of 50 people in China, led by the head of our sales and marketing team, Mr. Yang Xie, who has extensive sales and marketing experience of over 25 years in the medical device industry. Our in-house sales and marketing team tracks and analyzes applicable local laws and regulations and government policies as well as market data of our products in order to formulate national and regional marketing strategies more effectively.

Our Marketing Model

We promote our products to hospitals and physicians in China through academic marketing, mainly by establishing research and clinical collaboration and providing product education to physicians.

To increase awareness of our products and technologies, we conduct educational symposia and provide product education to physicians, hospital executives and researchers in the field. Our highly trained sales and marketing team focuses on interacting with physicians to introduce and educate them about the use of our products free of charge. Such interaction is fostered through regular visits to and communications with physicians, on-site demonstration of our products to physicians, our participation of conferences, seminars and physician education programs and other activities. Although patients are the end users of our products, physicians and procurement departments of hospitals decide what products to stock and physicians typically recommend to patients what products to use. Based on our experience, as physicians become more knowledgeable and experienced with our products, they will be more likely to recommend our products. In addition to accelerating market awareness and adoption of our products, our communications with physicians provide us with continual feedback on our products and trends in the market which helps guide our research and development projects.

We have taken an active role in the key conferences in China, which serve as good opportunities to educate and train physicians in respect of neuro and peripheral vascular interventional procedures, and a platform for us to present our products' innovative and advanced features. Because of our advanced technology and our innovative experience in China, our products have been among the central topics of academic discussions and examples for training carried out by certain professional associations through academic meetings or organized by and within hospitals, and our research and development experts and management have been invited as speakers to introduce their practices in this field. We have participated in various academic conferences that gathered leading industry experts such as the Oriental Conference of Interventional Neuroradiology (東方腦血管病大會) and China Intracranial Stent Special International Symposium (中國顱內支架專題國際研討會). We also have strong presence at international conferences and academic events, such as Leipzig Interventional Course (LINC) and joint conference of World Stroke Organization and European Stroke Organization (WSO-ESO). By hosting seminars and product education sessions, presenting exhibitions and sharing our clinical results during such conferences, we are able to enhance physicians' awareness of our products. Our existing relationships with hospitals also help promote our products among physicians and hospitals through on-site demonstrations and education.

As part of our marketing model, we have organized and will continue to organize on-site demonstrations and education in hospitals, in order to build or enhance their capability to conduct such operations and to promote our products. We plan to expand our sales and marketing team and utilize our established relationships with hospitals and physicians to increase sales of our products.

We also rely on KOLs to introduce and recommend our products to physicians and hospitals. KOLs have incentives in learning the latest disease treatment options available within their therapeutic areas, as well as introducing advanced technologies and products that they believe have clinical benefits to other doctors. This will help maintain their authority and standing within the broader medical community. We provide these KOLs with detailed information of our products. They will make independent judgment on competing products in the market. We are confident about the safety and efficacy profiles of our product and we believe that these KOLs' independent views on our products help increase the market recognition of our products among the wider medical community across the country. All of our KOLs are Independent Third Parties.

When selecting KOLs for a specific academic event, we consider factors such as the participating doctor's vocational affiliation, the purpose and scale (local, regional or national) of the event, as well as the KOL candidate's academic and professional backgrounds, medical specialties and reputation in the industry. We also consider whether they have participated in clinical studies or published academic articles related to vascular interventional procedures and related products. We usually choose physicians who have used our products before as KOLs.

Besides our primary academic marketing model, we also rely on distributors to sell our products. Each of our distributors has its own sales force that focuses on marketing in its particular approved territory and hospitals. Distributors have engaged in promoting our products through their network of hospitals and physicians. For details, please refer to the paragraphs headed "– Our Sales and Distribution Arrangements – Sales through distributors."

Our Sales and Distribution Arrangement

In line with industry practice, we sell our products primarily to distributors, who then sell the products to hospitals. During the Track Record Period, we did not sell directly to hospitals. In 2019 and 2020, our sales to our distributors accounted for 92.2% and 99.0% of our revenue in 2019 and 2020, respectively. Before we deliver products to our domestic distributors, we generally require our distributors to make full prepayment for our products. Our highly trained sales team collaborates with our distributors to identify market opportunities and design distribution strategies. We also advise our distributors on order management and aftersales. By working closely with our distributors, we gain valuable insights into the operations of local distributors and the demands of physicians, which help ensure the effectiveness of the marketing activities. During the Track Record Period and up to the Latest Practicable Date, we sold our products in China and overseas through distributors. We had established an extensive distribution network by collaborations with a total of 23 domestic distributors who were authorized by us to cover over 1,500 hospitals across 22 provinces, 4 autonomous regions and 4 municipal cities in China as of the Latest Practicable Date. As of December 31, 2019 and 2020, we had 8 and 16 domestic distributors, respectively.

During the Track Record Period, we also sold our products to overseas, all of which were through distributors, including one OEM customer. As of December 31, 2019 and 2020, we had 7 and 8 overseas distributors respectively, mainly in France, Poland and Turkey.

The following table sets forth the changes in the number of our distributors for the periods indicated:

	For the Year Ended December 31,	
Distributor	**2019**	**2020**
As of the beginning of the period	13	15
– China	5	8
– Overseas	8	7
Additions of new distributors	3	29
– China	3	24
– Overseas	0	5
Terminations of existing distributors[(1)]	1	20
– China	0	16[(2)]
– Overseas	1	4
Net increase/(decrease)	2	9
– China	3	8
– Overseas	(1)	1
As of the end of the period	15	24
– China	8	16
– Overseas	7	8

Notes:

(1) Our sales arrangement with a distributor is regarded to be terminated when either party terminates the distribution agreement within the term of the agreement or chooses not to renew the agreement.

(2) Among which 13 distributors in China became sub-distributors of our largest domestic distributor in 2020.

Sales to Distributors

Selection and Management of Distributors

Our sales and marketing team screens and selects distributors whom we believe have the required qualifications and capabilities and are suited to our strategic marketing model.

Upon selecting distributors, we will first evaluate their qualifications. We select our distributors based on their experience in the medical device industry, particularly their established relationships with hospitals and physicians within their designated territories. In addition, they must possess the requisite business licenses and permits to sell medical devices in the respective jurisdictions. We also assess the distributors' financial conditions and market management capabilities before and after sale. We review the qualifications of our distributors when our contracts with them are due to be renewed. During the Track Record Period, all of our distributors are Independent Third Parties and except the distributorship itself, none of the distributors has any past or present relationship (business or otherwise) with us, our subsidiaries, our directors, shareholders, senior management or any of their respective associates.

We manage our network of distributors by regularly reviewing their performances. We generally have a one-year term with our distributors, and have an early termination right if they do not meet sales targets or breach any of their undertakings in the agreement. For sub-distributors, we do not enter into sales agreements with sub-distributors directly. Our domestic distributors need our authorization before engaging sub-distributors. We will issue such authorization after reviewing the sub-distributors' requisite business licenses and permits to sell medical devices in the respective region. Through our distributors we monitor the performance, compliance and inventory level of the sub-distributors. In addition, we regularly collect feedbacks from the physicians and monitor industry news to assess the performance of our distributors. Furthermore, we control the distributors and sub-distributors by authorizing them to sell designated products to designated hospitals which are specified in their respective authorization letters.

In addition, we require each of our distributors to enter into ancillary agreements with us which (i) obligate them to comply with all relevant anti-corruption and anti-bribery laws and regulations, and (ii) allow us to unilaterally terminate the underlying distribution agreements with distributors if any of them breach any of such laws and regulations. We also required our distributors to monitor the compliance of sub-distributors with relevant anti-corruption and anti-bribery laws and regulations as applicable, and will terminate our authorization to sub-distributors if any of them breach any of such laws and regulations.

We monitor the inventory levels of our major distributors periodically. During the Track Record Period, our distributors generally purchased our products according to their sales plans and clinical demands from the hospitals and patients.

Prevention of Cannibalization

To avoid cannibalization of sales among our distributors, we adopt the following measures:

- *Geographic restrictions*. In our distribution agreements and authorization letters, we limit our distributors to sell our products only within their designated geographic regions or designated hospitals. They are not allowed to sell our products in other regions. We also issue authorization letters to our sub-distributors who do not enter into distribution agreement directly with us to limit their sales of our products to designated hospitals only. We generally only authorize one distributor or sub-distributor for each hospital.

- *Product type restrictions*. We specify the types of products that distributors or sub-distributors are authorized to sell in our distribution agreements and authorization letters. Although we may have more than one distributor per hospital, we do not allow authorization of more than one distributor for each type of product for each hospital, in order to manage potential cannibalization and competition among distributors.

- *Hospital monitoring*. Our sales and marketing department may visit the hospitals where our products are sold from time to time. Besides receiving feedbacks from the doctors or physicians, our sales and marketing team will also understand which distributors they work with and monitor any potential instances of non-compliance with our distribution agreements or authorization letters.

Distribution Agreements

(i) Domestic Distributors

We enter into standard agreement with each distributor, which contains appendices setting out tailored terms including target purchase amount and designated distribution territory and/or hospitals. To the best knowledge of our Directors, there has been no material breach of distribution agreements that caused the termination of any distribution agreement during the Track Record Period. The following table summarizes the salient terms of the standard agreement with our domestic distributors:

Term	Generally one year, with renewal clause or any other term as specified in the agreement.
Designated geographical regions and hospitals	The distributor is authorized to sell designated products to designated hospitals in designated distribution territory which are specified in our authorization letter.
Relationship with distributors	Our distributors are Independent Third Parties. Our relationship with them is not that of a principal and an agent, but that of a customer and a supplier with no obsolete stock arrangements.
Target purchase amount	We set monthly or quarterly target purchase amounts for our distributors which is indicative in nature. However, we may consider to terminate our cooperation with the distributor when, among other things, the distributor fails to meet target purchase amount in certain consecutive periods as agreed.
Payment and credit terms	We generally require all our distributors to make full prepayment for our products before delivery.

Product return/exchange	We do not accept product returns except for products with quality defects, which is in line with market practice.
Transportation and delivery	We are responsible for transporting our products to the distributor and bear the costs and risk of loss of the transportation.
Warranty	We warrant that our products are in compliance with the applicable laws and regulations and meets the quality standards in the specifications or similar documents.
Regulatory compliance	We require our distributors to comply with all laws, regulations and mandatory industry standards and not to adversely affect our compliance with such laws, regulations and industry standards.
Use of the trademark	The distributor shall have a non-sublicensable, non-transferable, non-assignable and non-exclusive right to use our trademark for selling our products in the designated area during the term of our distribution agreement. Our distributor shall not use the trademark for any other product and shall use the trademark only for the purpose of selling our products in accordance with the agreement.
Termination	The agreement may be terminated by us when, among other things, the distributor fails to meet target purchase amount in certain consecutive periods as agreed, fails to comply with relevant laws and regulations, or breaches any undertaking in the agreement and fails to remedy such breach as requested by us.

With the launch of Thrombite CRD, Ultrafree DCB and intracranial support catheter in 2020 which were expected to enter more hospitals with broader geographical coverage, we had to market these products through more distribution channels. These newly-approved products have a large number of product specifications (for example, Ultrafree DCB has over 200 different specifications) and require efficient inventory management and delivery products of different specifications in order to satisfy the needs of the end hospitals, therefore we believe it is more efficient to collaborate with an established distributor as a centralized distributor to

manage the inventory and logistical needs of a large number of sub-distributors and end hospitals across different geographical locations, particularly when we are still in the early stage of commercialization. Therefore, the original distributors were gradually transformed into sub-distributors of one large-scale distributor in 2020 for more efficient management of distribution channels. We started to introduce sub-distributorship in 2020 and our largest domestic distributor in 2020 engaged 78 sub-distributors during 2020, including 13 distributors in 2019 who were converted to sub-distributors in 2020. We entered into master distribution agreements with our largest domestic distributor in 2020 in relation to our domestic sales, which accounted for approximately 78.3% of our total sales in 2020, under which the distributor is authorized to sell designated products within designated area to sub-distributors with our prior written consent. The number of hospitals authorized to be covered by the sub-distributors managed under our largest domestic distributor in 2020 accounts for approximately 85% of the total number of hospitals authorized to be covered by all of our distributors in China. Such sub-distributors can only sell our products to end hospitals which are approved by us in advance. As of the Latest Practicable Date, approximately 65% of the hospitals authorized to be covered by our distributors and the sub-distributors were Class III hospitals, based on which the approximate end sales to Class III hospitals were not less than 70%. Among the authorized non-Class III hospitals, substantially all of them are Class II hospitals. Our largest domestic distributor in 2020, namely Shanghai Jiahe Chengkang Medical Equipment Co. Ltd., is a medical device company incorporated in 2015 in China which is wholly owned by a pharmaceutical distribution company listed in China and focuses on distribution of medical devices, consignment sale of equipment, sales in medical centers, cold chain logistic, warehousing and supply chain solutions. Such distributor is an Independent Third Party. Our relationship with such distributor is not that of a principal and an agent, but that of a customer and a supplier with no obsolete stock arrangements. We expect to continue to generate a significant portion of our revenue from such distributor and intend to renew the current distribution agreement upon its expiry in December 2021. We communicate with such distributor on a regular basis regarding the management and monitoring of sub-distributors and end hospitals and do not expect any material adverse change in or termination of our relationship with such distributor in the foreseeable future. We also plan to enter into collaborations with more distributors to diversify our sales network and distribution channel. We are in negotiations with several distributors in different regions with different product specialties. The Company is evaluating the credentials of such distributors. In 2021, we plan to introduce more distributors to build up distribution channels by different regions and product lines through sub-distributors.

The following table summarizes the special terms of the master distribution agreements with our largest domestic distributor in 2020:

Term	From September 2020 and January 2021, respectively, to December 2021, and may be renewed upon mutual consent.
Designated geographical regions, sub-distributors and hospitals	The distributor is authorized to sell designated types of products within designated distribution territory to sub-distributors who are approved by us in advance. Before each sub-distributor commences sales, we will grant authorization letter to such sub-distributor to specify the types of products and hospitals the sub-distributor is allowed to sell to.
Arrangements between the distributor and sub-distributors	Subject to provisions in this agreement, the distributor may negotiate certain terms with sub-distributors, including but not limited to pricing, payment and delivery, without our prior consent.
Product return/exchange	We do not accept product returns except for products with quality defects. Upon termination of the distribution agreement with the distributor, we have the right to determine whether to accept product return from the distributor or whether to negotiate with the distributor on the resale arrangement in relation to the unsold inventory that meets applicable quality standards to our other distributors, which is in line with market practice.
Exclusivity	None.
Target purchase amount	We set monthly and quarterly target purchase amounts which are indicative in nature. However, we may consider to terminate our cooperation with the distributor when, among other things, the distributor fails to meet target purchase amount in three consecutive months.

Sales incentive payment	The distributor is entitled to a quarterly sales incentive payment equals to a certain percentage as agreed of its actual sales amount during such quarter if it reaches the target purchase amount and meets certain sales record keeping requirements as agreed.
Termination	The agreement may be terminated by us when, among other things, the distributor fails to meet target purchase amount in three consecutive months, fails to comply with relevant laws and regulations, or breaches any undertaking in the agreement and fails to remedy such breach as requested by us.

In 2020, the revenues generated from distributors authorized by us to cover areas where the Two Invoice System has been implemented accounted for less than 2% of our total revenues. Our PRC Legal Advisor is of the view that our distributorship model has been in full and continuous compliance during the Track Record Period and up to the Latest Practicable Date on the implementation progress of the Two Invoice System and planned collaborations with local distributors in short-to-mid term based on (i) the prevailing regulations; and (ii) we do not authorize sub-distributors to sell to hospitals where two invoice system applies. In the areas where the Two Invoice System is implemented, we sell products to distributors with no sub-distributor arrangements by issuing sales invoices and making payment with distributors directly. Distributors are then responsible for the product sales and payment with end hospitals, thus meeting the requirements that "medical device production enterprises issue one invoice to circulation enterprises and circulation enterprises issue one invoice to medical institutions" pursuant to the Two Invoice System. Pursuant to the policies issued by various governmental departments, China is currently encouraging implementation of Two Invoice System nationwide. However, due to the different progress of the local implementation in different regions, it is difficult to predict the actual implementation timeline of the Two Invoice System in the provinces and cities where the Two Invoice System is not yet implemented. To ensure our continuous compliance, we and our distributors pay close attention to the implementation progress of the Two Invoice System and we will develop collaborations with well-established local distributors in advance so that we can adjust our distributorship model timely. Our authorizations issued to our distributors specified the authorization period and we reserved the right to adjust the distribution area and products during the limited period. Therefore, even if the Two Invoice System is implemented in other provinces in the future, we can effectively cope with the policy risk of the Two Invoice System by canceling the distributorship or adjusting the scope of authorized distribution products. We will also focus on expanding our sales and marketing team to strengthen our own sales capabilities. If the Two Invoice System is implemented in more regions, we will adjust our distribution model in relevant regions accordingly to engage single-tier distributors. By doing so, the overall product profit margin

is not expected to be significantly affected as there are plenty of regional distributors with industry experience on the market. In addition, we have successfully implemented Unique Medical Device Identification (UDI) for all our commercialized products as required under the UDI system as of the Latest Practicable Date and intend to strictly follow the UDI system for our incoming commercialized products, and leverage the future implementation of UDI system to track our product distribution flow including areas where Two Invoice System is applicable. We have gained necessary experience and resources to implement UDI for any incoming commercialized products and does not expect any negative impact due to the future implementation of UDI system. For details, see "Regulatory Overview – The Unique Medical Device Identification (UDI) system".

The Directors and Frost & Sullivan, our Industry Consultant, are of the view that it is not uncommon for companies during early stage of commercialization (including the Company) to rely on a single distributor in respect of their related products in the medical devices industry. Based on the due diligence conducted and discussions with our management and Frost & Sullivan, nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to disagree with the views of the Directors and Frost & Sullivan.

(ii) Overseas Distributors

We also enter into distribution agreements with our overseas distributors. The terms may vary according to negotiation between the parties and our registration period in a particular jurisdiction. During the Track Record Period, our revenues from sales to the overseas distributors were RMB4.2 million and RMB3.3 million, accounting for 85.7% and 12.1% of our revenue in 2019 and 2020, respectively, and we expect the China market will continue to be the major source of our sales. We apply similar key terms to our overseas distributors as we do to our domestic distributors but usually apply a term longer than one year for some of our overseas distributors. We do not designate hospitals for our overseas distributors. Our overseas distributors shall pay the full amount within an agreed period of time from the actual delivery date. In addition, a minimum purchase amount is agreed between our overseas distributors and us and no mandatory sales target is specified. We are responsible for arranging transportation of our products and risk relating to the products are passed to the distributors when products are delivered to the locations as agreed between us and our overseas distributors. Our overseas distributors are Independent Third Parties. Our relationship with them is not that of a principal and an agent, but that of a customer and a supplier with no obsolete stock arrangements.

In 2019, one of our overseas distributors failed to meet the minimum purchase amount as agreed. Pursuant to the distribution agreement with such distributor, we did not renew the distribution agreement with such distributor and appointed another distributor for the designated products within the designated distribution territory in 2020.

In 2020, all of our overseas distributors failed to meet the minimum purchase amount as agreed due to the impact of the COVID-19 pandemic. Considering the previous performance of overseas distributors and the market affected by the COVID-19 pandemic, we did not terminate the distribution agreement with any overseas distributor in 2020 because of its failure to meet the minimum purchase amount. We do not expect our planned commercialization in China will be adversely affected by the COVID-19 pandemic. As the future impact of COVID-19 in Europe is still uncertain, we expect our business operations, planned regulatory process and commercialization in Europe will continue to be subject to the impact of the COVID-19 pandemic.

Pricing

As of the Latest Practicable Date, we had 9 commercialized products in the market. The prices of our products are determined in the following manner.

We sell products to our distributors at the price determined by us from time to time. When determining the price of our products sold to distributors, we consider factors such as prices of competing products, our costs and differences in features between our products and competing products. As of the Latest Practicable Date, there was no price guidance set by the PRC government on stroke treatment and prevention devices. If the PRC government issues price guidance for stroke treatment and prevention devices, the prices of our products may be negatively affected. See "Risk Factors – The policies of centralized procurement of high-value medical consumables set by the PRC government may cover our products in the future, and the prices of our products may experience downward changes, which in turn may have a material adverse impact on our revenue, financial condition and results of operation" in this document for details. Moreover, we may need to lower the prices of our products in order to have them included in the medical insurance reimbursement list, and such price cut and reimbursement may not necessarily lead to increase in our sales and our results of operations may be adversely affected. See "Risk Factors – Our sales may be affected by the level of medical insurance reimbursement patients received for using our products" for details. We plan to expand our market share to better prepare ourselves for the future implementation of centralized procurement on its products. If and by the time the government issues centralize procurement guidelines covering our products, we will consider factors including market share, cost of manufacturing, marginal rate of investment and return to determine detailed adjustment strategy of our commercialization, such as optimizing production and lowering production cost. In addition, we are developing a comprehensive portfolio of 45 products and product candidates, and it is therefore less affected by the potential centralize procurement of any single product.

For our product candidates, we intend to determine the pricing with reference to the price of comparable products from major market players in China.

We are a commercial stage medical device company. Investment in medical device development is highly speculative and entails substantial upfront capital expenditures and significant risk that a product candidate will fail to obtain regulatory approval or become commercially viable. We incurred losses during the Track Record Period and will continue to incur significant losses in 2021, as we continue to invest heavily in our R&D activities to expand our development of and seek regulatory approvals for our product candidates. Our selling and distribution expenses are expected to increase significantly along with the launch of our products, considering that we are currently at an early-stage of commercialization.

Based on our market assessment, the sales performance and selling price of our commercialized products in 2021 is subject to factors such as prices of competing products, our costs and differences in features between our products and competing products, and market fluctuations. As concurred by our PRC Legal Advisor, we do not expect any material regulatory changes related to the pricing of our products.

CUSTOMERS

Our customers are primarily distributors in China and overseas who purchase our products and sell them directly or indirectly to hospitals. For the years ended December 31, 2019 and 2020, the aggregate sales to our five largest customers were RMB4.4 million and RMB24.3 million, representing 90.0% and 87.8% of our revenue, respectively. Sales to our largest customer for the same periods were RMB1.5 million and RMB21.6 million, representing 30.8% and 78.3% of our revenue, respectively. Please see below a summary of the sales to our five largest customers for the periods indicated:

For the year ended December 31, 2019				For the year ended December 31, 2020			
Five Largest Customers	**Covered Region**	**Sales Amount**	**Percentage of Revenue**	**Five Largest Customers**	**Covered Region**	**Sales Amount**	**Percentage of Revenue**
		RMB'000				*RMB'000*	
Customer A[(1)]	Turkey	1,515.4	30.8%	Customer F[(6)]	PRC	21,640.3	78.3%
Customer B[(2)]	France	1,049.9	21.4%	Customer C[(3)]	Poland	745.5	2.7%
Customer C[(3)]	Poland	774.6	15.8%	Customer A[(1)]	Turkey	742.3	2.7%
Customer D[(4)]	Turkey	726.2	14.8%	Customer B[(2)]	France	710.0	2.6%
Customer E[(5)]	PRC	351.6	7.2%	Customer G[(7)]	Turkey	423.2	1.5%
Total		4,417.7	90.0%	**Total**		24,261.3	87.8%

Notes:

(1) Customer A is a Turkish company incorporated in 2010 and focuses on the distribution of interventional cardiology, as well as cardiologic devices.

(2) Customer B is a French company incorporated in 2009 and focuses on the distribution of high-tech endovascular products for practitioners in France.

(3) Customer C is a medical distributor incorporated in 2003 in Poland.

(4) Customer D is a Turkish company incorporated in 2015 and focuses on endovascular treatment solutions with addition of wide range of medical conditions.

(5) Customer E is a medical device company incorporated in 2016 in China.

(6) Customer F is a medical device distributor incorporated in 2015 in China and focuses on distribution of medical devices, consignment sale of equipment, sales in medical centers, cold chain logistic, warehousing and supply chain solutions.

(7) Customer G is a Turkish company incorporated in 2010 and focuses on distribution of medical devices for stroke treatment.

During the Track Record Period, none of our Directors or any Shareholders, who, to the knowledge of our Directors, owns more than 5% of our issued share capital immediately following the completion of the [**REDACTED**] (but without taking into account the exercise of the [**REDACTED**]) nor any of their respective associates had any interest in any of our five largest customers.

RAW MATERIALS AND SUPPLIERS

Suppliers

During the Track Record Period, our suppliers mainly comprised of clinical trial service providers, equipment providers and raw material suppliers. For the years ended December 31, 2019 and 2020, purchases from our five largest suppliers in aggregate accounted for 58.1% and 51.0% of our total purchases (including value added tax), respectively, and purchases from our largest supplier accounted for 50.5% and 31.0% of our total purchases for the same periods (including value added tax), respectively.

None of our Directors or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued share capital immediately following completion of the [**REDACTED**] (but without taking into account the exercise of the [**REDACTED**]) nor any of their respective associates had any interest in any of our five largest suppliers during the Track Record Period.

Please see below a summary of the purchases from our five largest suppliers for the periods indicated:

Five Largest Supplier for the year ended December 31, 2019	Purchases	Purchase Amount	Percentage of Total Purchases
		RMB'000	
Supplier A	Manufacturing facilities construction	42,622.9	50.5%
Supplier B	Clinical study services	2,675.9	3.2%
Supplier C	Property rental services	1,363.8	1.6%
Supplier D	Market research and consulting services	1,200.0	1.4%
Supplier E	Clinical study services	1,143.4	1.4%
	Total:	49,006.0	58.1%

Five Largest Supplier for the year ended December 31, 2020	Purchases	Purchase Amount	Percentage of Total Purchases
		RMB'000	
Supplier A	Manufacturing facilities construction	39,759.2	31.0%
Supplier F	Manufacturing facilities construction and renovation	11,192.1	8.7%
Supplier G	Raw materials	7,002.2	5.5%
Supplier H	Raw materials	3,705.5	2.9%
Supplier I	Raw materials	3,690.2	2.9%
	Total:	65,349.2	51.0%

Raw Materials

Raw materials we use for our manufacturing process primarily include nitinol materials, platinum-iridium alloy materials, stainless steel wires and platinum dock wires. We primarily use a limited number of suppliers for our certain raw materials, although there are alternate suppliers available for most of such materials. As of the Latest Practicable Date, our suppliers for raw materials were based both in China and overseas, from whom we purchased raw materials on an as-needed basis with consideration of production schedule and logistic arrangement.

We generally enter into supply agreements with our raw material suppliers. Our agreement with the supplier specifically lists our quality requirements. We will decide whether to accept the supply upon inspecting and examining the materials. We make full prepayments to some of our suppliers for raw materials, and our other suppliers for raw materials usually provide us with a credit term up to 30 days.

Procurement Agreements with Suppliers

We generally enter into supply agreements with suppliers of our principle raw materials. The following table summarizes key terms of the agreements with our suppliers:

Quality specifications	We list quality specifications for the raw materials in each agreement and/or purchase order.
Price and pricing policy	Price or pricing policy is specified in each agreement and/or purchase order.
Transportation and delivery	Delivery method is specified in each agreement and/or purchase order.
Payment	Our suppliers generally require prepayment for our orders.
Raw materials return/exchange	We examine raw materials when we receive them and may return any raw materials that do not meet our requirements within specified periods after receipt.
Confidentiality	Pursuant to each agreement, our suppliers shall keep confidential of the information acquired in the performance of the agreement.
Exclusivity	Our supply agreements generally do not have exclusive clauses prohibiting suppliers from selling their products to our competitors.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in procuring our major raw materials and had not experienced significant fluctuations in the prices of our supplies. To the best knowledge of our Directors, there has been no material breach of procurement agreements with our suppliers during the Track Record Period. Our Directors believe, after taking into consideration the impact of the potential outbreak of COVID-19, that we would not experience any material difficulties in procuring our major raw materials.

To some extent, reduced transportations and disruption to manufacturing and logistics networks in China due to the COVID-19 outbreak affected our suppliers' abilities to manufacture and transport consumables, equipment and other supplies necessary for our operations. As of the Latest Practicable Date, most of our suppliers had resumed normal operations and we had not experienced any material disruption or shortage of supplies since the outbreak of COVID-19.

INVENTORY

Our inventories consist of raw materials, work in progress and finished goods. We currently store all our inventories in warehouses in our production facilities in Hangzhou and Zhuhai. For raw materials supplied by suppliers, we generally keep an inventory that would satisfy our production needs, which may vary according to the demand of our customers, sales and production plans.

Our current inventory level of raw materials can support the ongoing manufacturing activities, among which plastic pipes, metal materials and packaging materials are usually kept at an inventory level of less than 12 months. We manage our inventory level by considering factors including but not limited to sales forecasts, production cycles, procurement cycles, number of suppliers, purchase price subject to purchase scale and future trend of purchase prices, instead of depending on the nature of raw materials. We have procedures in place to monitor the aforementioned factors on a regular basis to ensure the inventory level of raw materials is able to support relevant production schedules. In addition, these raw materials are not scarce materials and can be readily procured from a variety of suppliers. We believe our current inventory level of raw materials is able to satisfy our ongoing manufacturing needs.

All our products are subject to expiry. Our finished products generally have an effective period of approximately two to three years. We regularly monitor our inventories to reduce the risk of overstocking. We have in place internal policies which require a physical count of all our raw materials, work in progress and finished goods once every half year to identify products that are damaged, expired or soon-to-be expired.

Our Directors confirmed that our inventory control policies have been effective and we did not experience any material shortage in supply or overstocking of inventories during the Track Record Period and up to the Latest Practicable Date.

As of December 31, 2019 and 2020, our inventories amounted to RMB10.0 million and RMB29.0 million, respectively.

QUALITY CONTROL

We have a quality management department that devotes significant resources to quality management of our products. We have our own quality control system and devote significant attention to quality control for the designing, R&D manufacturing, testing and transportation of our products and product candidates. Our management team is actively involved in setting quality policies and managing our internal and external quality performance. As of the Latest Practicable Date, our quality management department consisted of 44 employees. The department is divided into a quality control team, a quality assurance team, a microbiological inspection team and a design quality assurance team. Our quality control team is responsible for inspecting raw materials, production process and the quality of finished goods. Our quality assurance team focuses on the establishment, implementation and maintenance of our quality management system, as well as monitoring our operation in real time throughout the entire development and production process to ensure its compliance with the applicable regulatory and industry requirements. Our microbiological inspection team is responsible for monitoring the production environment, purified water, compressed air and other operation conditions to meet the technical requirements of our products, as well as ethylene oxide and endotoxin testing of our products, and monitoring of microorganism and particle. Our design quality assurance team is responsible for the quality control during product design and development stages, ensuring the integrity and compliance of product development process and record keeping.

We have established a strict quality control system in accordance with NMPA regulations, ISO13485:2016 standards and other applicable regulations and standards on the quality management system of medical devices. Our quality control procedures in the production process primarily consist of the following:

- **Raw material control and inspection**: we conduct meticulous due diligence on our suppliers and only purchase our raw materials from suppliers who observe our internal supply management policies. We also inspect samples from each batch of raw materials to help ensure there are no quality or other issues;

- **Process control**: we plan the production process based on the technologies adopted by each product type and monitor the entire production process, particularly certain key steps of the production process;

- **Product inspection**: we compile our product inspection manual based on our product specifications, and inspect our products in accordance with our product inspection manual, including testing the capability and measurement of our products, verifying the product labels and manuals as well as confirming that the products are properly packaged and sterilized; and

- **Environment control**: we design environment control protocol for our labs and production facilities, and monitor the implementation of the protocols.

We have complied with our quality control policies in all material respects and have passed all inspections by regulatory authorities up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we had not received any material complaints from our customers and our products had not been subject to any material claim, litigation or investigation. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product return or exchange.

INTELLECTUAL PROPERTY RIGHTS

We have built a comprehensive intellectual property portfolio in China and overseas to protect our technologies, inventions and know-how and ensure our future success with commercializing our products. As of the Latest Practicable Date, we had 39 granted patents and 34 registered trademarks, as well as 43 pending patent applications and 58 pending trademark applications in China. We believe there is no material legal impediment for us to obtain the approvals for these pending patents and trademarks.

As advised by our legal advisors, the patent applications of our Core Products and product pipeline have clean and free title to operate with appropriate assignment of rights from their inventors. We typically monitor and conduct researches on all relevant IP to our products and product candidates on an on-going basis. Based on the product design and technology, we will selectively file patent for technologies and processes while strategically keeping certain know-how as trade secrets.

As of the Latest Practicable Date, we had 21 granted patents and 17 pending patent applications in relation to our major products in China. We are assessing the global market under the impact of the COVID-19 pandemic and will consider to apply for patents in the EU and overseas according to our future international commercial plan. The table below lists the portfolio of material patents in relation to our major products as of the Latest Practicable Date:

Related Product	Name of Patent	Patent Type	In-review/ Approval Number	Application Date	Grant Date	Expiration Date	Covered Region	Status	Inventors[1]	Registered Owner
1. Thombite CRD	一種帶有螺旋結構的血管取栓裝置及其血栓治療儀	Utility	201620013384.5	January 6, 2016	July 6, 2016	January 6, 2026	PRC	Granted	Jonathon Zhong Zhao (founder and chairman of the Board)	Zhuhai Tonbridge
2. Thombite CRD	一種帶有刺狀結構的血管取栓裝置及其血栓治療儀	Utility	201620007100.1	January 6, 2016	June 29, 2016	January 6, 2026	PRC	Granted	Jonathon Zhong Zhao	Zhuhai Tonbridge
3. Thombite CRD	一種帶有半封閉結構的血管取栓裝置及其血栓治療儀	Utility	201620009288.3	January 6, 2016	July 6, 2016	January 6, 2026	PRC	Granted	Jonathon Zhong Zhao	Zhuhai Tonbridge
4. Thombite CRD	一種帶有螺旋結構的血管取栓裝置及其血栓治療儀	Invention	201610009736.4	January 6, 2016	September 4, 2020	January 6, 2036	PRC	Granted	Jonathon Zhong Zhao	Zhuhai Tonbridge

Related Product	Name of Patent	Patent Type	In-review/ Approval Number	Application Date	Grant Date	Expiration Date	Covered Region	Status	Inventors[1]	Registered Owner
5. Thombite CRD	一種帶有刺狀結構的血管取栓裝置及其血栓治療儀	Invention	201610013494.6	January 6, 2016	January 3, 2020	January 6, 2036	PRC	Granted	Jonathon Zhong Zhao	Zhuhai Tonbridge
6. Ultrafree DCB	治療用球囊擴張導管藥物塗層的制備方法	Invention	2014106592934	November 19, 2014	February 8, 2017	November 19, 2034	PRC	Granted	Ting Chang (head of design quality assurance department), Jonathon Zhong Zhao	Our Company
7. Ultrafree DCB	一種植入或介入醫療器械上藥物塗層的塗覆工藝	Invention	2014106733010	November 21, 2014	May 18, 2016	November 21, 2034	PRC	Granted	Ting Chang, Jonathon Zhong Zhao	Our Company
8. Ultrafree DCB	醫療器械上藥物塗層的塗覆工藝	Invention	2016109146173	October 20, 2016	June 28, 2019	October 20, 2036	PRC	Granted	Jonathon Zhong Zhao, Ting Chang	Our Company
9. Neurovascular embolization coils	栓塞彈簧圈解脫裝置	Invention	201610995151.4	November 10, 2016	–	–	PRC	Pending	Jonathon Zhong Zhao	Zhuhai Tonbridge
10. Neurovascular embolization coils	栓塞彈簧圈解脫裝置	Utility	201621212664.5	November 10, 2016	September 5, 2017	November 10, 2026	PRC	Granted	Jonathon Zhong Zhao	Zhuhai Tonbridge
11. Retrievable inferior vena cava filter	靜脈濾器	Invention	2017102065697	March 31, 2017	July 27, 2018	March 31, 2037	PRC	Granted	Zheng Li (senior vice president), Jonathon Zhong Zhao	Our Company
12. Retrievable inferior vena cava filter	腔靜脈濾器及其回收裝置	Utility	2017211683932	September 12, 2017	April 9, 2019	September 12, 2027	PRC	Granted	Zheng Li, Jonathon Zhong Zhao	Our Company
13. Retrievable inferior vena cava filter	靜脈濾器(第一款)	Utility	2017203355391	March 31, 2017	June 8, 2018	March 31, 2027	PRC	Granted	Zheng Li, Jonathon Zhong Zhao	Our Company
14. Retrievable inferior vena cava filter	腔靜脈濾器及其回收裝置	Utility	201921589178.9	September 24, 2019	July 14, 2020	September 24, 2029	PRC	Granted	Zhikai Xing (head of R&D department), Jiajing Wang (R&D engineer), Xiaoling Fan (technician), Ning Pan (senior vice president), Jonathon Zhong Zhao	Our Company

	Related Product	Name of Patent	Patent Type	In-review/ Approval Number	Application Date	Grant Date	Expiration Date	Covered Region	Status	Inventors[1]	Registered Owner
15.	Retrievable inferior vena cava filter	腔靜脈濾器及其回收裝置	Invention	201710818488.2	September 12, 2017	–	–	PRC	Pending	Jonathon Zhong Zhao	Our Company
16.	Peripheral venous stent system	一種錨定增強型血管支架	Utility	201921371304.3	August 22, 2019	June 30, 2020	August 22, 2029	PRC	Granted	Ning Pan, Yongshun Zhang (senior project manager), Jonathon Zhong Zhao	Our Company
17.	Peripheral venous stent system	一種彎曲式血管支架	Utility	201921376055.7	August 22, 2019	July 14, 2020	August 22, 2029	PRC	Granted	Ning Pan, Yongshun Zhang, Jonathon Zhong Zhao	Our Company
18.	Peripheral venous stent system	一種斜口結構狀血管支架	Utility	201921372156.7	August 22, 2019	June 23, 2020	August 22, 2029	PRC	Granted	Yongshun Zhang, Ning Pan, Jonathon Zhong Zhao	Our Company
19.	Peripheral venous stent system	一種血管支架	Utility	201921374750.X	August 22, 2019	July 7, 2020	August 22, 2029	PRC	Granted	Ning Pan, Yongshun Zhang, Jonathon Zhong Zhao	Our Company
20.	Peripheral venous stent system	一種血管支架用輸送器	Utility	201921371258.7	August 22, 2019	July 7, 2020	August 22, 2029	PRC	Granted	Yongshun Zhang, Ning Pan, Jonathon Zhong Zhao	Our Company
21.	Peripheral venous stent system	柔順支架	Utility	202022188623	September 29, 2020	December 25,2020	September 29, 2030	PRC	Granted	Yongshun Zhang, Ning Pan, Xiang Zhou (R&D engineer), Jonathon Zhong Zhao	Our Company
22.	Peripheral venous stent system	彎曲支架	Utility	202022188077X	September 29, 2020	December 25, 2020	September 29, 2030	PRC	Granted	Ning Pan, Yongshun Zhang, Xiang Zhou (R&D engineer), Jonathon Zhong Zhao	Our Company

Related Product	Name of Patent	Patent Type	In-review/ Approval Number	Application Date	Grant Date	Expiration Date	Covered Region	Status	Inventors[1]	Registered Owner
23. Peripheral venous stent system	斜口支架	Utility	202022188065.7	September 29, 2020	January 8, 2021	September 29, 2030	PRC	Granted	Yongshun Zhang, Ning Pan, Xiang Zhou, Jonathon Zhong Zhao	Our Company
24. Peripheral venous stent system	一種血管支架用輸送器	Invention	201921371258.7	August 22, 2019	July 7, 2020	July 7, 2030	PRC	Granted	Yongshun Zhang, Ning Pan, Jonathon Zhong Zhao	Our Company
25. Peripheral venous stent system	一種鐳定增強型血管支架	Invention	201910779158.6	August 22, 2019	–	–	PRC	Pending	Yongshun Zhang, Ning Pan, Jonathon Zhong Zhao	Our Company
26. Peripheral venous stent system	一種彎曲式血管支架	Invention	2019107791406	August 22, 2019	–	–	PRC	Pending	Ning Pan, Yongshun Zhang, Jonathon Zhong Zhao	Our Company
27. Peripheral venous stent system	一種斜口結構狀血管支架	Invention	2019107791321	August 22, 2019	–	–	PRC	Pending	Yongshun Zhang, Ning Pan, Jonathon Zhong Zhao	Our Company
28. Peripheral venous stent system	一種血管支架	Invention	201910779123.2	August 22, 2019	–	–	PRC	Pending	Ning Pan, Yongshun Zhang, Jonathon Zhong Zhao	Our Company
29. Peripheral venous stent system	柔順支架	Invention	202011055873.4	September 29, 2020	–	–	PRC	Pending	Yongshun Zhang, Ning Pan, Xiang Zhou, Jonathon Zhong Zhao	Our Company
30. Peripheral venous stent system	彎曲支架	Invention	2020110517749	September 29, 2020	–	–	PRC	Pending	Ning Pan, Yongshun Zhang, Xiang Zhou, Jonathon Zhong Zhao	Our Company
31. Peripheral venous stent system	斜口支架	Invention	202011055924.3	September 29, 2020	–	–	PRC	Pending	Yongshun Zhang, Ning Pan, Xiang Zhou, Jonathon Zhong Zhao	Our Company

Related Product	Name of Patent	Patent Type	In-review/ Approval Number	Application Date	Grant Date	Expiration Date	Covered Region	Status	Inventors[1]	Registered Owner
32. Peripheral venous stent system	管狀支架	Utility	202022835074.0	December 1, 2020	–	–	PRC	Pending	Yongshun Zhang, Ning Pan, Xiang Zhou, Jonathon Zhong Zhao	Our Company
33. Peripheral venous stent system	管狀支架	Invention	202011381579.2	December 1, 2020	–	–	PRC	Pending	Yongshun Zhang, Ning Pan, Xiang Zhou, Jonathon Zhong Zhao	Our Company
34. Peripheral venous stent system	支架	Utility	202022835084.4	December 1, 2020	–	–	PRC	Pending	Yongshun Zhang, Ning Pan, Xiang Zhou, Jonathon Zhong Zhao	Our Company
35. Peripheral venous stent system	支架	Invention	202011381601.3	December 1, 2020	–	–	PRC	Pending	Yongshun Zhang, Ning Pan, Xiang Zhou, Jonathon Zhong Zhao	Our Company
36. Peripheral venous stent system	醫用支架	Utility	202022842237.8	December 1, 2020	–	–	PRC	Pending	Yongshun Zhang, Ning Pan, Xiang Zhou, Jonathon Zhong Zhao	Our Company
37. Peripheral venous stent system	醫用支架	Invention	20201138159.7	December 1, 2020	–	–	PRC	Pending	Yongshun Zhang, Ning Pan, Xiang Zhou, Jonathon Zhong Zhao	Our Company

Note:

(1) Include inventors who remained with the Company as of the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material proceedings in respect of intellectual property right infringement claims against us or initiated by us. As of the Latest Practicable Date, as advised by our legal advisors based on the freedom-to-operate searches and analyses on our Core Products and major product candidates and litigation searches they conducted, we had not identified any potential overlap between our Core Products and commercialized products to claims made by third parties in the form of granted utility patents and/or invention patents. For risks relating to intellectual property rights, see "Risk Factors – Risks Relating to Our Business – Risks Relating to Our Intellectual Property Rights".

HEALTH, SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

We are subject to various health, safety, social and environmental laws and regulations and our operations are regularly inspected by local government authorities. We believe we have adequate policies ensuring compliance with all health, safety, social and environmental protection regulations.

We engage third-party waste treatment service provider to collect and treat dangerous chemicals involved and hazardous waste produced in our operations.

We have adopted and maintained a series of rules, standard operating procedures and measures to maintain a healthy and safe environment for our employees. We have relevant internal policies in place to ensure safe storage and handling of flammable and corrosive materials used in our manufacturing process. We also have safety equipment and instruments in place.

Our Directors consider that the annual cost of compliance with the applicable health, safety, social and environmental laws and regulations was not material during the Track Record Period and we do not expect the cost of such compliance to be material going forward.

During the Track Record Period and up to the Latest Practicable Date, we had been in compliance with the relevant PRC laws and regulations in all material aspects, and had not been subject to any material claim or penalty in relation to health, safety, social or environmental protection, or been involved in any significant workplace accident or fatality.

COMPETITION

Our products and product candidates are designed for the neuro- and peripheral-vascular intervention market in China, which is massive, fast-growing and highly under-penetrated. According to Frost & Sullivan, MNCs have a dominant share in neuro- and peripheral-vascular intervention market in China. We compete with MNCs based on our production quality, production cost advantage, competitive pricing and our responsiveness to the clinical needs and preferences of Chinese patients and physicians. We also compete with domestic brands based on our R&D capabilities, product design and functionality, product quality, pricing, brand recognition and distribution network coverage. Leveraging our advanced technology platforms, we have developed a variety of products candidates based on advanced product design and engineering techniques. According to Frost & Sullivan, medical device industry is a high-tech industry integrating materials, mechanical manufacturing and electronic engineering, where most proprietary technologies are difficult to imitate and require intensive research and knowhow accumulation over an extended period of time. We believe that our technology platforms give us a significant competitive edge over our followers. Our key competitors in the neuro- and peripheral- vascular intervention market in China include MicroPort, LifeTech Scientific, Acotec, APT Medical, HeartCare Medical, Peijia Medical and Sinomed.

We plan to continue to grow sales of our products and rapidly advance our late-stage product candidates into commercialization to solidify our first-mover advantage amongst domestic neuro- and peripheral-vascular interventional medical device manufacturers. We also seek to differentiate ourselves from our competitors by advancing our existing pipeline products and develop additional product candidates to further expand our product coverage and further enhance our R&D infrastructure. We are also in the process of expanding our production capacity by constructing a new manufacturing facility, which will serve to satisfy our increasing production needs attributable to the commercialization of our product candidates.

For information of competition in the relevant markets, please see the section headed "Industry Overview" in this document. For details of our competitive strengths, please see "– Our Strengths" in this section.

EMPLOYEES

As of the Latest Practicable Date, we had 366 employees in total. The following table sets forth the number of our employees categorized by function as of the Latest Practicable Date.

Function	**Number**
Research and Development	115
Manufacturing and logistics	96
Sales and Marketing	50
Quality Control	47
Office General and Administration	58
Total	**366**

Substantially all of our employees are stationed in China. In compliance with the applicable labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. These employment contracts typically have terms of three years.

To remain competitive in the labor market, we provide various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, project and stock incentive plans to our employees especially key employees.

We require all of our employees, especially those involved in sales and marketing and business development activities, to abide by our anti-bribery and anti-corruption compliance requirements and applicable laws and regulations to eliminate bribery and corruption risks. We closely monitor our employees' compliance with anti-bribery and anti-corruption policies.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes, labor disputes or industrial actions which had a material effect on our business, and we consider our relations with our employees to be good. As of the Latest Practicable Date, save as otherwise disclosed in the section headed "Risk Factor" in this Document, we did not have any non-compliance with statutory social security insurance fund and housing fund obligations applicable to us under applicable laws in all material respects.

INSURANCE

We maintained certain insurance policies as of the Latest Practicable Date. For example, we maintain clinical trial liability insurance policies for medical devices that cover losses arising from expected adverse events and unexpected severe adverse events occurred during clinical trials of our products. We currently do not maintain product liability insurance. We consider that the coverage from the insurance policies maintained by us is adequate for our present operations and is in line with the industry norm. During the Track Record Period, we had not made, or been the subject of, any material insurance claims.

PROPERTIES AND FACILITIES

We are headquartered in Hangzhou, Zhejiang province, China, with an aggregate rented area of approximately 3,900 sq.m. currently in use. This includes approximately 1,500 sq.m. of floor area for manufacturing facilities and the rest for laboratories, storage and office use. Our current manufacturing facility in Zhuhai, Guangdong province, China, is rented with an aggregate area of approximately 3,300 sq.m, including approximately 2,300 sq.m. for manufacturing facilities and the rest for laboratories, storage and office use. We also own property rights to a land of approximately 15,000 sq.m. in Hangzhou, on which we are constructing our future R&D and manufacturing facilities. For more details, please refer to the Property Valuation Report set out in Appendix III to this Document.

The relevant lease agreements generally provide a duration of up to five years. As of the Latest Practicable Date, we had not completed the relevant property leasing registrations for some of our leased properties. As advised by our PRC Legal Advisor, such non-compliance does not affect the validity of the property lease agreement according to PRC Civil Code and will not have a material adverse effect on the [**REDACTED**]. For details, see "Business – Legal Proceedings and Non-compliance – Non-compliance."

During the Track Record Period, we did not experience any dispute arising out of our leased properties. For details of risks relating to our leased properties, see "Risk Factors –Risks Relating to Our Operations – We do not own the real property for our current major operation sites and may incur substantial relocation expenses and face disruption of operations if any lease for our offices or facilities is not renewed upon its expiration or is terminated or if we are forced to relocate".

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are exposed to various risks for our operations so risk management is important for our business. For details of the various operational risks we face, please refer to the section headed "Risk Factors" in this document. In addition, we are also exposed to different financial risks, such as liquidity, credit and foreign exchange risks that arise in the ordinary course of our business. For details, please refer to the paragraphs headed "Financial Information – Market Risk Disclosure" in this document. In order to identify, assess, control and monitor the risks that may cause impediments to our business, we have designed and implemented policies and procedures to help ensure effective risk management in our operations.

We have adopted a consolidated series of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. Our audit committee, and ultimately our Board supervises the implementation of our risk management policies. Risks identified by senior management will be analyzed on the basis of likelihood and influence, and will be properly followed up and mitigated and rectified by our Company and reported to our Board.

Our senior management implements the risk management policies, strategies and plans set by our Board. Each functional team monitors and evaluates the implementation of risk management and internal control policies and procedures on a day-to-day basis. In order to formalize risk management among our Company and set a standard level of transparency and risk management performance, the relevant teams will (i) gather information of the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, categorization and measurement of all key risks that could potentially affect their objectives; (iii) continuously monitor the key risks relating to their operation or function; (iv) implement appropriate risk actions when necessary; and (v) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

With respect to urgent matters which arise between scheduled Board meetings, the Board secretary may also seek Board approval via telephone conference call or written Board consent. Before each Board meeting, an agenda is prepared with input from Directors, as well as from senior management. At Board meetings, depending on the agenda, heads of different departments will gather information relating to their functions and report to the Board on the relevant agenda items, as necessary. The Board secretary attends all Board meetings to ensure

that there is no gap in communication between the two bodies. During Board meetings, the Board will on occasion further review and/or analyze particular issues and report their findings at the next Board meeting. Our Board believe that our corporate structure provides an appropriate system of checks and balances to improve our risk management procedures.

Our audit committee also reviews and approves our risk management policy to ensure that it is consistent with our corporate objectives, reviews and approves our corporate risk tolerance, monitors the most crucial risks associated with our business operation and our management's handling of such risks, reviews our corporate risks in light of our corporate risk tolerance, and monitors and ensures the appropriate application of our risk management framework among our Company.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. During the Track Record Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding each aspect of our operations, such as protection of intellectual property, environmental protection and occupational health and safety. We provide periodic training on these measures and procedures to our employees as part of our employee training program. We also regularly monitor the implementation of those measures and procedures through our on-site internal control team for each stage of the produce development process.

- Our Directors (who are responsible for monitoring the corporate governance of our Group) with assistance from our legal advisors, will periodically review our compliance status with all relevant laws and regulations after the [**REDACTED**].

- We have established the Audit Committee which shall (i) make recommendations to our Directors on the appointment and removal of external auditors; and (ii) review the financial statements and render advice in respect of financial reporting as well as oversee the risk management and internal control procedures of our Group. For more details, see "Directors, Supervisors and Senior Management – Board Committees – Audit Committee."

- We have engaged Rainbow Capital (HK) Limited as our compliance adviser to provide advice to our Directors and management team until the end of the first fiscal year after the [**REDACTED**] regarding matters relating to the Listing Rules. Our compliance adviser is expected to ensure our use of the [**REDACTED**] from the [**REDACTED**] complies with the section entitled "Future Plans and Use of [**REDACTED**]" in this Document after the [**REDACTED**], as well as to provide support and advice regarding the requirements of relevant regulatory authorities in a timely fashion.

- We have engaged a PRC law firm to advise us on and keep us abreast with PRC laws and regulations after the [**REDACTED**]. We will continue to arrange various training to be provided by external legal advisors from time to time when necessary and/or any appropriate accredited institution to update our Directors, supervisors senior management and relevant employees on the latest applicable laws and regulations.

- We maintain strict anti-corruption policies among our sales personnel and distributors in our sales and marketing activities. We also monitor to ensure that our sales and marketing personnel comply with applicable promotion and advertising requirements, which include restrictions on promoting our products for unapproved uses or patient populations, also known as off-label use, and limitations on industry-sponsored scientific and educational activities.

LEGAL PROCEEDINGS AND NON-COMPLIANCE

Legal Proceedings

We may from time to time be involved in legal, arbitral or administrative proceedings arising in our ordinary operations. Our Directors confirmed that, as of the Latest Practicable Date, none of the legal, arbitral or administrative proceedings to which we were a party, individually or in aggregate, would have a material and adverse effect on our business, financial condition or results of operations and our Directors are not aware of any ongoing, potential or threatened legal, arbitral or administrative proceedings to which we were, or will be, named as a party.

Our Directors further confirm that none of our Directors or senior management personnel was personally involved in any of these legal, arbitral or administrative proceedings which would have a material and adverse impact on our business, financial condition or results of operations.

Non-Compliance

During the Track Record Period and up to the Latest Practicable Date, we did not have any non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our business as a whole. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable laws and regulations in all material respects, except for the non-compliance which would not have a material adverse effect on our business as a whole.

During the Track Record Period and as of the Latest Practicable Date, we did not make full contribution to the social insurance and housing provident fund for some of our employees in accordance with the relevant PRC laws and regulations. We made provisions of RMB1.7 million as of December 31, 2020 in connection with the shortfall amount of the social

insurance and housing provident fund contribution during the Track Record Period. The basis of the provision was in relation to amount difference between the actual salary base of the employees and salary base used to make the social insurance and housing provident fund contributions, and considerations on the employee turnover. We have received the certificates issued by relevant local authorities in China (the "**Certificates**") that there are no overdue contribution from us to the social insurance and housing provident fund and there have been no penalty imposed on us in this regard.

Pursuant to relevant PRC laws and regulations, the relevant PRC authorities may demand us to pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. If we fail to make such payments, we may be liable to a fine of one to three times the amount of the outstanding contributions. With respect to a failure to pay the full amount of housing provident fund as required, the housing provident fund management center in China may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. See "Risk Factors – Risks Relating to Doing Business in China – Any failure to comply with PRC regulations regarding our employee equity incentive plan or the mandatory social insurance may subject the PRC plan participants or us to fines and other legal or administrative sanctions".

Our Directors believe that such non-compliance would not have a material adverse effect on our business or results of operations, considering that: (i) we have received the Certificates issued by the competent authorities in China; (ii) during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative actions, fines or penalties due to such non-compliance, and had not received any notification from the relevant PRC authorities requiring us to pay for the shortfalls or any overdue charges with respect to social insurance and housing provident funds; (iii) we were neither aware of any employee complaints filed against us nor involved in any labor disputes with our employees with respect to social insurance and housing provident funds during the Track Record Period and up to the Latest Practicable Date; and (iv) as advised by our PRC Legal Advisor, considering relevant regulatory policies and the facts stated above, non-compliance will not have a material adverse effect on our financial condition or results of operations as a whole and the [**REDACTED**].

We made provisions in connection with the shortfall amount of the social insurance and housing provident fund contribution during the Track Record Period and up to the Latest Practicable Date. We plan to make full payment of social insurance and housing provident fund contributions in 2021 as soon as possible when it is feasible to adjust employee salary base filed with the relevant authorities in China. We have enhanced our internal control measures, including implementing a policy on social insurance and housing provident fund contribution in compliance with relevant PRC laws and regulations. In addition, we have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund and we will consult our PRC legal counsel on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments.

LICENSES AND PERMITS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations. The table below sets forth the relevant details of the material licenses required for our operation in the PRC and overseas:

Product	License/Permit	License/Permit No.	Validity Period	Authority
Thrombite CRD	Medical Device Registration Certificate of the PRC	國械注准20203030728	September 2020 to September 2025	NMPA
	CE Marking	M.2020.106.13189/ M.2020.106.13189-1	January 2020 to May 2024	UDEM International Certification Auditing Training Centre Industry and Trade Inc. Co.
Intracranial Support Catheter	Medical Device Registration Certificate of the PRC	國械注准20203030745	September 2020 to September 2025	NMPA
	CE Marking	MD.4009.IB	April 2021 to May 2024	UDEM International Certification Auditing Training Centre Industry and Trade Inc. Co.
Thrombite CRD and Intracranial Support Catheter	Medical Device Production Permit of the PRC	粵食藥監械生產許 20203998號	September 2020 to September 2025	Guangdong Drug Administration
Ultrafree DCB	Medical Device Registration Certificate of the PRC	國械注准20203030857	November 2020 to November 2025	NMPA
	CE Marking	M.2020.106.14004/ M.2020.106.14004-1	October 2020 to May 2024	UDEM International Certification Auditing Training Centre Industry and Trade Inc. Co.
Peripheral Drug-Eluting Stent System	CE Marking	M.2020.106.14005/ M.2020.106.14005-1	October 2020 to May 2024	UDEM International Certification Auditing Training Centre Industry and Trade Inc. Co.
Snare Retrieval Kit for IVC Filter	Medical Device Registration Certificate of the PRC	國械注准20203031019	December 2020 to December 2025	NMPA

Product	License/Permit	License/Permit No.	Validity Period	Authority
PTA Balloon Catheter	Medical Device Registration Certificate of the PRC	國械注准20183770047	February 2018 to February 2023	NMPA
	Medical Device Registration Certificate of the PRC	國械注准20183770100	March 2018 to March 2023	NMPA
	CE Marking	No.G1 090530 0004 Rev. 02	January 2020 to May 2024	TÜV Rheinland
High Pressure PTA Balloon Catheter	Medical Device Registration Certificate of the PRC	國械注准20183030316	September 2018 to August 2023	NMPA
	CE Marking	No.G1 090530 0004 Rev. 02	January 2020 to May 2024	TÜV Rheinland
Peripheral Stent System	CE Marking	No.G1 090530 0004 Rev. 02	January 2020 to May 2024	TÜV Rheinland
Intracranial PTA balloon catheter (Rx)	Medical Device Registration Certificate of the PRC	國械注准20213030205	March 2021 to March 2026	NMPA
Distal Access Catheter	Medical Device Registration Certificate of the PRC	國械注准20213030206	March 2021 to March 2026	NMPA
Microcatheter for Clot Retriever	CE Marking	MD.4009.IB	April 2021 to May 2024	UDEM International Certification Auditing Training Centre Industry and Trade Inc. Co.

AWARDS AND RECOGNITION

The table below sets forth a summary of the major awards and projects for which we received government grants as of the Latest Practicable Date:

Award/Grant	Year of Award	Awardee	Award Authority
Vascular Medical Device Industry Technology Innovation Comprehensive Pilot Unit, namely "Provincial Key Enterprise Research Institute", Zhejiang Province 浙江省血管類醫療器械產業技術創新綜合試點單位即「省重點企業研究院」	2014	Our Company	The People's Government of Zhejiang Province
The Leading Innovation and Entrepreneurship Team in Zhejiang Province 浙江省領軍型創新創業團隊	2016	Our Company	Zhejiang Provincial Department of Science and Technology
Yuhang Contribution Award-Top Ten Technology Innovation and Growth Enterprises in Yuhang District Industry 餘杭區產業餘杭貢獻獎十佳科創成長企業	2016	Our Company	The People's Government of Yuhang District, Hangzhou, Zhejiang Province
The Second Prize of Biomedical Group on the "Torch Cup" Innovation and Entrepreneurship Competition Finals of Ministry of Science and Technology of the PRC 中國科技部「火炬杯」創新創業大賽總決賽生物醫藥組亞軍	2017	Our Company	The Ministry of Science and Technology of PRC
The Second Prize of Biomedical Group on the "Torch Cup" Innovation and Entrepreneurship Competition Finals of Ministry of Science and Technology of the PRC 中國科技部「火炬杯」創新創業大賽總決賽生物醫藥組亞軍	2018	Zhuhai Tonbridge	The Ministry of Science and Technology of PRC
Zhuhai Innovation and Entrepreneurship Team 珠海市創新創業團隊	2019	Zhuhai Tonbridge	Zhuhai Science and Technology Innovation Bureau

BOARD OF DIRECTORS

Our Board of Directors comprises 9 Directors, including 3 executive Directors, 3 non-executive Directors and 3 independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments.

The following table sets out information in respect of the Directors.

Name	Age	Position/Title	Date of Appointment as Director	Date of Joining our Group	Role and Responsibility
Executive Directors					
Dr. Jonathon Zhong Zhao (趙中)[(1)]	[54]	Chairman of the Board, Executive Director and Chief Executive Officer	November 2012	November 2012	Responsible for the overall management and business strategies of the Group
Mr. Yang Xie (謝陽)	[51]	Executive Director and Senior Vice President	March 2018	July 2016	Responsible for the overall sales and marketing, and business strategies of the Group
Dr. Zheng Li (李崢)[(1)]	[43]	Executive Director and Senior Vice President	January 2019	February 2016	Responsible for the overall management and business strategies of our neurovascular business of the Group
Non-executive Directors					
Mr. Stephen Hui Wang (王暉)	[47]	Non-executive Director	December 2020[(2)]	November 2015	Responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of the Group

Name	Age	Position/Title	Date of Appointment as Director	Date of Joining our Group	Role and Responsibility
Dr. Hai Lu (陸海)	[50]	Non-executive Director	March 2021	March 2021	Responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of the Group
Dr. Steven Dasong Wang (王大松)	[52]	Non-executive Director	October 2020	October 2020	Responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of the Group
Independent Non-executive Directors					
Dr. Jian Ji (計劍)	[51]	Independent Non-executive Director	March 2021	March 2021	Responsible for participating in the decision making for our Company's significant events and advising on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management

Name	Age	Position/Title	Date of Appointment as Director	Date of Joining our Group	Role and Responsibility
Mr. Hongze Liang (梁洪澤)	[49]	Independent Non-executive Director	March 2021	March 2021	Responsible for participating in the decision making for our Company's significant events and advising on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management
Ms. Yun Qiu (邱妘)	[57]	Independent Non-executive Director	March 2021	March 2021	Responsible for participating in the decision making for our Company's significant events and advising on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management

Note:

(1) Dr. Zhao is acting in concert with Dr. Li. For details, please refer to the section headed "Relationship with our Single Largest Group of Shareholders" in this Document.

(2) Mr. Wang previously served as a Director of our Company from November 2015 to March 2018, and was re-appointed as our Director in December 2020.

Executive Directors

Dr. Jonathon Zhong Zhao (趙中), aged [54], is the chairman of our Board, an executive Director and the chief executive officer of our Company. Dr. Zhao founded our Group in November 2012. Dr. Zhao was appointed as the chairman of the Board and a Director of our Company in November 2012 and re-designated as an executive Director in March 2021. He is primarily responsible for the overall management and business strategies of our Group.

Dr. Zhao has 25 years of experience in the pharmaceutical and medical device industries. Prior to finding our Group, Dr. Zhao served as an associate director and scientist of Guilford Pharmaceuticals Inc. (now part of Eisai Co., Ltd., a company listed on the Tokyo Stock Exchange (stock code: 4523)) from July 1996 to June 2002. He then joined Cordis Corporation, a Johnson&Johnson Company (now a Cardinal Health company) ("**JNJ**") and served as a principal scientist and a research fellow from July 2002 to August 2011, focusing on drug device combination product developments.

Since founding our Group, Dr. Zhao has brought in professional expertise to every aspect of our business and overseen the research and development of our comprehensive product portfolio. He has also led the management of commercialization of our products and contributed to the training of personnel of our Company.

Dr. Zhao received a bachelor's degree in polymer chemistry and synthesis from Sichuan University in the PRC in June 1988 and a Ph.D. degree in biomedical engineering from Johns Hopkins University, School of Medicine in the United States in May 1997.

Mr. Yang Xie (謝陽), aged [51], is an executive Director and senior vice president of our Company. Mr. Xie was appointed as a Director of our Company in March 2018 and re-designated as an executive Director in March 2021. He is primarily responsible for the overall sales and marketing, and business strategies of our Group.

Prior to joining our Group, Mr. Xie served as the director of sales and marketing of Johnson&Johnson Medical (China) Ltd. (強生(中國)醫療器材有限公司) from July 1995 to October 2010. He then served as a vice president of Panshi Information Technology Co., Ltd. (磐石信息技術有限公司) from January 2011 to September 2012. During October 2012 to September 2014, Mr. Xie served as the general manager of Shanghai Puwei Medical Instrument Factory Co., Ltd. (上海浦衛醫療器械廠有限公司), after which he joined and served as an investment partner of Milestone Capital from October 2014 to June 2016, specializing in investments in the medical device and related industries.

Mr. Xie received a bachelor's degree in biomedical electronics and a master's degree in radio electronics from Fudan University in the PRC in July 1992 and July 1995, respectively. He also completed the Executive M.B.A. program in Washington University in St. Louis in the United States in December 2003.

Dr. Zheng Li (李崢), aged [43], is an executive Director and senior vice president of our Company. Dr. Li was appointed as a Director of our Company in January 2019 and re-designated as an executive Director in March 2021. Dr. Li joined our Group in February 2016, and was subsequently appointed as the general manager of our neurovascular business in 2018. He is primarily responsible for the overall management and business strategies of our neurovascular business of our Group.

Prior to joining our Group, Dr. Li served as a staff engineer of Covidien (China) Medical Devices Technology Co., Ltd, currently a subsidiary of Medtronic PLC (a company listed on the New York Stock Exchange (stock code: MDT)) until July 2015, which is among the world's largest medical technology, services and solutions companies. Before that, Dr. Li has served multiple companies in the healthcare and medical device industries, from 2009 to 2013, Dr. Li successively worked at Mystic Pharmaceuticals Limited, a pharmaceutical company, and International Biomedical Ltd, a company focusing on innovative neonatal and perinatal products and technologies.

Dr. Li received a bachelor's degree in thermal energy and power engineering and a master's degree in testing measurement technology and instrument from Southeast University in the PRC in June 1999 and April 2002, respectively, and a Ph.D. degree in mechanical engineering from North Carolina State University in the United States in August 2007. Dr. Li has also been a member of the Zhuhai European and American Alumni Association since September 2018.

Non-executive Directors

Mr. Stephen Hui Wang (王暉), aged [47], is a non-executive Director of our Company. He is primarily responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.

Mr. Wang has served as the chief executive officer of HighLight Capital (弘暉資本) since 2014, leading the fund in investments in the healthcare and consumer technology industries. Prior to joining HighLight Capital, he served as a general partner and a member of investment committee of CDH Investments (鼎暉創投) from 2009 to 2014. Mr. Wang then joined our Company as a Director of our Company in November 2015 and he ceased to act as the Director of our Company in March 2018 due to his other business commitment and the change of nominee director by the Shareholders (namely Highlight Medical Limited, Ourea Biotech HK Limited and Suzhou Taihong Jinghui Investment Center (Limited Partnership) (collectively, "**HL Shareholders**"), each being our Shareholder and ultimately controlled by Mr. Wang). He was re-appointed as a Director in December 2020 due to the internal personnel adjustment of the HL Shareholders in relation to the management of invested companies and re-designated as a non-executive Director in March 2021. During his tenure with our Company since November 2015, Mr. Wang had been primarily involved in providing strategic advice and guidance on the business operations of the Group, including, among others, leveraging his professional skills in business management to assist the Board to develop strategies and policies to improve the performance of the Group, and assisting the Company and its management team in broadening the Company's access to the business and financing resources in the market.

Mr. Wang received a bachelor's degree in biology from the University of Science and Technology of China in the PRC in July 1996 and a master's degree in chemistry from New York University in the United States in May 1998, and an M.B.A. degree from London Business School in the United Kingdom in August 2007.

Dr. Hai Lu (陸海), aged [50], is a non-executive Director of our Company. Dr. Lu was appointed as a Director and re-designated as a non-executive Director in March 2021. He is primarily responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.

Dr. Lu has served as a managing director of SDIC Fund Management Co., Ltd. since January 2017, focusing on investments in the healthcare industry. Dr. Lu joined PricewaterhouseCoopers as a senior manager from July 2005 to June 2010, after which he served as the business development director of the Asia Pacific region of Stryker Corporation from June 2010 to March 2015. Dr. Lu has also served as a director of CF PharmTech, Inc. (長風藥業股份有限公司) since August 2017, and a director of MinFound Medical Systems Co., Ltd. (明峰醫療系統股份有限公司) since June 2018. Dr. Lu also served as a director of Lipin Pharmaceutical (Xiamen) Co., Ltd. (力品藥業(廈門)有限公司) from December 2017 to November 2018.

Dr. Lu received a bachelor's of science degree from Winona State University in the United States in May 1995 and a Ph.D. degree in pharmaceutical chemistry from the University of Utah in the United States in December 2001.

Dr. Steven Dasong Wang (王大松), aged [52], is a non-executive Director of our Company. Dr. Wang was appointed as a Director in October 2020 and re-designated as a non-executive Director in March 2021. He is primarily responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.

Dr. Wang has over 20 years of experience in working in global investment banks and direct investment firms. He has been serving as a partner and senior management director of Asia at OrbiMed Advisors LLC, an investment fund with a focus on the healthcare industry, since September 2019. Prior to joining OrbiMed Advisors LLC, he used to serve as a managing director and head of APAC Healthcare Investment Banking at Credit Suisse (Hong Kong) Limited, a managing director at the investment banking department of UBS AG Hong Kong Branch and an executive director at the investment banking division of Morgan Stanley in Hong Kong.

Dr. Wang is/was a director in following listed public companies:

- Non-executive director, of Union Medical Healthcare Limited (香港醫思醫療集團有限公司), a company listed on the Stock Exchange (stock code: 2138) since April 2020; and

- Non-executive director, of 3SBio Inc., a company listed on the Stock Exchange (stock code: 1530) from June 2017 to October 2019.

Dr. Wang obtained his Bachelor of Arts degree in chemistry from the University of Southern Maine in May 1991 in the U.S. and his Ph.D. degree in medicinal chemistry from the Johns Hopkins University in the U.S. in May 1997, as well as a Master of Business Administration degree (with distinction) from New York University in September 2000. He has been a Chartered Financial Analyst with the Association for Investment Management and Research since September 2002.

Independent Non-executive Directors

Dr. Jian Ji (計劍), aged [51], has served as an independent non-executive Director of our Company since March 2021. He is primarily responsible for participating in the decision making for our Company's significant events and advising on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management.

Dr. Ji started his teaching career at the department of polymer science and engineering in Zhejiang University (浙江大學高分子科學與工程學系) in December 1997, where he served as a lecturer from December 1997 to December 2000 and as an associate professor from December 2000 to December 2004. He has served as a professor at the department since December 2004, and took up the position as the director of the Institute of Biomedical Macromolecules of Zhejiang University (浙江大學生物醫用大分子所) since August 2018.

Dr. Ji is a notable individual in the scientific field. He has been named a Changjiang Distinguished Professor of Ministry of Education (教育部長江特聘教授) since March 2016. He received the Nomination Award of the 5th Feng Xinde Polymer Prize (第五屆馮新德高分子獎提名獎) in June 2010 and the First Prize of Zhejiang Science and Technology Award (浙江省科學技術獎一等獎) for his participation in the *Research on Biomimetic Layered Assembly Construction of Biomedical Functional Coating Materials* (《仿生層狀組裝構建生物醫用功能塗層材料的研究》) in 2011. In addition, Dr. Ji was the winner of National Science Fund for Distinguished Young Scholars (國家傑出青年科學基金) in October 2010, the Leading Figure in Scientific and Technological Innovation of the National "Ten Thousand Talents Plan" (國家"萬人計劃"科技創新領軍人物) in June 2016 and a Fellow of the Royal Society of Chemistry since June 2017.

Dr. Ji received a bachelor's degree in chemistry from Zhejiang University in the PRC in July 1992 and a Ph.D. degree in polymer chemistry and physics from Zhejiang University in the PRC in August 1997.

Mr. Hongze Liang (梁洪澤), aged [49], has served as an independent non-executive Director of our Company since March 2021. He is primarily responsible for participating in the decision making for our Company's significant events and advising on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management.

Mr. Liang has been the co-president of CMH Healthcare Fund since November 2019, leading the fund in conducting industry investments. He started his career as an accountant of China Financial Computerization Corporation of the People's Bank of China from July 1993 to August 1997, and became a project manager at the investment banking division of the Beijing headquarters of China Industrial Securities Co., Ltd. (興業證券股份有限公司) from September 2000 to February 2002. Mr. Liang served as an investment director Shanghai Chunda Investment Group (上海淳大投資集團) from March 2002 to July 2004. During March 2004 to February 2013, he has served in various positions, including investment director, chief financial officer and general manager, of China Resources Medical Holdings Company Limited (a company listed on the Hong Kong Stock Exchange (stock code: 01515), formerly known as Phoenix Healthcare Group Co., Ltd.), where he also served as the chief executive officer and an executive director from February 2013 to November 2016, the chairman of its board of directors from February 2013 to April 2016, and a non-executive director from November 2016 to October 2017. Mr. Liang also served as the general manager of China Resources Healthcare Group Limited from November 2016 to October 2017 and as an executive director of the company from January 2017 to March 2020.

Mr. Liang received a bachelor's degree in investment economics from Dongbei University of Finance and Economics in the PRC in July 1993 and a master's degree in finance from the Graduate School of People's Bank of China in the PRC in October 2000.

Ms. Yun Qiu (邱妘), aged [57], has served as an independent non-executive Director of our Company since March 2021. She is primarily responsible for participating in the decision making for our Company's significant events and advising on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management.

Ms. Qiu has been an accounting professor in Ningbo University (寧波大學) since November 2004. She started her academic career as a teaching assistant at the business school of Ningbo University in July 1986, and became an associate professor in December 1999. Ms. Qiu worked as an associate professor in the principles of accounting and financial management and was the vice dean of the International College of Ningbo University (寧波大學國際交流學院) from January 2001 to March 2005, where she was then promoted to professor and then the dean of the college from April 2005 to June 2014.

Ms. Qiu has been served as an independent director and chairlady of the audit committee of Ningbo Boway Alloy Material Co., Ltd. (寧波博威合金材料股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601137)) since July 2015, an independent non-executive director and chairlady of the audit committee of Zhejiang New Century Hotel Management Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 01158)) since June 2017, and an independent director of Ningbo Fuda Co,. Ltd. (寧波富達股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600724)) since April 2020. Ms. Qiu served as independent non-executive director of Sinopec Zhenhai Refining & Chemical Company Limited (a company privatized by China Petroleum & Chemical Corporation (中國石油化工股份有限公司) and delisted from the Hong Kong Stock Exchange in May 2006) from June 2003 to March 2006, an independent director of Ningbo Cixing Co., Ltd. (寧波慈星股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300307)) from December 2010 to September 2015, an independent director of Yinyi Real Estate Co., Ltd. (銀億股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000981)) from July 2011 to October 2017, an independent director and chairlady of the audit committee of Youngor Group Co., Ltd. (雅戈爾集團股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600177)) from April 2014 to May 2020, and an independent director and chairlady of the audit committee of Rongan Property Co., Ltd. (榮安地產股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000517)) from June 2014 to July 2020.

Ms. Qiu received a bachelor's degree in economics from Fudan University in the PRC in July 1986 and a master's degree in business administration from the McGill University in Canada in June 1997. She was qualified as a professor in accounting by Zhejiang Provincial Normal High School Teacher Senior Technical Expert Qualifications Board (浙江省普通高校教師高級專業技術資格評審委員會) in November 2004.

SUPERVISORY COMMITTEE

Our Supervisory Committee comprises three members. Our Supervisors serve a term of three years and may be re-elected for successive reappointments. The functions and duties of the Supervisory Committee include reviewing financial reports, business reports and profit distribution plans prepared by the Board and overseeing the financial and business performance of our Group. They are also entitled to appoint certified public accountants and practicing auditors to re-examine our Company's financial information where necessary.

The following table sets out information in respect of the Supervisors.

Name	Age	Position/Title	Date of Appointment as Supervisor	Date of Joining our Group	Role and Responsibility
Ms. Jie Liang (梁婕)	[37]	Chairman of the Supervisory Committee and employee Supervisor	March 2021	March 2014	Responsible for monitoring of the financial affairs of our Company, supervising the performance of our Directors and members of senior management and performing other supervisory duties as a Supervisor
Mr. Chunhui Men (門春輝)	[54]	Shareholders' Representative Supervisor	March 2021	November 2012	Responsible for monitoring of the financial affairs of our Company, supervising the performance of our Directors and members of senior management and performing other supervisory duties as a Supervisor
Ms. Hongbo Wang (王宏波)	[32]	Employee Supervisor	March 2021	August 2018	Responsible for monitoring of the financial affairs of our Company, supervising the performance of our Directors and members of senior management and performing other supervisory duties as a Supervisor

Supervisors

Ms. Jie Liang (梁婕), aged [37], is the chairlady of our Supervisory Committee. Ms. Liang was appointed as an employee Supervisor in March 2021. She is primarily responsible for monitoring of the financial affairs of our Company, supervising the performance of our Directors and members of senior management and performing other supervisory duties as a Supervisor.

Ms. Liang joined our Group as a registration manager in March 2014 and was promoted to registration director in February 2019. Since her joining, Ms. Liang has assisted in planning and registration of peripheral vascular products of our Group. Ms. Liang also served as registration officer in Zhejiang Haisheng Medical Equipment Co., Ltd. (浙江海聖醫療器械有限公司) from March 2007 to March 2014, where she participated in the registration of anesthesia consumables products of the company.

Ms. Liang received a bachelor's degree in Chinese linguistics from Shaoxing University in the PRC in June 2007.

Mr. Chunhui Men (門春輝), aged [54], is a shareholders' representative Supervisor. Mr. Men was appointed as a shareholders' representative Supervisor in March 2021. Mr. Men joined our Group in November 2012 and served as a Director of our Company from November 2012 to March 2021. He is primarily responsible for monitoring of the financial affairs of our Company, supervising the performance of our Directors and members of senior management and performing other supervisory duties as a Supervisor.

Mr. Men has been serving as the general manager of Nanjing Hongjing Venture Capital Co., Ltd. (南京鴻景創業投資有限公司) (now known as Nanjing Hongjing Enterprise Management Consulting Co., Ltd. (南京鴻景企業管理諮詢有限公司)) since April 2003, and as the general manager of Nanjing Jinan City Trading Company (南京紀南城商貿有限公司) since September 2009.

Mr. Men received a bachelor's degree in economic management from Tianjin Nankai University in the PRC in July 1989.

Ms. Hongbo Wang (王宏波), aged [32], is an employees' Supervisor. Ms. Wang was appointed as an employee Supervisor in March 2021. She is primarily responsible for monitoring of the financial affairs of our Company, supervising the performance of our Directors and members of senior management and performing other supervisory duties as a Supervisor.

Ms. Wang joined our Group as registration manager in August 2018 and was promoted to senior registration manager in January 2021. Since her joining, Ms. Wang has been responsible for registration of new products and maintenance of listed products of our Group. Prior to joining our Group, Ms. Wang worked at Jafron Biomedical Co., Ltd. (健帆生物科技集團股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300529)) from July 2010 to August 2018, where she was responsible for the quality management and registration of the medical devices of the company.

Ms. Wang obtained her qualification as an internal auditor of the medical device quality management system (醫療器械品質管制體系) (ISO 9001: 2015 and ISO 13485: 2016) from Beijing Hua Guang Certification of Medical Devices Co., Ltd. (北京國醫械華光認證有限公司) in June 2019.

Ms. Wang received a bachelor's degree in pharmaceutical engineering from Sichuan University in the PRC in June 2010.

SENIOR MANAGEMENT

The following table sets out information regarding the members of senior management of our Company.

Name	Age	Position/Title	Date of Appointment as Senior Management	Date of Joining our Group	Role and Responsibility
Dr. Jonathon Zhong Zhao (趙中)[(1)]	[54]	Chairman of the Board, Executive Director and Chief Executive Officer	March 2021	November 2012	Responsible for the overall management and business strategies of the Group
Mr. Yang Xie (謝陽)	[51]	Executive Director and Senior Vice President	March 2021	July 2016	Responsible for the overall sales and marketing, and business strategies of the Group

Name	Age	Position/Title	Date of Appointment as Senior Management	Date of Joining our Group	Role and Responsibility
Dr. Zheng Li (李崢)[(1)]	[43]	Executive Director and Senior Vice President	March 2021	February 2016	Responsible for the overall management and business strategies of our neurovascular business of the Group
Dr. Ning Pan (潘寧)	[54]	Senior Vice Precedent	January 2019	January 2019	Responsible for the overall research and development, and product portfolio management of peripheral vascular business of the Group
Mr. Quanwei Yuan (袁泉衛)	[42]	Chief Financial Officer	January 2021	January 2021	Responsible for overseeing the financial management and corporate development of the Group

Note:

(1) Dr. Zhao is acting in concert with Dr. Li. For details, please refer to the section headed "Relationship with our Single Largest Group of Shareholders" in this Document.

Dr. Jonathon Zhong Zhao (趙中), aged [54], is the chairman of our Board, an executive Director and the chief executive officer of our Company. For details of his biography, see "– Board of Directors."

Mr. Yang Xie (謝陽), aged [51], is an executive Director and a senior vice president of our Company. For details of his biography, see "– Board of Directors."

Dr. Zheng Li (李崢), aged [43], is an executive Director and a senior vice president of our Company. For details of his biography, see "– Board of Directors."

Dr. Ning Pan (潘寧), aged [54], is the senior vice president of our Company. Dr. Pan joined our Group in January 2019. He is primarily responsible for the overall research and development, and product portfolio management of peripheral vascular business of our Group.

Dr. Pan has more than 20 years of experience in the medical device industry and served in multipal international medical device companies, such as Johnson & Johnson and Boston Scientific Corporation. Dr. Pan served as an Engineer VI in Hewlett-Packard from January 2000 to April 2005. During 2006 to 2013, he served as the principal engineer in Johnson&Johnson (a company listed on the New York Stock Exchange (stock code: JNJ)), focusing on research and development of cardiovascular device implant. Dr. Pan then joined Boston Scientific Corporation (a company listed on the New York Stock Exchange (stock code: BSX)) as an engineering fellow from June 2013 to March 2019, where he was responsible for the research and development in the area of transcatheter aortic valve replacement.

Dr. Pan received a bachelor's degree in metallic materials engineering from Shanghai Jiaotong University in the PRC in July 1988 and a Ph.D. degree in mechanical engineering from the Stanford University in the United States in June 2000.

Mr. Quanwei Yuan (袁泉衛), aged [42], is the chief financial officer of our Company. Mr. Yuan joined our Group in January 2021. He is primarily responsible for overseeing the financial management and corporate development of our Group.

Mr. Yuan has more than 10 years of corporate finance and financial market related experience. Prior to join our Company, he served as an executive director and the chief financial officer for Souche Holding from March 2018. Between November 2016 to March 2018, Mr. Yuan joined Simcere Pharmaceutical Group as the vice president, overseeing capital market and business development. Before that, Mr. Yuan worked for investment banking division for various multi-national investment bank, namely Credit Suisse Group AG, Deutsche Bank AG and Bank of America & BofA Securities (formerly Bank of America Merrill Lynch) from July 2009 to October 2016. His last function with Bank of America & BofA Securities is director in investment banking division.

Mr. Yuan received a bachelor's degree in civil engineering from Tongji University in the PRC in July 2001, a master's degree in civil engineering from the University of Cincinnati in the United States in March 2005 and a M.B.A. degree from the University of Chicago in the United States in June 2009.

Save as disclosed above, each of our Directors, Supervisors and members of senior management has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Document.

Save as disclosed above, none of our Directors has any interests in any business, which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules.

Save as disclosed above, none of our Directors, Supervisors and members of the senior management is related to other Directors, Supervisors and members of the senior management.

Save as disclosed herein, to the best knowledge, information and belief of our Directors and Supervisors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors and Supervisors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

Save as disclosed herein, none of our Directors, Supervisors and senior management held any interest in our Company as set out in Part XV of the Securities and Futures Ordinance as at the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Mr. Quanwei Yuan (袁泉衛) was appointed as a joint company secretary in March 2021, effective upon [**REDACTED**]. For details of his biography, see "– Senior Management" in this section.

Mr. Kai Cheong Willie Cheung (張啟昌) was appointed as the other joint company secretary of our Company in March 2021, effective upon [**REDACTED**]. Mr. Cheung is a manager of SWCS Corporate Services Group (Hong Kong) Limited mainly responsible for assisting listed companies in professional company secretarial work. Prior to joining SWCS Corporate Services Group (Hong Kong) Limited, Mr. Cheung served as the company secretary of certain companies, each of which is listed on the Stock Exchange. Mr. Cheung is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. Mr. Cheung obtained a Bachelor Degree of Arts (Honors) in Accounting and Finance at the University of Glamorgan in the U.K. in June 1996.

Our Company [has been granted] a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Quanwei Yuan may be appointed as a joint company secretary of our Company. However, the waiver can be revoked if there are material breaches of the Listing Rules by our Company. For details, please see the section headed "Waivers from Strict Compliance with the Listing Rules and Exemption from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance" in this Document.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, Appendix 14 to the Listing Rules, our Company has formed three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 and paragraph D.3 of the Corporate Governance Code, Appendix 14 to the Listing Rules. The Audit Committee consists of three Directors, namely Ms. Yun Qiu, Mr. Hongze Liang and Dr. Jian Ji. Ms. Yun Qiu, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairman of the Audit Committee. The primary duties of the Audit Committee include, but not limited to, the following:

- proposing the appointment or change of external auditors to our Board, and monitoring the independence of external auditors and evaluating their performance;
- examining the financial information of our Company and reviewing financial reports and statements of our Company;
- examining the financial reporting system, the risk management and internal control system of our Company, overseeing their rationality, efficiency and implementation and making recommendations to our Board; and
- dealing with other matters that are authorized by the Board.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with paragraph B.1 of the Corporate Governance Code, Appendix 14 to the Listing Rules. The Remuneration Committee consists of three Directors, namely Dr. Jian Ji, Dr. Zhao and Mr. Hongze Liang. Dr. Jian Ji serves as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, but not limited to, the following:

- advising our Board on the overall remuneration plan and structure of Directors, Supervisors and senior management and the establishment of transparent formal procedures for determining remuneration policy of our Company;
- examining the criteria of performance evaluation of Directors, Supervisors and the senior management of our Company, conducting performance evaluation and making recommendations to our Board;
- formulating individual remuneration plans for Directors, Supervisors and members of the senior management in accordance with the terms of reference of the importance of their positions, the time they spend on such positions as well as the remuneration benchmarks for the relevant positions in the other comparable companies;
- dealing with other matters that are authorized by the Board, and if necessary, engaging external experts to provide relevant independent services.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code, Appendix 14 to the Listing Rules. The Nomination Committee consists of three Directors, namely Dr. Zhao, Ms. Yun Qiu and Dr. Jian Ji. Dr. Zhao serves as the chairman of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, the following:

- conducting extensive search and providing to our Board suitable candidates for Directors, general managers and other members of the senior management;
- overseeing the implementation of Board diversity policy; taking into account various factors when determining the composition of our Board, including, but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and service tenure;
- examining the size and composition of our Board and its members in respect of their skills, knowledge, experience and diversity at least once every year, and making recommendations to our Board on any change in Board composition in accordance with our Company's strategies;
- researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management, and making recommendations to our Board; and
- dealing with other matters that are authorized by our Board.

EMPLOYMENT ARRANGEMENT OF SENIOR MANAGEMENT

We normally enter into (i) an employment contract, (ii) a non-competition agreement, and (iii) a confidentiality agreement with each of our senior management members. The key terms of such contracts are set forth below.

- *Terms*: We normally enter into three years' or non-fixed term employment contract with our senior management members.
- *No-competition*: the non-competition obligations shall subsist throughout the employee's period of employment and up to 2 years after termination of employment. During the non-competition period, the employee shall not (i) hold any position (including but not limited to as a shareholder with 5% or more interest, partner, director, senior management member, employee, agent or consultant) in any other entity which competes with our Company, (ii) usurp our Company's business opportunities, (iii) utilize our Company's resources for his or her own benefit, (iv) accept commission related to our Company's transactions without approval of the Board; (v) enter into contracts or make transactions with our Company without approval of the Board, and (vi) engage in other businesses which could damage our Company's interests.

Confidentiality

- *Confidential information*: The employee shall keep confidential information, namely business-related information related information (including but not limited to operational information, marketing proposal, purchases information, pricing policy, financial information, list of customers, business plan, cost of production, etc) of our Company in confidence.

- *Obligation and duration*: The employee shall not, without prior approval from our Company, divulge, publish or otherwise disclose any confidential information to any third party. Such obligation of confidentiality shall sustain for the term of his or her employment and thereafter, and until the relevant information has been publicized by our Company or otherwise known to the public.

Intellectual Property Rights

- *Acknowledgement*: Our Company shall have a complete, absolute and exclusive right, title and interest in the work that he or she produce, solely or jointly with others, during the period of the employee's employment with the Company that relates to the our Company's business.

- *Assignment*: The employee agrees to assist the our Company to acquire and exercise the abovementioned intellectual rights in all appropriate ways, including (i) disclosing all necessary information and data to our Company and (ii) taking all necessary action such as making an application or registration for our Company to acquire such rights.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Directors receive compensation in the form of fees, salaries, discretionary bonuses, share-based compensation expenses, social security costs, housing benefits and employee welfare.

For the years ended December 31, 2019 and 2020, the aggregate amount of remuneration paid or payable to our Directors amounted to approximately RMB9.5 million and RMB15.7 million, respectively.

For the years ended December 31, 2019 and 2020, the aggregate amount of remuneration paid or payable to our Supervisors amounted to nil and nil, respectively.

Under the arrangement currently in force, we estimate the total compensation before taxation, including estimated-share based compensation, to be accrued to our Directors and our Supervisors for the year ending December 31, 2021 to be approximately RMB51.5 million. The actual remuneration of Directors and Supervisors in 2021 may be different from the expected remuneration.

For each of the years ended December 31, 2019 and 2020, there were 3 Directors among the five highest paid individuals, respectively. The total emoluments for the remaining individuals among the five highest paid individuals amounted to approximately RMB1.6 million and RMB5.0 million for the years ended December 31, 2019 and 2020, respectively.

We confirmed that during the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of any subsidiary of our Company.

During the Track Record Period, none of our Directors or Supervisors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiary to our Directors, Supervisors or the five highest paid individuals during the Track Record Period.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with the corporate governance requirements under the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules after the [**REDACTED**].

Pursuant to code provision A.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Dr. Jonathon Zhong Zhao currently performs these two roles. Our Board believes that, in view of his experience, personal profile and his roles in our Company as mentioned above, Dr. Jonathon Zhong Zhao is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our chief executive officer. The Board also believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of (i) ensuring consistent leadership within the Group, (ii) enabling more effective and efficient overall strategic planning and execution of strategic initiatives of the Board, and (iii) facilitating the flow of information between the management and the Board for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, quality assurance and control, finance and accounting and corporate governance in addition to industry experience in healthcare and biotechnology. They obtained degrees in various majors including science, engineering and finance. We have three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Furthermore, our Board has a diverse age and gender representation. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the [**REDACTED**], our Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPLIANCE ADVISOR

We have appointed Rainbow Capital (HK) Limited as our Compliance Advisor pursuant to Rules 3A.19 and 19A.05 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances including:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(c) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and

(d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its [**REDACTED**] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 19A.06 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the [**REDACTED**] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Pursuant to a concert party agreement dated January 21, 2021 entered into among Dr. Zhao, Dr. Zhong, Dr. Li, Ms. Wei, Zhuhai Tongqiao Investment, Hangzhou Fujiang, Zhuhai Guichuang, Huzhou Guiqiao, WEA and Nanjing Yuyihui (each a "**Concert Party**" and collectively, the "**Concert Parties**"), the Concert Parties acknowledged that they have been acting in concert in respect of the decisions making at the Board and Shareholders' level relating to the business operation, corporate governance and major issues of the Company and they agreed to continue to act in concert to control the decision-making and operation management of our Company at Board meetings and Shareholders' meetings. Pursuant to the concert party agreement, the Concert Parties agree that (i) they will jointly exercise their rights as shareholders to the Company and act in concert in any matters in respect of the operations and management of the Company (including but not limited to the matters relating to finance, operation and management of the Company), or urge the directors appointed by the Concert Parties (where applicable) to take concerted action; (ii) before exercising the rights as shareholders of the Company, the Concert Parties or the directors appointed by the Concert Parties (where applicable) shall consult and communicate with each other sufficiently to reach a decision to act in concert and, where necessary, the Concert Parties shall convene a meeting to urge all Concert Parties to reach a decision to act in concert. In the event the Concert Parties fail to reach such consensus, each of the Concert Parties shall exercise their respective voting rights in accordance with the instructions of Dr. Zhao. Dr. Zhao and Dr. Li, each being an executive Director of the Company, will also act in accordance with their fiduciary duty as Directors of the Company and all applicable laws and regulations while exercising their rights as Shareholders. Zhuhai Tongqiao, Hangzhou Fujiang, Zhuhai Guichuang and Huzhou Guiqiao are our Employee Incentive Platforms controlled by Dr. Zhao. WEA is controlled by Dr. Zhong and Nanjing Yuyihui is controlled by Ms. Wei, being the spouse of Dr. Li.

Immediately prior to the [**REDACTED**], the Concert Parties are collectively interested in approximately 36.55% of our total issued share capital. Therefore, the Concert Parties are our Controlling Shareholders (as defined under the Listing Rules) before [**REDACTED**]. Immediately following the completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme, the Concert Parties will continue to hold approximately [**REDACTED**]% of our total issued share capital. Therefore, they will not be regarded as our Controlling Shareholders upon [**REDACTED**], but they will remain as our Single Largest Group of Shareholders upon [**REDACTED**].

For details of the shareholding of Dr. Zhao, Zhuhai Tongqiao, Hangzhou Fujiang, Zhuhai Guichuang, Huzhou Guiqiao, WEA and Nanjing Yuyihui immediately prior to and following the completion of the [**REDACTED**], please refer to the section headed "History, Development and Corporate Structure" in this document.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from the Single Largest Group of Shareholders and their close associates after the [**REDACTED**], taking into consideration the factors below.

Management Independence

We are able to carry on our business independently from the Single Largest Group of Shareholders from a management perspective. Our Board consists of 9 Directors, including 3 executive Directors, 3 non-executive Directors and 3 independent non-executive Directors.

(a) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. For details of the industry experience of our senior management team, please refer to the section headed "Directors, Supervisors and Senior Management" in this document;

(c) we have 3 independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Single Largest Group of Shareholders which would support our independent management. For details, see "– Corporate Governance" in this section.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from the Single Largest Group of Shareholders and their close associates after the [**REDACTED**].

Operational Independence

We do not rely on the Single Largest Group of Shareholders and their close associates for our business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from the Single Largest Group of Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that we are able to operate independently of the Single Largest Group of Shareholders and their close associates.

Financial Independence

We have an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function. We do not expect to rely on the Single Largest Group of Shareholders and their close associates for financing after the [**REDACTED**] as we expect that our working capital will be funded by cash flows generated from operating activities, bank loans as well as the [**REDACTED**] from the [**REDACTED**].

In addition, we are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Single Largest Group of Shareholders or their respective associates. As of the Latest Practicable Date, there was no outstanding loans or guarantee provided by or granted to the Single Largest Group of Shareholders or their respective associates. During the Track Record Period and as of the Latest Practicable Date, we had received a series of [**REDACTED**] Investments from third party investors independently. For details of the [**REDACTED**] Investments, please refer to the section headed "History, Development and Corporate Structure" in this document.

Based on the above, our Directors believe that we do not place undue reliance on the Single Largest Group of Shareholders after the [**REDACTED**].

INTERESTS OF THE SINGLE LARGEST GROUP OF SHAREHOLDERS IN OTHER BUSINESSES

Save for the interests of the Single Largest Group of Shareholders in our Company and its subsidiaries, the Single Largest Group of Shareholders and the Directors confirmed that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Single Largest Group of Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which the Single Largest Group of Shareholders or any of their respective associates has a material interest, the Single Largest Group of Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Company enters into connected transactions with the Single Largest Group of Shareholders or any of his/its associates, our Company will comply with the applicable Listing Rules;

(c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between the Group and the Single Largest Group of Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) the Single Largest Group of Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;

(e) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;

(f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(g) we have appointed Rainbow Capital (HK) Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and the Single Largest Group of Shareholders, and to protect minority Shareholders' interests after the [**REDACTED**].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately upon [**REDACTED**] and assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme, the following persons will have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of Interest	Number and class of Shares held[1]	Approximate percentage of shareholding in the relevant class of Shares after the [REDACTED][1] (%)	Approximate percentage of shareholding in the total share capital of our Company after the [REDACTED] (%)
Dr. Zhao[2]	Beneficial owner	42,494,995[8] Domestic Shares	[**REDACTED**]	[**REDACTED**]
	Interest in controlled corporations	36,370,587 Domestic Shares	[**REDACTED**]	[**REDACTED**]
	Interests held jointly with another person	18,699,337 Domestic Shares	[**REDACTED**]	[**REDACTED**]
Dr. Zhong[2][3]	Interest in controlled corporations	13,476,617 Domestic Shares	[**REDACTED**]	[**REDACTED**]
	Interests held jointly with another person	84,088,302 Domestic Shares	[**REDACTED**]	[**REDACTED**]
WEA[2][3]	Beneficial owner	13,476,617 Domestic Shares	[**REDACTED**]	[**REDACTED**]
	Interests held jointly with another person	84,088,302 Domestic Shares	[**REDACTED**]	[**REDACTED**]
Dr. Li[2][4]	Beneficial owner	239,427[9] Domestic Shares	[**REDACTED**]	[**REDACTED**]
	Deemed interest	4,983,293 Domestic Shares	[**REDACTED**]	[**REDACTED**]
	Interests held jointly with another person	92,342,199 Domestic Shares	[**REDACTED**]	[**REDACTED**]

Name of Shareholder	Nature of Interest	Number and class of Shares held[1]	Approximate percentage of shareholding in the relevant class of Shares after the [REDACTED][1] (%)	Approximate percentage of shareholding in the total share capital of our Company after the [REDACTED] (%)
Ms. Wei[2][4]	Interest in controlled corporations	4,983,293 Domestic Shares	[**REDACTED**]	[**REDACTED**]
	Deemed interest	239,427 Domestic Shares	[**REDACTED**]	[**REDACTED**]
	Interests held jointly with another person	92,342,199 Domestic Shares	[**REDACTED**]	[**REDACTED**]
Nanjing Yuyihui[2][4]	Beneficial owner	4,983,293 Domestic Shares	[**REDACTED**]	[**REDACTED**]
	Interests held jointly with another person	92,581,626 Domestic Shares	[**REDACTED**]	[**REDACTED**]
Zhuhai Tongqiao[2]	Beneficial owner	10,151,978 Domestic Shares	[**REDACTED**]	[**REDACTED**]
	Interests held jointly with another person	87,412,941 Domestic Shares	[**REDACTED**]	[**REDACTED**]
Hangzhou Fujiang[2]	Beneficial owner	5,682,939 Domestic Shares	[**REDACTED**]	[**REDACTED**]
	Interests held jointly with another person	91,881,980 Domestic Shares	[**REDACTED**]	[**REDACTED**]
Zhuhai Guichuang[2]	Beneficial owner	10,958,575 Domestic Shares	[**REDACTED**]	[**REDACTED**]
	Interests held jointly with another person	86,606,344 Domestic Shares	[**REDACTED**]	[**REDACTED**]
Huzhou Guiqiao[2]	Beneficial owner	9,577,095 Domestic Shares	[**REDACTED**]	[**REDACTED**]
	Interests held jointly with another person	87,987,824 Domestic Shares	[**REDACTED**]	[**REDACTED**]

Name of Shareholder	Nature of Interest	Number and class of Shares held[1]	Approximate percentage of shareholding in the relevant class of Shares after the [REDACTED][1] (%)	Approximate percentage of shareholding in the total share capital of our Company after the [REDACTED] (%)
Mr. Stephen Hui Wang[5]	Interest in controlled corporations	9,963,681 H Shares	[**REDACTED**]	[**REDACTED**]
		19,298,911 Domestic Shares	[**REDACTED**]	
Highlight Medical Limited[5]	Beneficial owner	6,263,113 H Shares	[**REDACTED**]	[**REDACTED**]
	Interests held jointly with another person	3,700,568 H Shares	[**REDACTED**]	[**REDACTED**]
		19,298,911 Domestic Shares	[**REDACTED**]	
Ourea Biotech HK Limited[5]	Beneficial owner	2,565,219 H Shares	[**REDACTED**]	[**REDACTED**]
		3,227,100 Domestic Shares	[**REDACTED**]	
	Interests held jointly with another person	7,398,462 H Shares	[**REDACTED**]	[**REDACTED**]
		16,071,811 Domestic Shares	[**REDACTED**]	
Homehealth Investment Limited[5]	Beneficial owner	1,135,349 H Shares	[**REDACTED**]	[**REDACTED**]
	Interests held jointly with another person	8,828,332 H Shares	[**REDACTED**]	[**REDACTED**]
		19,298,911 Domestic Shares	[**REDACTED**]	
Five Investment Limited[5]	Beneficial owner	9,227,691 Domestic Shares	[**REDACTED**]	[**REDACTED**]
	Interests held jointly with another person	9,963,681 H Shares	[**REDACTED**]	[**REDACTED**]
		10,071,220 Domestic Shares	[**REDACTED**]	

Name of Shareholder	Nature of Interest	Number and class of Shares held[1]	Approximate percentage of shareholding in the relevant class of Shares after the [REDACTED][1] (%)	Approximate percentage of shareholding in the total share capital of our Company after the [REDACTED] (%)
Ningbo Free Trade Zone Tiesi Equity Investment Partnership (Limited Partnership) (寧波保稅區帖斯以股權投資合夥企業(有限合夥))[5]	Beneficial owner	2,927,696 Domestic Shares	[**REDACTED**]	[**REDACTED**]
	Interests held jointly with another person	9,963,681 H Shares	[**REDACTED**]	[**REDACTED**]
		16,371,215 Domestic Shares	[**REDACTED**]	
Suzhou Taihong Jinghui Investment Center (Limited Partnership) (蘇州泰弘景暉投資中心(有限合夥))[5]	Beneficial owner	2,609,614 Domestic Shares	[**REDACTED**]	[**REDACTED**]
	Interests held jointly with another person	9,963,681 H Shares	[**REDACTED**]	[**REDACTED**]
		16,689,297 Domestic Shares	[**REDACTED**]	
Ganzhou Titan Equity Investment Partnership (Limited Partnership) (贛州提坦股權投資合夥企業(有限合夥))[5]	Beneficial owner	1,306,810 Domestic Shares	[**REDACTED**]	[**REDACTED**]
	Interests held jointly with another person	9,963,681 H Shares	[**REDACTED**]	[**REDACTED**]
		17,992,101 Domestic Shares	[**REDACTED**]	
OAP IV (HK) Limited[6]	Beneficial owner	25,335,535 H Shares	[**REDACTED**]	[**REDACTED**]
FIIF[7]	Beneficial owner	20,470,199 Domestic Shares	[**REDACTED**]	[**REDACTED**]

Notes:

(1) The calculation is based on the total number of 201,881,003 Domestic Shares in issue and [**REDACTED**] H Shares (including 61,519,998 H Shares to be convered from Unlisted Foreign Shares and assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme) in issue upon [**REDACTED**], and assuming that the [**REDACTED**] is not exercised.

(2) Pursuant to a concert party agreement dated January 21, 2021 entered into by and between, among others, Dr. Zhao, Dr. Zhong, Dr. Li, Ms. Wei, Zhuhai Tongqiao Investment, Hangzhou Fujiang, Zhuhai Guichuang, Huzhou Guiqiao, WEA and Nanjing Yuyihui (each, a "Concert Party"), the Concert Parties agreed to act in concert to control the decision-making and operation management of our Company at Board meetings and Shareholders' meetings with effect from the date of the concert party agreement. In the event they fail to reach such consensus, each of the Concert Parties shall exercise their respective voting rights in accordance with instructions of Dr. Zhao. Therefore, under the SFO, in addition to their respective direct shareholding or interest in controlled corporations, each Concert Party is also deemed to be interested in the interest of other Concert Parties.

(3) Dr. Zhong holds 100% of the equity interests in WEA, which holds 13,476,617 Domestic Shares of our Company immediately after completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme). Therefore, under the SFO, Dr. Zhong is deemed to be interested in 13,476,617 Domestic Shares of our Company through WEA.

(4) Ms. Wei, being the sole general partner of Nanjing Yuyihui, controls Nanjing Yuyihui, which holds 4,983,293 Domestic Shares of our Company immediately after completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme). Dr. Li and Ms. Wei are spouses and therefore, under the SFO, Dr. Li and Ms. Wei are deemed to be interested in 4,983,293 Domestic Shares of our Company through Nanjing Yuyihui, and Ms. Wei is also deemed to be interest in the entitlement of Dr. Li to receive up to 239,427 Domestic Shares pursuant to the options granted to Dr. Li under the [**REDACTED**] Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

(5) Pursuant to a concert party agreement dated March 11, 2021 entered into by and between, among others, Highlight Medical Limited, Ourea Biotech HK Limited, Five Investment Limited, Homehealth Investment Limited, Ningbo Free Trade Zone Tiesi Equity Investment Partnership (Limited Partnership), Suzhou Taihong Jinghui Investment Center (Limited Partnership) and Ganzhou Titan Equity Investment Partnership (Limited Partnership) (the "**Honghui Shareholders**"), the Honghui Shareholders agreed to act in concert to control the decision-making and operation management of our Company at Board meetings and Shareholders' meetings with effect from the date of the concert party agreement. In the event they fail to reach such consensus, each of the Honghui Shareholders shall exercise their respective voting rights in accordance with instructions of Five Investment Limited. Therefore, under the SFO, in addition to their respective direct shareholding, each Honghui Shareholder is also deemed to be interested in the interest of other Honghui Shareholders. All of Five Investment Limited, Highlight Medical Limited and Homehealth Investment Limited are controlled by Highlight Capital Partners I L.P., which was managed by its general partner Highlight Capital GP I Company Limited, which is in turn controlled by Mr. Stephen Hui Wang. Thus Highlight Capital Partners I L.P., Highlight Capital GP I Company Limited and Mr. Stephen Hui Wang are deemed to be interested in the interest of Five Investment Limited, Highlight Medical Limited, Homehealth Investment Limited and Ourea Biotech HK Limited. Ourea Biotech HK Limited is held by HL Partners II L.P., which is managed by HL GP II Company Limited, which is in turn controlled by Mr. Stephen Hui Wang. Therefore, HL Partners II L.P., HL GP II Company Limited and Mr. Stephen Hui Wang are deemed to be interested in the interest of Ourea Biotech HK Limited. Ningbo Free Trade Zone Tiesi Equity Investment Partnership (Limited Partnership) and Ganzhou Titan Equity Investment Partnership (Limited Partnership) are both managed by their general partner Shanghai Hehong Jinghui Equity Investment Management Co., Ltd. (上海合弘景暉股權投資管理有限公司) which is controlled by Mr. Stephen Hui Wang, Thus Shanghai Hehong Jinghui Equity Investment Management Co., Ltd. and Mr. Stephen Hui Wang are deemed to be interested in the interest of Ningbo Free Trade Zone Tiesi Equity Investment Partnership (Limited Partnership) and Ganzhou Titan Equity Investment Partnership (Limited Partnership). Suzhou Taihong Jinghui Investment Center (Limited Partnership) is managed by its general partner Suzhou Yuhui Equity Investment Management Partnership (Limited Partnership) (蘇州煜暉股權投資管理合夥企業(有限合夥)), which is in turn managed by its general partner Jiangsu Highlight Equity Investment Management Co., Ltd. (江蘇弘暉股權投資管理有限公司), which is controlled by Mr. Stephen Hui Wang. Therefore, Suzhou Yuhui Equity Investment Management Partnership (Limited Partnership), Jiangsu Highlight Equity Investment Management Co., Ltd. and Mr. Stephen Hui Wang are deemed to be interested in the interest of Suzhou Taihong Jinghui Investment Center (Limited Partnership).

(6) OAP is wholly-owned by OrbiMed Asia Partners IV, L.P., which was managed by OrbiMed Asia GP IV L.P., which was in turn managed by OrbiMed Advisors IV Limited, a company jointly controlled by David Guowei Wang, Sunny Sharma, Sven H. Borho, William Carter Neild, Jonathan T. Silverstein and Carl L. Gordon. Therefore, OrbiMed Asia Partners IV, L.P., OrbiMed Asia GP IV L.P., OrbiMed Advisors IV Limited, David Guowei Wang, Sunny Sharma, Sven H. Borho, William Carter Neild, Jonathan T. Silverstein and Carl L. Gordon are deemed to be interested in the interest of OPA under the SFO.

(7) FIIF was managed by its general partner SDIC Fund Management Co., Ltd. (國投創新投資管理有限公司), which was held as to 40% by China State Investment High-Tech Industrial Investment Co., Ltd. (中國國投高新產業投資有限公司), which in turn was controlled by State Development and Investment Corporation (國家開發投資集團有限公司). Therefore, SDIC Fund Management Co., Ltd., China State Investment High-Tech Industrial Investment Co., Ltd. and State Development and Investment Corporation are deemed to be interested in the interest of FIIF under the SFO.

(8) Includes (i) 41,441,991 Domestic Shares beneficially held by Dr. Zhao, and (ii) Dr. Zhao's entitlement to receive up to 1,053,004 Domestic Shares pursuant to the options granted to him under the [**REDACTED**] Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

(9) Dr. Li is entitled to receive up to 239,427 Domestic Shares pursuant to the options granted to him under the [**REDACTED**] Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

For details of the substantial shareholders who will be, directly or indirectly, interested in 10% or more of the value of any class of Shares varying rights to vote in all circumstances at general meetings of any member of our Group, see "Appendix VII – Statutory and General Information – Further Information about our Directors, Supervisors, Management and Substantial Shareholders – 1. Disclosure of Interests."

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme), have interests and/or short positions in Shares or underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

This section presents certain information regarding our share capital before and upon completion of the [**REDACTED**].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered capital of our Company was RMB263,401,001, comprising 263,401,001 Shares of nominal value RMB1.0 each, was categorized as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital (%)
Domestic Shares in issue	201,881,003	76.64
Unlisted Foreign Shares in issue	61,519,998	23.36
Total	263,401,001	100.00

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the [**REDACTED**] and conversion of Unlisted Foreign Shares into H Shares, assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital (%)
Domestic Shares in issue	201,881,003	[**REDACTED**]
Unlisted Foreign Shares in issue	0	0
H Shares converted from Unlisted Foreign Shares	61,519,998	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	100.00

Immediately following completion of the [**REDACTED**] and conversion of Unlisted Foreign Shares into H Shares, assuming the [**REDACTED**] is fully exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital (%)
Domestic Shares in issue	201,881,003	[**REDACTED**]
Unlisted Foreign Shares in issue	0	0
H Shares converted from Unlisted Foreign Shares	61,519,998	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	100.00

SHARE CLASSES

Upon completion of the [**REDACTED**] and conversion of all our Unlisted Foreign Shares into H Shares held by the existing foreign Shareholders, we would have two classes of Shares: H Shares as one class of Shares, Domestic Shares as another class. Domestic Shares and H Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai – Hong Kong Stock Connect or the Shenzhen – Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

The differences between the two classes of shares and provisions on class rights, the dispatch of notices and financial reports to Shareholders, registration of Shares on different registers of Shareholders, the method of share transfer and appointment of dividend receiving agents are set out in the Articles of Association and summarized in "Appendix VI – Summary of Articles of Association." The rights conferred on any class of Shareholders may not be varied or abrogated unless approved by a special resolution of the general meeting of Shareholders and by the holders of Shares of that class at a separate meeting. The circumstances which shall be deemed to be a variation or abrogation of the rights of a class are listed in "Appendix VI – Summary of Articles of Association."

Except for the differences above, Domestic Shares and H Shares will however rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

All our Domestic Shares are not listed or traded on any stock exchange. The holders of our Domestic Shares may convert their Shares into H Shares provided such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and have been approved by the securities regulatory authorities of the State Council, including the CSRC. The listing of such converted Shares on the Hong Kong Stock Exchange will also require the approval of the Hong Kong Stock Exchange.

Based on the procedures for the conversion of our Domestic Shares into H Shares as disclosed in this section, we can apply for the [**REDACTED**] of all or any portion of our Domestic Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of Shares for entry on the H Share register. As any [**REDACTED**] of additional Shares after our [**REDACTED**] on the Hong Kong Stock Exchange is ordinarily considered by the Hong Kong Stock Exchange to be a purely administrative matter, it will not require such prior application for [**REDACTED**] at the time of our initial [**REDACTED**] in Hong Kong.

No class Shareholder voting is required for the [**REDACTED**] and trading of the converted Shares on the Hong Kong Stock Exchange. Any application for [**REDACTED**] of the converted Shares on the Hong Kong Stock Exchange after our [**REDACTED**] is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Domestic Shares will be withdrawn from the Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on our H Share register will be on the condition that (a) our H Share Registrar lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of H Share certificates and (b) the admission of the H Shares to trade on the Hong Kong Stock Exchange will comply with the Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the converted Shares are re-registered on our H Share register, such Shares would not be [**REDACTED**] as H Shares.

Please refer to "Risk Factors – Risks Relating to the [**REDACTED**] – Future sales or perceived sales of a substantial number of our H Shares in the public market following the [**REDACTED**] could materially and adversely affect the price of our H Shares and our ability to raise additional capital in the future, and may result in dilution of your shareholding."

So far as we are aware, none of our Shareholders currently proposes to convert any of their Domestic Shares into H Shares.

CONVERSION OF OUR UNLISTED FOREIGN SHARES

Upon completion of the [**REDACTED**], 61,519,998 Unlisted Foreign Shares in aggregate held by OAP IV (HK) Limited (25,335,535 Shares), LBC Sunshine Healthcare Fund II L.P. (11,353,491 Shares), AIHC Master Fund (5,298,296 Shares), Highlight Medical Limited (6,263,113 Shares), Ourea Biotech HK Limited (2,565,219 Shares), Cormorant Global Healthcare Master Fund, L.P. (3,027,598 Shares), Hudson Bay Master Fund Ltd. (2,649,148 Shares), Dr. Myron Samuel Scholes (2,000,000 Shares), Octagon Investments Master Fund L.P. (1,892,249 Shares) and Homehealth Investment Limited (1,135,349 Shares) will be converted into H Shares on a one-for-one basis. The conversion of these Unlisted Foreign Shares into H Shares have been approved by the CSRC on May 28, 2021 and an application has been made to the Listing Committee for such H Shares to be [**REDACTED**] on the Hong Kong Stock Exchange.

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

Pursuant to the PRC Company Law, our Shares issued prior to the [**REDACTED**] shall not be transferred within one year from the [**REDACTED**].

For details of the lock-up undertaking given by the Single Largest Group of Shareholders pursuant to Rule 10.07 of the Listing Rules see "[**REDACTED**]".

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, our Company is required to register and deposit our Shares that are not [**REDACTED**] on the overseas stock exchange with the China Securities Depository and Clearing Corporation Limited within 15 business days upon the [**REDACTED**] and provide a written report to the CSRC regarding the centralized registration and deposit of our Shares that are not [**REDACTED**] on the overseas stock exchange as well as the [**REDACTED**] and [**REDACTED**] of our H Shares.

[REDACTED] SHARE OPTION SCHEME

We adopted the [**REDACTED**] Share Option Scheme. As of the Latest Practicable Date, share options have been granted to 22 grantees to subscribe for an aggregate of 4,788,547 Shares. For further information regarding the terms and the information of the grantees of the [**REDACTED**] Share Option Scheme, please refer to the section headed "Appendix VII – Statutory and General Information – Further Information About Our Directors, Supervisors, Management and Substantial Shareholders – 6. [**REDACTED**] Share Option Scheme".

You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, included in the Accountant's Report in Appendix I to this Document. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions, including the United States.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this Document.

For the purpose of this section, unless the context otherwise requires, references to 2019 and 2020 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a leading player in the neuro- and peripheral-vascular interventional medical device market in China in terms of our comprehensive product portfolio. As an integrated medical device company supported by our in-house R&D and manufacturing capabilities, proprietary technological platform, and commercialization capabilities evidenced by our track record and led by our experienced management team, we provide physicians and patients in China and overseas with cutting-edge and innovative total solutions to treat and manage neuro- and peripheral vascular diseases. Our current therapeutic areas include acute ischemic stroke (AIS), intracranial aneurysm, carotid artery stenosis, all peripheral arterial and venous diseases, and dialysis related diseases.

We provide total solutions to patients and physician with the most comprehensive product portfolio covering neuro- and peripheral-vascular interventional medical devices among domestic companies in China according to Frost & Sullivan. Since our inception in 2012, we have systemically and methodically developed a portfolio of 45 products and product candidates to cover neuro- and peripheral-vascular device market and vascular closure device market that are highly under-penetrated and fast growing. Our two Core Products are Thrombite Clot Retriever Device ("**Thrombite CRD**") and Ultrafree™ Drug Coated PTA Balloon Catheter ("**Ultrafree DCB**") which have been commercialized in China and we are conducting further research and development on our two Core Products. As of the Latest Practicable Date, our broad product portfolio included a total of 8 approved products in China and overseas[(1)], including 2 approved products for treating neurovascular diseases and 6 approved products for treating peripheral vascular diseases. We also have 39 product candidates at various development stages in China, including 8 at registration stage, 9 at clinical trial stage, 8 at type testing stage, and 14 at design stage.

(1) including 5 products approved in both China and Europe, 3 products approved in China only and 3 products approved in Europe but still in development stage in China.

During Track Record Period, our revenue primarily constituted of the sales of our 6 approved products, namely, Thrombite CRD, Ultrafree DCB, intracranial support catheter, peripheral stent system, PTA balloon catheter and high pressure (HP) PTA balloon catheter. In 2019 and 2020, our revenue from sales of products amounted to RMB4.9 million and RMB27.6 million, respectively. During the Track Record Period, we incurred substantial amount of selling and distribution expenses, research and development expenses and administrative expenses, and as a result, we recorded a total net loss of RMB66.6 million in 2019 and RMB100.5 million in 2020. We expect to incur an increased amount of operating expenses in the near term as we further our pre-clinical research, continue the clinical development of, and seek regulatory approval for, our product candidates, launch our pipeline products, and expand the commercialization of our approved products in China and overseas.

BASIS OF PREPARATION

The consolidated financial information of our Group has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") and the interpretations issued by the International Accounting Standards Board ("**IASB**") applicable to companies reporting under IFRS. The consolidated financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of consolidated financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Company's accounting policies. All effective standards, amendments to standards and interpretations, are consistently applied to our Group throughout the Track Record Period.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which may be beyond our control. A discussion of the key factors is set out below.

Growth and Competitive Landscape of the Interventional Medical Devices Market

We believe that our financial performance and future growth are dependent on the overall growth of and our competitiveness in the interventional medical device market, in particular neuro- and peripheral-vascular interventional device markets in China. According to Frost & Sullivan, the interventional medical device market in China is expected to grow significantly in the future due to (i) the increasing prevalence and treatment rate along with aging population and public awareness, (ii) the substitution of imported devices by domestic device, (iii) increasing patient affordability supported by rising disposable income and price advantage of domestic products, (iv) improving accessibility of vascular interventional therapy powered by the development of imaging technology, (v) continuing technological innovation of vascular interventional industry, (vi) increase in qualified practitioners and (vi) favorable policy support. The number of neuro-interventional procedures in China increased from 77.4 thousand in 2015 to 159.6 thousand in 2019 at a CAGR of 19.8% and is estimated to further increase to 1,781.0 thousand in 2030, at a CAGR of 24.5% from 2019 to 2030. The number of peripheral artery intervention procedures in China increased from 58.6 thousand in 2015 to 112.2 thousand in 2019 at a CAGR of 17.7%, and is estimated to further reach 600.1 thousand in 2030 at a CAGR of 16.5% from 2019 to 2030.

We believe that by leveraging our comprehensive product pipeline and integrated platform with in-house R&D and manufacturing capabilities, proprietary technological platform, and commercialization capabilities evidenced by our track record, we are well-positioned to capture the significant potential growth in the vascular intervention medical device market.

Our Ability to Successfully Develop and Commercialize our Product Candidates and Increase Sales Volume of our Products

The ability to develop and commercialize pipeline products and diversify our product portfolio will significantly affect our results of operation in the upcoming years. During the Track Record Period and up to the Latest Practicable Date, we had 45 products and product candidates including 8 approved products in China and overseas(1). We also have 39 product candidates at various development stages in China, including 8 product candidates at registration stage, 9 product candidates at clinical trial stage, 8 product candidates at type testing, and 14 product candidates in design stage. Targeting the interventional medical device market, besides the commercialized products, we also plan to submit applications for NMPA approval for 6 product candidates in 2021, including microcatheter for coiling, carotid Rx PTA balloon catheter, PTA balloon catheter – large diameter, retrievable inferior vena cava filter, endovenous radiofrequency ablation (RFA) catheter, and suture-mediated closure system. Furthermore, we are currently conducting 9 clinical trials for our innovative devices, including intracranial drug coated balloon catheter, flow diverter, endovenous radiofrequency ablation (RFA) catheter, retrievable inferior vena cava filter, peripheral venous stent system, peripheral drug-eluting stent system, drug-coated PTA balloon catheter – dialysis access, peripheral detachable coil and suture-mediated closure system. We are also advancing a total of 39 product candidates through different stages of development for both disease areas that we intend to obtain approvals by 2025 in China.

Our results of operations also depend on our ability to successfully commercialize our product candidates upon approval. The commercial success of our products depends upon the degree of market acceptance each of such products achieves, particularly among hospitals and physicians. Physicians' and hospitals' receptiveness to our products in turn depends on, among others, our ability to convince them as to the distinctive characteristics, advantages, safety and cost effectiveness of our products as compared to traditional surgical products and our competitors' products. If our products are not widely accepted by physicians and hospitals, we may not be able to recover the significant investments we made in developing our product candidates. With increasing physicians' awareness in neuro- and peripheral-vascular interventional procedures and our established relationships with KOLs, hospitals and physicians, we believe that we are able to effectively and efficiently promote our products in cooperated hospitals and expand our sales network to cover more new hospitals through our contemplated marketing methods.

(1) including 5 products approved in both China and Europe, 3 products approved in China only and 3 products approved in Europe but still in development stage in China

The sales volume of our commercialized products will have a significant influence on our results of operation in the next several years. During Track Record Period, our revenue primarily is generated from the sales of our 6 approved products, namely Thrombite CRD, Ultrafree DCB, intracranial support catheter, peripheral stent system, PTA balloon catheter and high pressure (HP) PTA balloon catheter. We expect that sales of our products will continue to account for a substantial portion of our total revenue in the near future.

To achieve a growth of sales, we may also encounter a number of risks, many of which are beyond our controls. For further details of the risks relating to the development and commercialization of new products, see "Risk Factors – Risks Relating to Our Business – Risks Relating to the Development of Our Product Candidates."

Government Policies and Medical Insurance Coverage with regard to Our Products

Changes in our products' selling prices constitute another important factor that affects our operating results. Government policies and medical insurance coverage may have a material adverse impact on the prices of our products. The level of government spending on healthcare and the coverage of our products and product candidates under government medical insurance schemes may also affect the sales volume of our products and the relevant market acceptance, which will significantly impact our results of operations.

In line with the overall growth in the healthcare service industry in China, the PRC government has promulgated a series of policies in the last several years aiming to encourage healthcare infrastructure development and improve patients' accessibility to healthcare services. For instance, the Health and Wellness Plan of the Thirteenth Five-Year Plan (《"十三五"衛生與健康規劃》) aims to implement an expanded national reimbursement list for innovative medical devices. Moreover, in recent years, China's medical device incentive policies covered peripheral and neuro intervention related favorable policies, including import substitution as well as clinical exemption. In December 2019, the NMPA issued the Guidelines on Conditional Approval for Medical Devices (《醫療器械附條件批准上市指導原則》)) to address the urgent market needs for medical devices for treating life-threatening diseases, which accelerated the reviewing process and allows conditional approval for such medical devices. These favorable government policies are expected to support further expansion of the interventional medical device market in China.

Additionally, growth in population coverage and funding for public medical insurance programs have significantly improved patients' ability to pay for medical treatment, resulting in considerable growth in both patient enrollment and average spending. The inclusion of our products and product candidates (upon commercialization) in the governmental insurance coverage would significantly increase the demand for such products, and would therefore have a positive impact on the sales volume of our products and our financial performance. However, there are uncertainties as to whether the government will continue to increase its healthcare spending, and whether our products can be included in the governmental insurance coverage, and different provinces may have different practices for the reimbursement of our products. PRC regulations and medical insurance plans may also exert significant influence over the pricing of medical devices, for example, by imposing reimbursement limits, which could affect patients' access to our products as well as our profitability. Pricing guidance and other policies issued by the government may also affect our operations and financial performance.

Our Ability to Improve Operating Efficiency

Our profitability has benefited from our effective control of cost of sales and ability to improve operating efficiency. Our cost of sales primarily includes employee benefits expenses, raw materials and consumables used, depreciation of right-of-use assets, depreciation of property, plant and equipment, utilities and office expenses and others. We have devoted efforts to control our cost of sales. For the years ended December 31, 2019 and 2020, our cost of sales amounted to RMB3.7 million and RMB11.3 million, accounting for 75.8% and 41.1% of our total revenue for the same years respectively. As our production volume and revenue grow, our cost of sales as a percentage of revenue may decrease.

Similarly, our ability to efficiently control our operating expenses will also impact our profitability. Our operating expenses include research and development expenses, selling and distribution expenses, and administrative expenses, and other losses – net.

Since our inception, we have focused our resources on research and development activities, including conducting pre-clinical studies and clinical trials and activities related to regulatory filing for our peripheral- and neuro vascular interventional candidates. During the years ended December 31, 2019 and 2020, our total research and development expenses amounted to RMB53.0 million and RMB72.1 million, accounting for 1,078.5% and 260.8% of our total revenue, respectively. Our research and development expenses primarily consist of employee benefits expenses, testing and clinical trial fees for research and development, professional services, raw materials and consumables used, depreciation of right-of-use assets, depreciation of property, plant and equipment, amortization of intangible assets, traveling and transportation expenses, utilities and office expenses and others. We expect to incur significant research and development expenses for the foreseeable future as the increased development programs progress and we continue to support the clinical trials of our product candidates.

Selling and distribution expenses is another major component of our operating expenses amounted to RMB6.8 million and RMB20.5 million, accounting for 137.5% and 74.0% of our revenue for the years ended December 31, 2019 and 2020 respectively. Our selling and distribution expenses mainly consist of employee benefits expenses, market development expenses, traveling and transportation expenses, utilities and office expenses, professional services, depreciation of right-of-use assets and depreciation of property, plant and equipment, and others. We expect our selling and distribution expense to increase in future periods to support the expanded marketing of our existing product and the commercialization of our product candidates once approved.

For the years ended December 31, 2019 and 2020, our administrative expenses amounted to RMB17.0 million and RMB31.0 million and accounted for 345.0% and 112.2% of our revenue, respectively. Our administrative expenses primarily consist of employee utilities and office expenses, benefits expenses, professional services, depreciation of right-of-use assets and property, plant and equipment, traveling and transportation expenses and others. We expect our administrative expense to increase in future periods to support our product development efforts.

In addition to effective cost and expense controls, we are expanding our production capacities by adding new production lines and facilities. As such, we believe that our efforts to control our cost of sales and increase our production capacity will allow us to achieve economies of scale and enhance our overall operational efficiency. We also believe the continued diversification of our product portfolio will enable us to achieve significant operating efficiencies that will help us reduce costs and improve our profitability.

Funding for Our Operations

For the years ended December 31, 2019 and 2020, we funded our operations primarily through equity financing and bank loans. Going forward, with the marketing of our current products and the successful commercialization of our product candidates, we expect to fund our operations in part with revenue generated from sales of our products. However, with the continuing expansion of our business and development of product candidates, we may require further funding through public or private equity offerings, debt financing and other sources. Any changes in our ability to fund our operations will affect our cash flow and results of operation.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that we believe to be reasonable under the circumstances. We have not changed our assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. When reviewing our consolidated financial statements, you should consider (i) our critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our consolidated financial statements. Our significant accounting policies and estimates, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Note 2, 3 and 4 to the Accountant's Report in Appendix I to this Document.

Significant Accounting Policies

Revenue Recognition

Revenue is recognized when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the promised products or services is transferred to customers. Revenue is measured as the amount of consideration the Group expects to receive in exchange for transferring products or services to a customer. A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control of the goods and services may be transferred over time or at a point in time based on the terms of the contract and the laws applicable. A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with using the same approach as for trade receivables. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due. There is normally no significant cost to obtain contract.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following is a description of the accounting policy for the principal revenue stream of the Group.

During the Track Record Period, revenue of the Group arose from sale of peripheral-vascular medical devices and neurovascular medical devices. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer or picked up by the customer at the Group's storehouse, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been transferred to the customer or be picked up by the customer at the Group's storehouse, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Intangible Assets

Non-proprietary technologies

Non-proprietary technologies are initially recorded at cost and are amortized on a straight-line basis over their useful lives of 10 years.

Research and Development

Research and development cost comprise all costs that are directly attributable to research and development activities (relating to the design and testing of new or improved high end medical instruments) or that can be allocated on a reasonable basis to such activities. Research and development costs are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the medical instruments so that it will be available for use or sale;
- management intends to complete the medical instruments, and use or sell it;
- the ability to use or sell the medical instruments;
- it can be demonstrated how the medical instruments will generate economic benefits;
- there are adequate technical, financial and other resources to complete the development and the ability to use or sell the medical instruments; and
- the expenditure attributable to the medical instruments during its development can be reliably measured

Other development expenditures that do not meet these criteria are charged to expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Fair Value Estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market at each of the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The fair value of the financial assets which are measured at amortized cost, approximate their carrying amount as of December 31, 2019 and 2020.

The following table presents the Group's assets that were measured at fair value on December 31, 2020:

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets:				
Financial assets at fair value through profit or loss	–	–	157,700	157,700

The following table presents the Group's assets that were measured at fair value as of December 31, 2019:

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets:				
Financial assets at fair value through profit or loss	–	–	52,000	52,000

The components of the level 3 instruments mainly include investments in wealth management products, which mainly represent the investments in wealth management products issued by banks in the PRC with floating return of investment. We used discounted cash flows approach to value the fair value of the financial product as of period end and the inputs are expected return rate ranging from 1.5% to 3.85% per annum.

In respect of the valuation of the level 3 financial assets at fair value, with reference to the SFC's "Guidance note on directors' duties in the context of valuations in corporate transactions", the Directors have (i) carefully considered available information in assessing the financial forecast and assumptions, including the terms of the wealth management products manual, the associated risk level and the expected rate of return, and understood that the relevant wealth management products are relatively low risk with stable rate of return; (ii) comparing the expected rate of return against the historical actual rate of return of such wealth management products; and (iii) conducting valuation analysis by using discounted cash flow model with expected return rate as discount rate. Based on the above, the Directors are of the view that the valuation of level 3 financial assets is fair and reasonable and the financial statements of the Group are properly prepared.

Details of the fair value measurement of financial assets, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value are disclosed in Note 3 of the Accountant's Report in Appendix I to this document. The Reporting Accountant's opinion on the Historical Financial Information, as a whole, of the Group for the Track Record Period is set out on page I-2 of Appendix I to this document.

The Joint Sponsors have taken due diligence steps including but not limited to (i) reviewing the product specifications for the wealth management products that were outstanding as of December 31, 2019 and 2020; (ii) conducting financial due diligence with the Company to understand the methodology for valuing the wealth management products; (iii) discussed with the Reporting Accountant on the procedures they performed on level 3 financial assets for the purpose of expressing an opinion on the historical financial information of the Group as a whole; (iv) obtaining and reviewing a summary of the actual returns received by the Company from the wealth management products; and (iv) reviewing the Accountant's Reports as contained in Appendix I to this Document.

If the fair values of financial assets at fair value through profit or loss held by the Group had been 10% higher/lower, the loss before income tax for the years ended December 31, 2019 and 2020 would have been RMB5,200,000 lower/higher and RMB15,770,000 lower/higher, respectively.

There were no changes in valuation techniques during the Track Record Period.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

Property, plant and equipment

Property, plant and equipment, are stated at historical cost or acquisition cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the Track Record Period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvement, the shorter lease term as follows:

	Years
– Equipment and instruments	3 – 5
– Office equipment and furniture	3 – 5
– Motor vehicles	4 – 5
– Leasehold improvements	Shorter of remaining lease term or estimated useful lives

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount, see Note 2.8 of the Appendix I of this document.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in "Other gains/(losses) – net" in the consolidated statements of comprehensive income.

Construction in progress represents property, plant and equipment under construction or pending installation and is stated at historical cost or acquisition cost less provision for impairment loss, if any. Cost includes the costs of construction and acquisition as well as capitalized borrowing costs during the periods of construction and installation. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and intangible assets and depreciated in accordance with the policy as stated above.

Inventories

Inventories including raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The Historical Financial Information is presented in RMB, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized within "Other gains/(losses) – net" in the consolidated statements of comprehensive income.

Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Share-based Payments

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from eligible employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of equity instruments is recognized as an expense on the consolidated financial statements. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions;
- including the impact of any non-vesting conditions (for example, the requirement for employees to serve).

At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statements of comprehensive income, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as of the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period.

Critical Accounting Estimates

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying our Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Research and development expenses

Development costs incurred on the Group's pipeline products are capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria are met for capitalization. All development expenses were expensed when incurred during the Track Record Period.

Recognition of share-based compensation expenses

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. At the end of each reporting period, the Group revise estimated number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

DESCRIPTION OF SELECTED COMPONENTS OF STATEMENTS OF PROFIT OR LOSS

The table below sets forth our consolidated statements of profit or loss with line items in absolute amounts for the years indicated derived from our consolidated statements of profit or loss set out in the Accountant's Report included in Appendix I to this Document:

	For the year ended December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Revenue	4,917	27,631
Cost of sales	(3,725)	(11,344)
Gross profits	1,192	16,287
Selling and distribution expenses	(6,759)	(20,453)
Administrative expenses	(16,962)	(30,992)
Research and development expenses	(53,028)	(72,065)
Other income	7,656	9,997
Other expenses	(840)	(257)
Other gains/(losses) – net	3,040	(2,679)
Operating loss	(65,701)	(100,162)
Finance income	89	360
Finance costs	(1,035)	(666)
Finance costs – net	(946)	(306)
Loss before income tax	(66,647)	(100,468)
Income tax expense	–	–
Loss for the year	(66,647)	(100,468)
Loss Attributable to:		
Equity holders of the Company	(66,647)	(100,468)
Total comprehensive loss for the year attributable to the equity holders of the Company	(66,647)	(100,468)
Loss per share attributable to the owners of the Company		
Basic and diluted loss per share (in RMB per share)	(0.38)	(0.52)

NON-IFRS MEASURES

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS, we also use adjusted net loss as non-IFRS measures, which are not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures facilitates a comparison of our operating performance from period to period by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. Such non-IFRS measures allow investors to consider metrics used by our management in evaluating our performance. From time to time in the future, there may be other items that we may exclude in reviewing our financial results. The use of the non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table shows reconciliation of net loss for the year to our adjusted net loss for the years indicated:

	For the year ended December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Loss for the year	**(66,647)**	**(100,468)**
Add:		
Share-based compensation	7,601	23,111
Adjusted net loss for the year (unaudited)[(1)]	**(59,046)**	**(77,357)**

Note:

(1) Share-based compensation is a non-cash expense that our management does not consider to be indicative of our core operating results. We believe the net loss as adjusted by eliminating potential impacts of the share-based compensation provides useful information to investors in facilitating a comparison of our operating performance from period to period.

We incurred net losses for the years ended December 31, 2019 and 2020. Substantially all of our operating losses were resulted from costs incurred in connection with our selling and distribution expenses, research and development expenses and administrative expenses related to our ongoing operations.

Revenue

During the Track Record Period, our revenue was mainly generated from sales of our 6 commercialized products including Thrombite CRD, Ultrafree DCB, intracranial support catheter, peripheral stent system, PTA balloon catheter and high pressure (HP) PTA balloon catheter. Since the commercialization of Thrombite CRD and Ultrafree DCB in 2020, Thrombite CRD and Ultrafree DCB generated revenue of RMB10.6 million and RMB1.0 million in 2020, accounting for 38.4% and 3.7% of our total revenue from sales of goods in 2020, respectively. We expect to generate a majority of our revenue from sales of Thrombite CRD and Ultrafree DCB in the near future. The following table sets forth a breakdown of our revenue by product category for the years indicated:

	For the year ended December 31,			
	2019		2020	
	RMB'000	*% of Revenue*	*RMB'000*	*% of Revenue*
Revenue from sales of goods				
– Neurovascular interventional devices	–	–	19,940	72.2
– Peripheral-vascular interventional devices	4,917	100.0	7,691	27.8
Total	4,917	100.0	27,631	100.0

The table below sets forth a breakdown of our revenue by geographic region for the years indicated:

	For the year ended December 31,			
	2019		2020	
	RMB'000	*% of Revenue*	*RMB'000*	*% of Revenue*
Revenue from sales of goods				
– PRC	705	14.3	24,284	87.9
– Others	4,212	85.7	3,347	12.1
Total	4,917	100.0	27,631	100.0

Cost of Sales

Our cost of sales primarily consists of raw materials and consumables used, employee benefits expenses, depreciation of right-of-use assets, depreciation of property, plant and equipment, utilities and office expenses and others. The table below sets forth a breakdown of our cost of sales by nature in absolute amount and as percentage of our total cost of sales for the years indicated:

	For the year ended December 31,			
	2019		2020	
	RMB'000	*%*	*RMB'000*	*%*
Cost of Sales				
Raw materials and consumables used	2,032	54.6	6,164	54.3
Employee benefits expenses	1,088	29.2	3,417	30.1
Depreciation of right-of-use assets	153	4.1	688	6.1
Depreciation of property, plant and equipment	276	7.4	580	5.1
Others	176	4.7	495	4.4
Total	3,725	100.0	11,344	100.0

Raw materials and consumables used primarily consist of costs of raw materials and consumables used for the production of our products. Raw materials and consumables used comprised a substantial amount of the total cost of sales, accounting for 54.6% and 54.3% of our total cost of sales in the year ended December 31, 2019 and 2020, respectively. Employee benefits expenses primarily include salaries, welfare and pension for employees involved in the production of our products. Employee benefits expenses accounted for 29.2%, and 30.1% of our total cost of sales in the year ended December 31, 2019 and 2020, respectively. Depreciation of right-of-use assets represents the depreciation of building we lease. Depreciation of right-of-use assets accounted for 4.1%, and 6.1% of our total cost of sales in the year ended December 31, 2019 and 2020, respectively. Depreciation of property, plant and equipment represents the depreciation of equipment used for our production. Depreciation of property, plant and equipment accounted for 7.4%, and 5.1% of our total cost of sales in the year ended December 31, 2019 and 2020.

The table below also sets forth a breakdown of our cost of sales by product category for the years indicated:

	For the year ended December 31,			
	2019		2020	
	RMB'000	*%*	*RMB'000*	*%*
Cost of Sales				
Neurovascular interventional devices	–	–	6,129	54.0
Peripheral-vascular interventional devices	3,725	100.0	5,215	46.0
Total	3,725	100.0	11,344	100.0

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. Our gross profit margin represents our gross profit as a percentage of our revenue. For the year ended December 31, 2019 and 2020, our gross profit was RMB1.2 million and RMB16.3 million, respectively, and our gross profit margin was 24.2% and 58.9%, respectively.

The table below sets forth a breakdown of our gross profit and gross profit margin by product category for the years indicated:

	For the year ended December 31,			
	2019		2020	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*
Gross Profit and Gross Profit Margin				
Neurovascular interventional devices	–	–	13,811	69.3
Peripheral-vascular interventional devices	1,192	24.2	2,476	32.2
Total	1,192	24.2	16,287	58.9

The table below sets forth a breakdown of our gross profit and gross profit margin by geographic region for the years indicated:

	For the year ended December 31,			
	2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*
PRC	165	23.4	16,002	65.9
Others	1,026	24.4	285	8.5
Total	1,192	24.2	16,287	58.9

Research and Development Expenses

Our research and development expenses primarily consist of employee benefits expenses, testing and clinical trial fees for research and development, raw materials and consumables used, professional services, depreciation of property, plant and equipment, amortization of intangible assets, depreciation of right-of-use assets, traveling and transportation expenses and utilities and office and others expenses. The table below sets forth a breakdown of our research and development expenses in absolute amount and as percentage of our total research and development expenses for the years indicated:

	For the year ended December 31,			
	2019		2020	
	RMB'000	*%*	*RMB'000*	*%*
Research and development expenses				
Employee benefits expenses	22,603	42.6	35,062	48.7
Testing and clinical trial fees for research and development	13,543	25.5	13,109	18.2
Raw materials and consumables used	4,358	8.2	9,853	13.6
Professional services	1,676	3.2	5,185	7.2
Depreciation of right-of-use assets and property, plant and equipment	5,391	10.2	4,652	6.5

	For the year ended December 31,			
	2019		2020	
	RMB'000	*%*	*RMB'000*	*%*
Amortization of intangible assets	2,667	5.0	2,667	3.7
Traveling and transportation expenses	1,119	2.1	722	1.0
Utilities, office and other expenses	1,671	3.2	815	1.1
Total	53,028	100.0	72,065	100.0

Our employee benefits expenses include salaries, bonuses, welfare and pension for our research and development employees. Testing and clinical trial fees for research and development include expenses incurred for conducting clinical trials, including payment to CROs and hospitals in relation to our clinical trials. Service fees paid to the CROs, SMOs and PIs for 2019 and 2020 were RMB11.6 million and RMB10.4 million, respectively. The slight decrease in 2020 was mainly due to a combined effect of completion of registrational trials of certain products such as the Core Products in 2019 and the preparations to conduct further trials on the Core Products in 2020. The expenses incurred on R&D activities conducted by CROs, SMO and PIs for the Core Products in 2019 and 2020 were RMB4.2 million and RMB4.1 million, respectively. The slight decrease in 2020 was mainly due to a combined effect of completion of registrational trials of Core Products in 2019 and the preparations to conduct further trials on the Core Products in 2020. The total research and development expenses incurred on our Core Products were RMB18.5 million and RMB18.3 million in 2019 and 2020, respectively. Raw materials and consumables used primarily consist of materials and consumable expenses paid in relation to our research and development activities. The professional services primarily consist of professional fees paid in relation to our registrations of products and intellectual properties. Our depreciation of right-of-use assets and depreciation of property, plant and equipment primarily represent depreciation of buildings we leased and equipment we purchased for research and development purpose. Amortization of intangible assets primarily consist of the amortization of non-proprietary technologies as part of the investment from one of our shareholders we purchased historically. Traveling and transportation expenses include any travel and administrative expenses incurred for research and development activities. Utilities, office and other expenses are mainly comprised of office supplies and property fee, design fee and other general expenses incurred for the purpose of research and development.

Selling and Distribution Expenses

The table below sets forth a breakdown of our selling and distribution expenses in absolute amount and as percentage of our total selling and distribution expenses for the years indicated:

	For the year ended December 31,			
	2019		2020	
	RMB'000	*%*	*RMB'000*	*%*
Selling and Distribution Expenses				
Employee benefits expenses	2,479	36.7	13,153	64.3
Market development expenses	898	13.3	3,051	14.9
Traveling and transportation expenses	368	5.4	1,403	6.9
Utilities and office expenses	188	2.8	930	4.5
Professional service	2,291	33.9	727	3.6
Depreciation of right-of-use assets and property, plant and equipment	144	2.1	284	1.4
Others	391	5.8	905	4.4
Total	6,759	100.0	20,453	100.0

Our employee benefits expenses include salaries, bonuses, welfare and pension for our sales and marketing employees. The market development expenses are mainly comprised of expenses incurred in relation to our participation in industry conventions and provision of trainings to physicians. Our traveling and transportation expenses include any travel expenses incurred for our sales and marketing activities. Our utilities and office expenses are mainly comprised of office supplies for marketing and promotion activities. The professional services primarily consist of fees we paid for market survey and consulting. Our depreciation of right-of-use assets and property, plant and equipment primarily consist of the depreciation of the buildings we leased and office equipment and furniture we purchased for selling and distribution purpose. Our other selling and distribution expenses are mainly comprised of sales activities costs, product promotion expenses, as well as other expenses that are directly related to our marketing and promotion activities.

Administrative Expenses

The table below sets forth a breakdown of our administrative expenses in absolute amount and as percentage of our total administrative expenses for the years indicated:

	For the year ended December 31,			
	2019		2020	
	RMB'000	*%*	*RMB'000*	*%*
Administrative Expenses				
Employee benefits expenses	12,272	72.3	23,569	76.0
Utilities and office expenses	2,222	13.1	2,833	9.1
Professional services	321	1.9	2,557	8.3
Depreciation of right-of-use assets and property, plant and equipment	528	3.1	611	2.0
Traveling and transportation expenses	554	3.3	571	1.8
Others	1,065	6.3	851	2.8
Total	16,962	100.0	30,992	100.0

Our employee benefits expenses include salaries, bonuses, welfare and pension for our administrative staff. Utilities and office expenses include utility costs, communication expenses and other general office expenses. Depreciation of right-of-use assets and property, plant and equipment are primarily related to the depreciation of the buildings we leased and office equipment, furniture, motor vehicles we purchased for administrative purpose. Professional services primarily consist of the service fees paid to third-party professionals, such as advisors related to our financing activities. Traveling and transportation expenses include any travel expenses incurred during business trips of the administrative employees. Other administrative expenses primarily include auditor remuneration, expenses incurred during conferences and activities, insurance fees and other expenses.

Other Expenses

Our other expenses were RMB0.8 million and RMB0.3 million for the year ended December 31, 2019 and 2020, respectively. Our other expenses primarily consist of depreciation and amortization of right-of-use assets for offices we lease and sublet and other expenses.

	For the year ended December 31,			
	2019		2020	
	RMB'000	*%*	*RMB'000*	*%*
Other Expenses				
Depreciation and amortization of right-of-use assets	414	49.3	156	60.7
Others	426	50.7	101	39.3
Total	840	100.0	257	100.0

Other Income

Our other income were RMB7.7 million and RMB10.0 million for the year ended December 31, 2019 and 2020, respectively. Our other income primarily consist of government grants, rental income for office spaces we sublet and others.

	For the year ended December 31,			
	2019		2020	
	RMB'000	*%*	*RMB'000*	*%*
Other Income				
Government grants	6,845	89.4	9,596	96.0
Rental income	628	8.2	401	4.0
Others	183	2.4	–	–
Total	7,656	100.0	9,997	100.0

Other Gains/(Losses)

Our other gains/(losses) consist of foreign exchange gains or losses, net fair value gains from financial assets at fair value through profit or loss, gains on disposal of property, plant and equipment and others. The table below sets forth a breakdown of our other income and gains for the years indicated:

	For the year ended December 31,			
	2019		2020	
	RMB'000	*%*	*RMB'000*	*%*
Other gains/(losses) – net				
Foreign exchange gains/(loss), net	123	4.0	(4,473)	167.0
Net fair value gains from financial assets at fair value through profit or loss	2,917	96.0	1,623	(60.6)
Gains on disposal of property, plant and equipment	4	0.1	29	(1.1)
Others	(4)	(0.1)	142	(5.3)
Total	3,040	100.0	(2,679)	100.0

Foreign exchange gains/(loss), net is mainly resulted from fluctuation in foreign exchange rate for our cash balance denominated in US dollars. Net fair value gains from financial assets at fair value through profit or loss refers to gain from our wealth management products.

Finance Costs – net

Our finance costs – net were RMB0.9 million and RMB0.3 million for the years ended December 31, 2019 and 2020, respectively. Our finance costs mainly consist of interest expenses on bank borrowings and interest expense on lease liabilities. The table below sets forth a breakdown of our finance costs in absolute amount and as percentage of our total finance costs for the years indicated:

	For the year ended December 31,			
	2019		2020	
	RMB'000	*%*	*RMB'000*	*%*
Finance income:				
Bank interest income	89	(9.4)	360	(117.6)
Finance costs:				
Interest expense on bank borrowings	(748)	79.1	(1,097)	358.5
Interest expense on lease liabilities	(287)	30.3	(244)	79.7
Less: borrowing costs capitalized in qualifying assets	–	–	675	(220.6)
Total	(946)	100.0	(306)	100.0

Income Tax Expense

Pursuant to the PRC Enterprise Income Tax Law and the respective regulations (the "**EIT Law**"), our subsidiary in the PRC is subject to enterprise income tax at a rate of 25% on the taxable income.

During the Track Record Period, no provision of PRC income tax was made as our Group had no assessable profit. Under the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 175% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year.

During the Track Record Period, no deferred tax asset was recognized in respect of the tax losses due to the unpredictability of future profit streams.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2019 Compared to Year Ended December 31, 2020

Revenue

Our total revenue increased by 461.9% from RMB4.9 million for the year ended December 31, 2019 to RMB27.6 million for the year ended December 31, 2020, primarily attributable to the commercialization of our two Core Products in China in 2020.

Our revenue for neurovascular interventional devices was nil for the year ended December 31, 2019 and RMB19.9 million for the year ended December 31, 2020, which is mainly attributable to the commercialization of Thrombite CRD and intracranial support catheter in China in 2020.

Our revenue for peripheral-vascular interventional devices increased by 56.4% from RMB4.9 million for the year ended December 31, 2019 to RMB7.7 million for the year ended December 31, 2020, which is mainly attributable to our market expansion of peripheral-vascular interventional devices in China and the commercialization of Ultrafree DCB in China in 2020.

We expect our revenue will continue to grow in absolute amount primarily by sales of more products it expects to launch in the near future.

Cost of Sales

Our cost of sales increased by 204.5% from RMB3.7 million for the year ended December 31, 2019 to RMB11.3 million for the year ended December 31, 2020, which is mainly attributable to the increase in employee benefits expenses as a result of increase in the number of our employees and increase in raw materials and consumables used for sales of our products in line with the commercialization of our two Core Products in China in 2020. Our cost of sales accounted for 75.8% and 41.1% of our revenue for 2019 and 2020, respectively.

Our cost of sales for neurovascular interventional devices was nil for the year ended December 31, 2019 and RMB6.1 million for the year ended December 31, 2020, which is mainly attributable to the commercialization of Thrombite CRD and intracranial support catheter in China in 2020.

Our cost of sales for peripheral-vascular interventional devices increased by 40.0% from RMB3.7 million for the year ended December 31, 2019 to RMB5.2 million for the year ended December 31, 2020, which is mainly attributable to our market expansion of peripheral-vascular interventional devices and the commercialization of Ultrafree DCB in China in 2020.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of sales described above, our gross profit increased from RMB1.2 million for the year ended December 31, 2019 to RMB16.3 million for the year ended December 31, 2020, primarily due to the increase in revenue as a result of launch of our two Core Products in China in 2020. Our gross profit margin increased to 58.9% in 2020 compared to 24.2% in 2019, primarily due to the launch of two Core Products and intracranial support catheter in 2020 which have higher gross profit margin as compared to products sold in 2019.

Our gross profit for neurovascular interventional devices was nil for the year ended December 31, 2019 and RMB13.8 million for the year ended December 31, 2020, primarily due to the commercialization of Thrombite CRD in China in 2020. Our gross profit margin for neurovascular interventional devices is 69.3% in 2020.

Our gross profit for peripheral-vascular interventional devices increased by 107.8% from RMB1.2 million for the year ended December 31, 2019 to RMB2.5 million for the year ended December 31, 2020, primarily due to the increase in sales volume of our peripheral-vascular interventional devices and launch of Ultrafree in China in 2020. Our gross profit margin increased to 32.2% in 2020 compared to 24.2% in 2019, primarily due to increased revenue and the launch of Ultrafree DCB.

We expect the gross profit margin of our neurovascular and the gross profit margin of our peripheral vascular products to continue to increase in the near term as it drives further economies of scale, enhanced operating leverage and another 8 products to be commercialized in 2021.

Research and Development Expenses

Our research and development expenses increased by 35.9%, from RMB53.0 million for the year ended December 31, 2019 to RMB72.1 million for the year ended December 31, 2020. Such increase was primarily due to (i) increased employee benefits expenses from RMB22.6 million for 2019 to RMB35.1 million for 2020, as a result of the increase in the number of R&D employees as a result of more R&D activities, (ii) increased raw materials and consumables used from RMB4.4 million for 2019 to RMB9.9 million for 2020, as a result of more R&D activities, and (iii) increased professional services from RMB1.7 million for 2019 to RMB5.2 million for 2020, as a result of increase in the fees paid related to registrations of our products. Our total research and development expenses as a percentage of our revenue decreased from 1,078.5% for 2019 to 260.8%, as a result of the increase of revenue in 2020.

While we will continue to invest in research and development as the increased development programs progress and we continue to support the clinical trials of our product candidates, we expect our research and development expenses as a percentage of revenue to moderate rapidly in the near term as we grow our revenue at a much faster pace.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 202.6% from RMB6.8 million for the year ended December 31, 2019 to RMB20.5 million for the year ended December 31, 2020. Such increase was primarily attributable to (i) our increased employee benefits expenses from RMB2.5 million for 2019 to RMB13.2 million for 2020, as a result of an expansion of our sale and marketing team due to new launch of our products, (ii) our increased market development expenses from RMB0.9 million for 2019 to RMB3.0 million for 2020, as a result of the increase of expenses in relation to our participation in industry conventions and provision of trainings to physicians in line with the commercialization of our two Core Products in China in 2020 and (iii) our increased traveling and transportation expenses from RMB0.4 million for 2019 to RMB1.4 million for 2020, as a result of more traveling due to increased marketing activities. Selling and distribution expenses as a percentage of our revenue decreased from 137.5% for 2019 to 74.0% for 2020, as a result of the increase of revenue in 2020.

While we expect our selling and distribution expenses to grow in future periods to support the expanded marketing of our existing product and the commercialization of our product candidates once approved, we expect our selling and distribution expenses as a percentage of revenue to decline in the near term as a result of operating efficiency.

Administrative Expenses

Our administrative expenses increased by 82.7% from RMB17.0 million for the year ended December 31, 2019 to RMB31.0 million for the year ended December 31, 2020. Such increase was primarily attributable to (i) our increased employee benefits expenses from RMB12.3 million for 2019 to RMB23.6 million for 2020 as a result of increase in our admin staff due to our business growth, and (ii) our increased professional services fees from RMB0.3 million for 2019 to RMB2.6 million for 2020 as a result of service fees paid to advisors in relation to our financing activities. Administrative expenses as a percentage of our revenue increased from 345.0% for 2019 to 112.2% for 2020, as a result of the increase of sale of goods.

While we expect our administrative expenses to grow in future periods to support our product development efforts, we expect our administrative expenses as a percentage of revenue to decline in the near term as a result of operating efficiency.

Other Income

Our other income increased by 30.6% from RMB7.7 million for the year ended December 31, 2019 to RMB10.0 million for the year ended December 31, 2020, primarily due to a RMB2.8 million increase of government grants in 2020.

Other Expense

Our other expenses decreased by 69.4% from RMB0.8 million for the year ended December 31, 2019 to RMB0.3 million for the year ended December 31, 2020, primarily due to a RMB0.3 million decrease of depreciation of right-of-use assets resulting from a reduce in office space we lease and sublet.

Other Gains/(losses) – net

We had gains of RMB3.0 million for the year ended December 31, 2019 and incurred losses of RMB2.7 million for the year ended December 31, 2020. Such change was mainly resulted from foreign exchange loss in 2020 due to depreciation of US dollars for our cash balance denominated in US dollars.

Finance Costs – net

Our finance costs – net decreased by 67.7% from RMB0.9 million for the year ended December 31, 2019 to RMB0.3 million for the year ended December 31, 2020, primarily in line with the (i) decrease in interest expense on bank borrowings since a majority of our borrowing costs is capitalized in qualifying assets, and (ii) increase in bank interest income.

Income Tax Expense

We did not occur income tax expense for the years ended December 31, 2019 and 2020 as our Group had no assessable profit.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from the Accountant's Report set out in Appendix I to this Document:

	As of December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Total non-current assets	81,776	133,829
Total current assets	125,284	370,142
Total assets	**207,060**	**503,971**
Total non-current liabilities	7,998	27,646
Total current liabilities	33,387	51,631
Total liabilities	**41,385**	**79,277**
Net current assets	**91,897**	**318,511**
Net assets	**165,675**	**424,694**
Paid in-capital	182,643	225,062
Other reserves	244,079	561,147
Accumulated losses	(261,047)	(361,515)
Total equity	**165,675**	**424,694**

The following table sets forth our non-current assets and non-current liabilities as of the dates indicated:

	As of December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Non-current assets		
Property, plant and equipment	51,794	105,224
Right-of-use assets	18,925	16,950
Intangible assets	10,223	7,556
Prepayments	834	4,099
Total non-current assets	81,776	133,829
Non-current liabilities		
Borrowings	4,500	26,250
Lease liabilities	3,498	1,396
Total non-current liabilities	7,998	27,646

We had non-current assets of RMB133.8 million as of December 31, 2020, compared to non-current assets of RMB81.8 million as of December 31, 2019. The change was primarily due to an increase in property, plant and equipment, which was attributable to the increase in construction in progress (CIP) assets resulting from the progress in the construction of our manufacturing facilities in Hangzhou.

We had non-current liabilities of RMB27.6 million as of December 31, 2020, compared to non-current liabilities of RMB8.0 million as of December 31, 2019. The change was primarily due to the increase in borrowings for the construction of our manufacturing facilities in Hangzhou.

NET CURRENT ASSETS/LIABILITIES

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,		As of April 30,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)
Current assets			
Cash and cash equivalents	46,130	59,556	43,240
Financial assets at fair value through profit or loss	52,000	157,700	610,400
Term deposits	–	100,000	100,000
Inventories	9,955	28,993	38,376
Prepayments, other receivables and other current assets	16,186	23,764	40,076
Trade receivables	1,013	129	318
Total current assets	**125,284**	**370,142**	**832,410**
Current liabilities			
Trade and other payables	13,517	43,658	60,021
Borrowings	13,000	3,750	–
Lease liabilities	2,351	2,825	2,994
Contract liabilities	19	134	2,819
Deferred income	4,500	–	–
Other current liabilities	–	1,264	2,597
Total current liabilities	**33,387**	**51,631**	**68,431**
Net current assets	**91,897**	**318,511**	**763,979**

We had net current assets of RMB764.0 million as of April 30, 2021 being the latest practicable date for the purpose of liquidity disclosure in this Document, compared to net current assets of RMB318.5 million as of December 31, 2020. The change was primarily due to the increase in financial assets at fair value through profit or loss primarily attributable to our increased investment in wealth management products as a result of our increased capital injection by our Shareholders. For further details of the capital injections, see "History – Establishment and Development of our Company – [**REDACTED**] Investments and Major Shareholding Changes of Our Company – Series C+ Financing."

We had net current assets of RMB318.5 million as of December 31, 2020, compared to net current assets of RMB91.9 million as of December 31, 2019. The change was primarily due to (i) an increase in financial assets at fair value through profit or loss of RMB105.7 million mainly due to the investments in wealth management products issued by banks in the PRC, (ii) an increase in term deposits of RMB100.0 million due to our investments in term deposit products in November 2020, and changes in (i) and (ii) were both due to the increase in our cash on hand as a result of capital injections by our shareholders. For further details of the capital injections, see "History – Establishment and Development of our Company – [**REDACTED**] Investments and Major Shareholding Changes of Our Company," and (iii) an increase in inventories of RMB19.0 million primarily attributable to our inventory preparation in anticipation for new launch of our products and more R&D activities, partially offset by an increase in trade and other payables of RMB30.1 million mainly due to the increase in payables for purchase of property, plant and equipment for the construction of our manufacturing facilities in Hangzhou and an increase in staff salaries and welfare payables as a result of increase in employee numbers and compensation level. For changes in other key line items, see "– Financial assets at fair value through profit or loss," "– Term deposits," "– Inventories," and "– Trade and other payables."

We had net assets of RMB424.7 million as of December 31, 2020, compared to net assets of RMB165.7 million as of December 31, 2019. The change was primarily due to an increase in both non-current assets and current assets. The increase in our non-current assets was primarily due to an increase in property, plant and equipment, which was attributable to the increase in construction in progress (CIP) assets resulting from the progress in the construction of our manufacturing facilities in Hangzhou. For the reasons of increase in our current assets, please see the paragraph immediately above this paragraph.

Inventories

Our inventories consist of raw materials, work in progress and finished goods. We formulate the purchase plan of raw materials according to delivery time needed by our suppliers, our production and sales targets. We formulate and supervise production progress, inventory levels and projected sales of our products, and adjust our sales and purchase plans periodically according to sales performance, to minimize the risk of inventory shortage or accumulation. We have also established an inventory management system that monitors each stage of the warehousing process. We did not experience any material shortage or accumulation of inventory during the Track Record Period. For further details of our inventory management, see "Business – Inventory."

The tables below set forth our inventory balances as of the dates indicated:

	As of December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Raw materials	6,518	17,216
Finished goods	2,567	6,971
Work in progress	870	4,806
Total	**9,955**	**28,993**

Our inventory balance increased from RMB10.0 million as of December 31, 2019 to RMB29.0 million as of December 31, 2020 primarily due to an increase in raw materials of RMB10.7 million, an increase in finished goods of RMB4.4 million and an increase in work in progress of RMB3.9 million. The increase in inventory was primarily attributable to our inventory preparation in anticipation for new launch of our products and more R&D activities.

As of April 30, 2021, RMB18.0 million, representing 62.0% of the inventory as of December 31, 2020 was subsequently utilized.

The table below sets forth our inventory and finished goods turnover days for the years indicated:

	For the year ended December 31,	
	2019	**2020**
	days	
Inventory turnover days[(1)]	392	331
Average finished goods turnover days[(2)]	127	81

Notes:

(1) Inventory turnover days for a year is the arithmetic mean of the beginning and ending balances of inventory for the relevant year divided by the sum of cost of sales and material costs for R&D for the relevant year and multiplied by 360 days for the full-year period.

(2) Average finished goods turnover days for a year is the arithmetic mean of the beginning and ending balances of finished goods for the relevant year divided by the sum of cost of sales and material costs for R&D for the relevant year and multiplied by 360 days for the full-year period.

For the year ended December 31, 2019 and 2020, our inventory turnover days were 392 days and 331 days, respectively. The decrease in inventory turnover days from the year ended December 31, 2019 to December 31, 2020 was primarily due to increased sales in line with the launch of our new products in 2020.

Trade Receivables

Our trade receivables primarily represent the balances due from certain customers. While we generally have prepayment arrangements with our customers, we also allow a limited number of customers for a credit period from 7 days to 75 days. We set a maximum credit limit for each customer and consider a number of factors in determining the credit term of a customer, including its cash flow conditions and creditworthiness as well as the local medical care policy and market environment. For details, see "Business – Sales and Marketing – Our Sales Arrangements."

The table below sets forth our trade receivables as of the dates indicated:

	As of December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Trade receivables from contracts with customers	1,013	129
Less: Loss allowance	–	–
Total	**1,013**	**129**

Our trade receivables decreased from RMB1.0 million as of December 31, 2019 to RMB0.1 million as of December 31, 2020, which primarily due to the decrease of sales with our overseas customers having credit terms as a result of the impact of COVID-19. We do not hold any collateral or other credit enhancements over our trade receivables balance and such receivables are non-interest bearing.

In determining impairment of trade receivables, we conduct regular reviews of aging analysis and evaluate collectability, taking into account of the historical loss patterns of our customers and adjust for forward looking macroeconomic data in calculating the expected credit loss rate. We did not record material provision for impairment of trade receivables during the Track Record Period.

The table below sets forth our trade receivables turnover days for the years indicated:

	As of December 31,	
	2019	**2020**
Average trade receivables turnover days[(1)]	68.1	7.4

Note:

(1) Average trade receivables turnover days for a period equals the arithmetic mean of the beginning and ending trade receivable balances divided by revenue for that period and multiplied by 360 days for the full-year period.

The average trade receivables turnover days were 68.1 days in 2019, which were in line with the credit term we generally provide for our customers in 2019, a majority of which were overseas distributors to whom we provided longer credit period. The average trade receivables turnover days were 7.4 days in 2020, which was primarily due to the increase of our domestic sales to distributors in China whom we generally require full prepayment before our delivery of products.

The following table sets forth an aging analysis based on the invoice date of our trade receivables as of the dates indicated:

	As of December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Trade receivables		
Up to three months	616	128
Three to six months	–	–
Over Six months	397	1
Total	**1,013**	**129**

Prepayments, other receivables and other current assets

Our prepayments, other receivables and other current assets include prepayments for purchase of goods, value-added tax recoverable, deposits, prepayments for purchase of property, plant and equipment, deposits, prepayments for purchase of service, staff advances, other receivables from other related parties and others. Prepayments primarily represent prepayment we made to our suppliers for purchase of materials, equipment and relevant services. The table below sets forth our current prepayments, other receivables and other current assets as of the dates indicated:

	As of December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Current		
Prepayments for purchase of goods	2,609	10,694
Value-added tax recoverable	7,232	6,374
Deposits	3,383	3,446
Prepayments for purchase of service	1,267	2,854
Staff advances	376	75
Other receivables from other related parties	500	–
Others	819	321
Current portion	**16,186**	**23,764**
Non-current		
Prepayments for purchase of property, plant and equipment	834	4,099
Non-current portion	**834**	**4,099**
Total	**17,020**	**27,863**

The current portion of prepayments, other receivables and other current assets increased from RMB16.2 million as of December 31, 2019 to RMB23.8 million as of December 31, 2020, which was primarily attributable to an increase in prepayments to our suppliers due to increase in our procurement in anticipation of our new product launch in 2020.

Financial assets at fair value through profit or loss

During the Track Record Period, we entered into contracts in respect of wealth management products from banks with expected but not guaranteed rates of return ranging from 1.5% to 3.9% per annum for the years ended December 31, 2019 and 2020. In accordance with our risk management and investment strategy, we managed and evaluated the performance of these investments on a fair value basis and therefore these investments are designated as financial assets at fair value through profit or loss as of December 31, 2019 and 2020.

Our financial assets at fair value through profit or loss increased from RMB52.0 million as of December 31, 2019 to RMB157.7 million as of December 31, 2020, which was primarily attributable to our increased investment in wealth management products as a result of our increased cash on hand.

We mainly invest in structured deposits and non-guaranteed floating income wealth management products to balance the investment risks and profits. As of December 31, 2019 and 2020, the principals of our wealth management products were RMB52.0 million and RMB157.7 million, respectively. Before investing in any wealth management product, our accounting department will report the amount, risk level, expected return to our accounting manager for approval, subject to the review by our CFO and CEO. Pursuant to our investment policy, the diversification of the available funds will be reviewed on a quarterly basis by the finance department to ensure compliance with the investment policy which includes credit quality, maturity/duration limits, and issuer limits. The audit committee will receive a diversification report on a quarterly basis and the CFO is responsible for the investment management, including overseeing the execution of the investment policy, monitoring quarterly investment performance and approving temporary minor policy exceptions such as limits and terms.

Trade and other payables

Our trade payables primarily consist of the payables to our suppliers of raw materials and equipment. Our trading terms with suppliers vary depending on a number of factors, in particular the type of products and transaction volumes. Our trade payables increased from RMB2.1 million as of December 31, 2019 to RMB4.6 million as of December 31, 2020, primarily due to our increased needs of raw materials to meet our growing production volume.

Our other payables refer to payables for purchase of property, plant and equipment, staff salaries and welfare payables, accrued taxes other than income tax and others. Our other payables increased from RMB11.4 million as of December 31, 2019 to RMB39.1 million as of December 31, 2020, which was primarily attributable to an increase in our payables for purchase of property, plant and equipment for the construction of our manufacturing facilities in Hangzhou and an increase in staff salaries and welfare payables due to increase in employee numbers and compensation level.

The table below sets forth our trade and other payables as of the dates indicated:

	As of December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Trade payables	2,117	4,604
Payables for purchase of property, plant and equipment	3,199	18,717
Staff salaries and welfare payables	7,729	18,595
Accrued taxes other than income tax	234	665
Others	238	1,077
	13,517	**43,658**

The table below sets forth our average trade payables turnover days for the years indicated:

	For the year ended December 31,	
	2019	**2020**
Average trade payables turnover days[(1)]	242	107

Note:

(1) Average trade payables turnover days for a year equals the arithmetic mean of the beginning and ending trade payables balances divided by the cost of sales for the relevant year and multiplied by 360 days for the full-year period.

Our trade payables turnover days decreased from 242 days for the year ended December 31, 2019 to 107 days for year ended December 31, 2020, primarily because increase in our cost of sales outpaced increase in our trade payables due to increase in our sales volume in 2020.

The following table sets forth an aging analysis of the trade payables as of the dates indicated:

	As of December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Trade payables		
Within one year	1,418	4,513
Between one to two years	699	91
Total	2,117	4,604

Contract Liabilities

Contract liabilities are recognized when payments are received before the transfer of goods. As of December 31, 2019 and 2020, we had contract liabilities of RMB19 thousand and RMB134 thousand, respectively. As of December 31, 2019 and 2020, there are no material unsatisfied performance obligations resulting from contracts.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period, we relied on capital contributions by our shareholders and bank loans as the major sources of liquidity. We also generate cash from our revenue from our sales revenue of existing commercialized products, including Thrombite CRD, Ultrafree DCB, peripheral stent system, intracranial support catheter, snare retrieval kit for IVC filter, PTA balloon catheter and high pressure PTA balloon catheter. As our business develops and expands, we expect to generate more net cash from our operating activities, through increasing sales revenue of the existing commercialized products and by launching new products, as a result of the broader market acceptance of our existing products and our continued efforts in marketing and expansion, improving cost control and operating efficiency and accelerating the turnover of trade receivables by tightening our credit policy.

With respect to cash management, our objective is to optimize liquidity to gain a better return for Shareholders in a risk-averse manner. Specifically, we have policies in place to monitor and manage the settlement of trade receivables. When determining the credit term of a customer, we consider a number of factors, including its cash flow conditions and creditworthiness. To monitor the settlement of our trade receivables and avoid credit losses, we conduct annual review of each customer's financial performance, which is primarily based on the amount and aging of the trade receivables due from such customer in the respective period.

Cash Flows

The following table sets forth our cash flows for the years indicated:

	For the Year ended December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Cash used in operating activities before changes in working capital	(51,339)	(68,464)
Change in working capital	(1,842)	(14,230)
Interest received	89	360
Net cash outflow from operating activities	(53,092)	(82,334)
Net cash outflow from investing activities	(90,593)	(249,176)
Net cash inflow from financing activities	179,444	345,537
Net increase in cash and cash equivalents	35,759	14,027
Exchange losses on cash and cash equivalents	(109)	(601)
Cash and cash equivalents at beginning of year	10,480	46,130
Cash and cash equivalents at end of year	**46,130**	**59,556**

Net Cash Outflow from Operating Activities

Since the commencement of our business operation, we have incurred negative cash flows from our operations. Substantially all of our operating cash outflows have resulted from our cash used in our operations. We expect to improve our net operating cash outflows position through our improved R&D capabilities and revenue to be generated by sales of products we expect to launch in 2021.

In 2020, our net cash outflow from operating activities was RMB82.3 million, which was primarily attributable to cash used in operations of RMB82.7 million. Our cash used in operations mainly consists of the net loss before tax of RMB100.5 million adjusted for non-cash and non-operating item. Positive adjustments for non-cash and non-operating items primarily include share-based compensation expenses of RMB23.1 million, depreciation and amortization of intangible assets and right-of-use assets of RMB5.4 million, depreciation of property, plant and equipment of RMB4.2 million and net foreign exchange losses of RMB0.6 million. The amount was then adjusted downward by changes in working capital, primarily

including an increase in inventories of RMB19.0 million, an increase in prepayments, other receivables and other current assets of RMB7.6 million and a decrease in deferred income of RMB4.5 million, partially offset by an increase in trade and other payables of RMB16.0 million.

In 2019, our net cash outflow from operating activities was RMB53.1 million, which was primarily attributable to cash used in operations of RMB 53.2 million. Our cash used in operations mainly consists of the net loss before tax of RMB66.6 million, adjusted for non-cash and non-operating item. Positive adjustments for non-cash and non-operating items primarily include share-based compensation expenses of RMB7.6 million, depreciation and amortization of intangible assets and right-of-use assets of RMB5.0 million, depreciation of property, plant and equipment of RMB4.6 million and finance costs- net of RMB0.9 million. The amount was then adjusted downward by changes in working capital, primarily including an increase in prepayments, other receivables and other current assets of RMB3.9 million, an increase in inventories of RMB2.3 million, an increase in deferred income of RMB4.5 million, and an increase in trade and other payables of RMB0.4 million.

Net Cash Outflow from Investing Activities

For the year ended December 31, 2020, our net cash outflow from investing activities was RMB249.2 million, mainly attributable to (i) purchase of financial assets at fair value through profit or loss of RMB389.2 million, (ii) investment in term deposits of RMB100.0 million and (iii) purchase of property, plant and equipment of RMB45.1 million, which were partially offset by proceeds from sales of financial assets at fair value through profit or loss of RMB285.1 million.

For the year ended December 31, 2019, our net cash outflow from investing activities was RMB90.6 million, mainly attributable to (i) purchase of financial assets at fair value through profit or loss of RMB466.0 million, and (ii) purchase of property, plant and equipment of RMB41.6 million, which were partially offset by proceeds from sales of financial assets at fair value through profit or loss of RMB417.0 million.

Net Cash Inflow from Financing Activities

During the Track Record Period, we derived our net cash inflows from financing activities primarily from capital injections by our shareholders and proceeds from bank loans.

For the year ended December 31, 2020, we had RMB345.5 million of net cash inflows from financing activities, primarily attributable to (i) capital injection from shareholders of RMB336.4 million, and (ii) proceeds from a bank loan of RMB35.5 million, which were partially offset by (i) repayment of a bank loan of RMB23.0 million, and (ii) principal elements of lease payments of RMB2.7 million.

For the year ended December 31, 2019, we had RMB179.4 million of net cash inflows from financing activities, primarily attributable to (i) capital injection from shareholders of RMB180.0 million, and (ii) proceeds from a bank loan of RMB17.5 million, which were partially offset by (i) repayment of a bank loan of RMB15.0 million, and (ii) principal elements of lease payments of RMB2.0 million.

WORKING CAPITAL

The Directors are of the opinion that, taking into account of the following financial resources available to us described below, we have sufficient working capital to cover at least 125% of our costs, including research and development expenses, selling and distribution expenses, administrative expenses, finance costs and other expenses for at least the next 12 months from the date of this Document:

- our future operating cash flows in respective periods;
- cash and cash equivalents; and
- the estimated net [**REDACTED**] from the [**REDACTED**].

Our cash burn rate refers to the average monthly (i) net cash used in operating activities and (ii) payments for property, plant and equipment. We had cash and cash equivalents of RMB43.2 million as of April 30, 2021. We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] after deducting the [**REDACTED**] and expenses payable by us in the [**REDACTED**], assuming no [**REDACTED**] is exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] in this Document. Assuming an average monthly net cash used in operating activities going forward of three times the level in 2020 and same level in 2020 of the average monthly payments for property, plant and equipment going forward, we estimate that our cash and cash equivalents as of April 30, 2021 will be able to maintain our financial viability for approximately 20 months, or if we take into account [**REDACTED**]% of the estimated net [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), approximately [**REDACTED**] months or, if we also take into account the estimated net [**REDACTED**] from the [**REDACTED**], approximately [**REDACTED**] months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the years indicated:

	For the year ended December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Research and development expenses for Core Products	**16,839.7**	**19,041.5**
Clinical trial expenses	2,342.8	1,219.4
Staff costs	9,549.7	8,439.5
Raw material costs	2,059.7	4,298.0
Others	2,887.6	5,084.6
Research and development expenses for Other Product Candidates	**28,870.8**	**47,428.2**
Clinical trial expenses	11,705.5	13,833.2
Staff costs	12,562.4	17,629.4
Raw material costs	3,737.1	13,570.1
Others	865.7	2,395.5
Subtotal	**45,710.5**	**66,469.7**
Workforce Employment	**4,564.6**	**14,402.6**
Product Marketing	**4,134.1**	**6,930.2**
Direct Production Cost	**6,748.9**	**23,999.7**
Non-income taxes, royalties and governmental charges	**304.5**	**411.4**
Contingency allowances	**–**	**–**
Other significant costs[(1)]	**52,748.9**	**61,026.6**
Property, plant and equipment	**45,703.2**	**48,498.4**
Others	**7,045.7**	**12,528.2**

Note:

(1) Other significant costs mainly consist of rental expenses, travel expenses, office expenses and consulting fees.

INDEBTEDNESS

The following table sets forth the breakdown of our financial indebtedness as of the dates indicated:

	As of December 31,		As of April 30,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)
Borrowings	17,500	30,000	–
Lease liabilities	5,849	4,221	3,048
Total	**23,349**	**34,221**	**3,048**

Borrowings

	As of December 31,	
	2019	2020
	RMB'000	*RMB'000*
Current	13,000	3,750
Non-current	4,500	26,250
Total	**17,500**	**30,000**

As of December 31, 2019 and 2020, our borrowings were interest-bearing and secured bank loans. The RMB12.5 million increase of bank loans as of December 31, 2020 compared to December 31, 2019 is due to the borrowing for construction of our manufacturing facilities in Hangzhou. As of April 30, 2021, our borrowings were fully repaid while we are still in the process of releasing the securities attached.

Generally, the bank loan agreements contain covenants that impose certain restrictions or maintenance requirements on our Company, our subsidiaries and/or the guarantor, including:

- the guarantor and/or borrower, as applicable, may not change the general nature of its business;

- the guarantor and/or borrower, as applicable, may not make additional borrowings or guarantee from third-parties or create any pledges and liens on its property or assets without the lender's approval.

The bank loan agreements contain standard events of default such as the occurrence of a change of control, bankruptcy and an event that has a material adverse effect. Our Directors confirm that we had no material defaults in payment of interest-bearing bank and other borrowings and had not breached any finance covenants thereunder during the Track Record Period and up to the Latest Practicable Date. Our Directors also confirm that we are not subject to other material covenants under any agreements with respect to any bank loans or other borrowings.

Lease Liabilities

Since IFRS 16 was adopted by our Group throughout the Track Record Period, we recognized right-of-use assets and the corresponding lease liabilities in respect of all leases, except for short-term leases. The table below sets forth our lease liabilities as of the dates indicated:

	As of December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Current	2,351	2,825
Non-current	3,498	1,396
Total	**5,849**	**4,221**

Our total lease liabilities decreased from RMB5.8 million as of December 31, 2019 to RMB4.2 million as of December 31, 2020, primarily attributable to the increase in depreciation of right-of-use assets.

Except as discussed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the Latest Practicable Date.

CAPITAL EXPENDITURES

We regularly make capital expenditures to expand our operations, upgrade our facilities and increase our operating efficiency. Our capital expenditures primarily consisted of office equipment and furniture, equipment and instruments, motor vehicles, construction in progress and leasehold improvements. The table below sets forth our capital expenditures for the years indicated:

	For the year ended December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Purchase of property, plant and equipment	44,605	57,684
Total	**44,605**	**57,684**

We expect to incur capital expenditures in 2021 primarily for production expansion of our new manufacturing facilities in Hangzhou. For details, see "Future Plans and Use of [**REDACTED**]." We expect to finance such capital expenditures through a combination of operating cash flows, net [**REDACTED**] from the [**REDACTED**] and bank and other borrowings. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CONTRACTUAL OBLIGATIONS

Capital Commitments

As of December 31, 2019 and 2020, we had capital commitments of RMB42.0 million and RMB20.1 million, respectively, primarily in connection with our capital expenditure contracted in respect of property, plant and equipment.

	As of December 31,	
	2019	**2020**
	RMB'000	*RMB'000*
Property, plant and equipment	41,953	20,098

Operating Lease Commitments

As of December 31, 2019 and 2020, we had operating lease commitments of RMB132 thousand and RMB80 thousand, respectively, primarily in connection with our minimum lease payments under non-cancellable leases (short-term or low-value lease) but not recognized in the financial statements.

CONTINGENT LIABILITIES

As of December 31, 2019 and 2020, we did not have any contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

KEY FINANCIAL RATIOS

The table below sets forth the key financial ratios of our Group for the periods or as of the dates indicated:

	For the year ended/ As of December 31,	
	2019	**2020**
Gross margin[(1)]	24.2%	58.9%
Current ratio[(2)]	3.8	7.2
Gearing ratio[(3)]	14.1%	8.1%

Notes:

(1) Gross margin equals gross profit divided by revenue for the year.

(2) Current ratio equals current assets divided by current liabilities as of the end of the year.

(3) Gearing ratio equals the total sum of interest-bearing loans and lease liabilities divided by total equity as of the end of the year.

Our gross margin increased from 24.2% for the year ended December 31, 2019 to 58.9% compared to the year ended December 31, 2020, mainly due to the launch of two Core Products and intracranial support catheter in 2020 which have higher gross profit margin ascompared to products sold in 2019.

Our current ratio increased significantly from 3.8 for the year ended December 31, 2019 to 7.2 for the year ended December 31, 2020, mainly due to our increased investment in wealth management products as a result of our increased cash on hand and increase of term deposit.

Our gearing ratio decreased from 14.1% for the year ended December 31, 2019 to 8.1% for the year ended December 31, 2020, mainly due to an increase of capital injection from our shareholders of RMB336.4 million in 2020.

RELATED-PARTY TRANSACTIONS

Our Directors confirm that all material related party transactions during the Track Record Period were conducted on an arm's length basis, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance. We expect to settle the outstanding balances with related parties before the [**REDACTED**]. Details of our transactions with related parties during the Track Record Period are set out in Note 31 to the Accountant's Report included in Appendix I to this Document.

MARKET RISK DISCLOSURE

We are exposed to a variety of financial risks, including foreign currency risk, cash flow and fair value interest rate risk, credit risk and liquidity risk, as set out below.

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between U.S. dollars and other currencies in which we conduct business may affect our financial condition and results of operations. The Group mainly operates in the PRC and most of our transactions settled in RMB. Notwithstanding the lack of a foreign currency hedging policy in our Group currently, our management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when necessary. Relevant risks may arise from certain bank balances denominated in U.S. dollars. For further details, please see Note 3 to the Accountant's Report set out in Appendix I to this Document.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets and liabilities, except for lease liabilities, cash and cash equivalents, term deposit and borrowings. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

The Group's interest rate risk mainly arises from borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. As of December 31, 2019 and 2020, the Group's borrowings were borrowings that carried at fixed rates, which exposed the Group to fair value interest rate risk.

Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

Credit Risk

We are exposed to credit risk in relation to our cash and cash equivalents and other receivables. The carrying amount of each financial assets represent our maximum exposure to credit risk.

Our Director believes that there is no significant credit risk associated with cash and cash equivalents since they are deposited at state-owned banks or reputable commercial banks which are high-credit-quality financial institutions. There are no significant concentrations of credit risks encountering significant losses from non-performance by these counterparties within our Group. For trade receivables, we make periodic assessments as well as individual assessment on counterparties' recoverability based on their historical settlement records and adjust our future corresponding reactions and strategies based on the credit risk. Management has assessed that during the Track Record Period, credit risk of trade receivables is insignificant. There are no significant credit risk of trade receivables during the Track Record Period. For further details, see Note 3 to the Accountant's Report set out in Appendix I to this Document.

Liquidity Risk

In the management of the liquidity risk, we monitor liquidity risk regularly and maintains a level of cash and cash equivalents deemed adequate by our management to maintain the operations and mitigate the effects of fluctuations in cash flows. For further details, see Note 3 to the Accountant's Report set out in Appendix I to this Document.

DIVIDEND

No dividend has been paid or declared by us for the year ended December 31, 2019 and the year ended December 31, 2020, respectively. You should note that historical dividend distributions are not indicative of our future dividend distribution policy.

After completion of the [**REDACTED**], our Shareholders will be entitled to receive dividends we declare. As of the Latest Practicable Date, we did not have a formal dividend policy. The Board has approved a dividend policy, which will become effective upon

[**REDACTED**]. Under the dividend policy, we intend to provide our Shareholders with interim or annual dividends as appropriate. The Board is required to consider, among other things, the following factors when proposing dividends and determining the amount of dividends:

- our actual and projected financial performance;
- our estimated working capital requirements, capital expenditure requirements and future business expansion plan;
- our present and future cash flow;
- other internal and external factors that may have an impact on our business operations or financial performance and position; and
- other factors that our Board of Directors deem relevant.

Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, including (where required) the approval of Shareholders.

PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profits to make dividend distributions to our Shareholders, even if we become profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years. Our dividend distribution may also be restricted if we incur debt or losses or in accordance with any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future.

DISTRIBUTABLE RESERVES

As of December 31, 2020, we did not have any distributable reserves.

PROPERTIES AND VALUATION

JLL, an independent property valuer, has valued our property interests as of May 31, 2021. Particulars of our property interests are set out in "Appendix III – Property Valuation Report" to this Document.

The table below sets out the reconciliation between the net book value of our property as of December 31, 2020 in the Accountant's Report set out in Appendix I to this Document and the market value of our property as of May 31, 2021 in the Property Valuation Report set out in Appendix III to this Document.

	(RMB in thousands)
Net book value of our property as of December 31, 2020	**105,049**
Capital expenditures	105,946
Depreciation and adjustments	(897)
Net book value as of May 31, 2021	**118,398**
Valuation surplus as of May 31, 2021	43,802
Valuation as of May 31, 2021 as set out in Appendix III to this Document	**162,200**

[**REDACTED**] EXPENSE

The total [**REDACTED**] expenses (including [**REDACTED**] commissions) payable by our Company are estimated to be approximately HK$[**REDACTED**] (or approximately RMB[**REDACTED**]) assuming the [**REDACTED**] is not exercised and based on an [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of our [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]). The total [**REDACTED**] expenses are estimated to account for [**REDACTED**]% of the gross [**REDACTED**] of the [**REDACTED**]. These [**REDACTED**] expenses mainly comprise legal and other professional fees paid and payable to the professional parties, commissions payable to the [**REDACTED**], and printing and other expenses for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**].

No such expenses were recognized or charged to our consolidated statements of profit or loss for the years ended December 31, 2019 and 2020. We estimate that additional [**REDACTED**] expenses of approximately HK$[**REDACTED**] (assuming the [**REDACTED**] is not exercised and based on the mid-point of our [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]) will be incurred by our Company, approximately RMB[**REDACTED**] of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**] of which is expected to be capitalized.

The [**REDACTED**] commissions, the Hong Kong Stock Exchange trading fees and the SFC transaction levies, are expected to be HK$[**REDACTED**] and HK$[**REDACTED**], respectively, assuming the [**REDACTED**] is not exercised and based on an [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of our [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]).

[**REDACTED**]

[**REDACTED**]

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Newly-approved products in 2021

In March 2021, we obtained NMPA approvals for Intracranial PTA balloon catheter (Rx) and Distal Access Catheter, respectively. We expect to start commercialization of these two newly-approved products by the end of the second quarter of 2021.

In June 2021, we obtained NMPA approval for Balloon Guiding Catheter (BGC) and we expect to start commercialization in the third quarter of 2021.

Forecast Loss and selling price trend in 2021

We are a commercial stage medical device company. Investment in medical device development is highly speculative and entails substantial upfront capital expenditures and significant risk that a product candidate will fail to obtain regulatory approval or become commercially viable. We incurred losses during the Track Record Period and will continue to incur significant losses in 2021, as we continue to invest heavily in our R&D activities to expand our development of and seek regulatory approvals for our product candidates. Our selling and distribution expenses are expected to increase significantly along with the launch of our products, considering that we are currently at an early-stage of commercialization.

Based on our market assessment, the sales performance and selling price of our commercialized products in 2021 is subject to factors such as prices of competing products, our costs and differences in features between our products and competing products, and market fluctuations. As concurred by the our PRC Legal Advisor, we do not expect any material regulatory changes related to the pricing of our products.

Impact of COVID-19 Outbreak

Since the end of December 2019, the outbreak of a novel strain of coronavirus named COVID-19 has materially and adversely affected the global economy. In response, countries across the world, including both China and the United States, have imposed widespread lockdowns, closure of work places and restrictions on mobility and travel to contain the spread of the virus. As of the Latest Practicable Date, substantially all of the Chinese cities had eased or lifted domestic travel restrictions and resumed normal social activities, work and production.

The government lockdown and other restrictive measures had resulted in significantly reduced mobility of our employees, causing most of the employees to work remotely during early phases of COVID-19 outbreak. As a result, we had implemented various precautionary measures and adjusted our employee's work arrangements according to the relevant regulations and policies, which had allowed us to maintain a sufficient number of personnel on-site who managed to work under flexible schedule to continue our research and development activities.

In line with government guidelines, we have been closely tracking the health and wellness status of our employees and we routinely check their body temperature before they enter our offices or facilities. As of the Latest Practicable Date, all of our employees had resumed normal operations.

We have maintained operations by taking measures that the management deemed necessary to ensure the high standards of workplace safety. Such measures include leveraging virtual meetings for work, requiring employees who work on site to wear masks and obey social distancing policies, informing employees with governmental guidelines, and preparing guidance materials on COVID-19 for employees.

During the COVID-19 outbreak, we experienced some delays in the patient enrollment process and data entry for certain of our clinical trials, particularly at the beginning of the COVID-19 pandemic. Nonetheless, there has not been any material disruption of our ongoing clinical trials. The COVID-19 pandemic has not caused any early termination of our clinical trials or necessitated removal of any patients enrolled in the clinical trials. To manage the risks associated with the COVID-19 pandemic, we adopted various measures, such as engaging in frequent communications with our principal investigators to identify and address any issues that may arise, suggesting the investigators to communicate with the enrolled patients on visiting local qualified hospitals for follow-up evaluations if necessary. To minimize the temporary impacts of the COVID-19 impact, we have mobilized internal and external resources and leveraged our strong research and development capabilities to accelerate the temporarily

delayed development programs and strive to remediate the temporary disruption caused by the COVID-19 outbreak. As normal business operations, including the medical system operations in China started to recover in the second quarter of 2020, our clinical activities has fully resumed. We have not experienced and currently do not expect any material delays in regulatory affairs with respect to our clinical trials or any long-term impact on our operation or deviation from our overall development plans due to the COVID-19 pandemic. Since all of our ongoing and planned clinical trials are in China, our clinical trial progress in the first quarter of 2021 has exceeded that of the corresponding period last year.

To some extent, reduced transportations and disruption to manufacturing and logistics networks in China due to the COVID-19 outbreak affected our suppliers' abilities to manufacture and transport consumables, equipment and other supplies necessary for our operations. We have imported sufficient volume of raw materials from our overseas suppliers in advance to support our current manufacturing activities, after taking into account the potential delay in delivery. We are also actively seeking domestic suppliers for certain materials that are currently sourced from overseas suppliers. Nevertheless, as of the Latest Practicable Date, most of our suppliers had resumed normal operations and we had not experienced any material disruption or shortage of supplies since the outbreak of COVID-19. Our inventory level has not been materially affected by the COVID-19 pandemic. Our current inventory level of raw materials can support the ongoing manufacturing activities of 1 to 14 months, depending on the types of raw materials. We believe our current inventory level of raw materials is able to satisfy our ongoing manufacturing needs.

Therefore, we do not expect our planned commercialization in China will be adversely affected by the COVID-19 pandemic. However, all of our overseas distributor failed to meet the minimum purchase amount as agreed due to the impact of the COVID-19 pandemic in 2020. Considering the previous performance of overseas distributors and the market affected by the COVID-19 pandemic, we did not terminate the distribution agreement with any overseas distributor in 2020 because of its failure to meet the minimum purchase amount. As the future impact of COVID-19 in Europe is still uncertain, we expect our business operations, planned regulatory process and commercialization in Europe will continue to be subject to the impact of the COVID-19 pandemic.

As of the Latest Practicable Date, we had no suspected or confirmed active COVID-19 cases on our premises or among our employees. To prevent any spread of COVID-19 in our offices and production facilities, we have implemented preventive measures such as regularly sterilizing and ventilating our offices and production facilities, checking the body temperature of our employees daily, keeping track of the travel history and health conditions of employees, and providing disinfectant to employees attending our offices and facilities.

It is uncertain when and whether COVID-19 could be contained globally. We plan to continue implementing our remedial measures and may implement additional measures as necessary to ease the impact of the COVID-19 outbreak on our operations. However, we cannot guarantee you that the COVID-19 pandemic will not further escalate or have a material adverse effect on our results of operations, financial position or prospects. For more details, see "Risk

Factors – Risks relating to Our General Operations – Our operations and business plans may be adversely affected by natural disasters, health epidemics and pandemics, civil and social disruption and other outbreaks, in particular the COVID-19 outbreak".

Capital increase subscribed by Huzhou Guiqiao

Pursuant to a Board resolution of our Company dated January 19, 2021, the registered capital of our Company was increased from RMB225,061,728 to RMB234,638,823, and Huzhou Guiqiao agreed to subscribe for the increased registered capital of RMB9,577,095 of our Company at a consideration of RMB20,400,000. The abovementioned capital increase was completed on January 19, 2021. Huzhou Guiqiao is one of our Employee Incentive Platforms. For more details, see "History, Development and Corporate Structure – Capital increase subscribed by Huzhou Guiqiao".

Series C+ Financing and valuation of the Group

Pursuant to a capital increase agreement dated January 20, 2021 entered into by and amongst LBC Sunshine Healthcare Fund II L.P. ("LBC Sunshine"), AIHC, Cormorant Global Healthcare Master Fund, LP ("Cormorant"), Hudson Bay Master Fund Ltd. ("Hudson Bay"), Octagon Investments Master Fund LP ("Octagon"), Fangyuan Chuangying, OAP, Homehealth Investment Limited ("Homehealth") and our then Shareholders, the registered capital of our Company was increased from RMB234,638,823 to RMB263,401,001, and the abovementioned [**REDACTED**] Investors agreed to subscribe for the increased registered capital of RMB28,762,178 of our Company at a total consideration of US$76,000,000 (the "Series C+ Financing"). Following the completion of Series C+ Financing, the valuation of the Group is expected to further increase primarily taken into account (a) the post-money valuation of the Series C+ Financing; (b) the expected capital raising during the [**REDACTED**]; (c) our business growth since completion of the Series C+ Financing in January 2021, and (d) the difference in risks undertaken by the [**REDACTED**] investors investing in a private company vis-à-vis investors investing in a public company. Subsequent to completion of the Series C+ Financing, we have continued to advance in the R&D, manufacturing and commercialization of our products. In particular, we also obtained approval from NMPA for two more products in March 2021, i.e. Intracranial PTA balloon catheter (Rx) and Distal Access Catheter. Such progress and milestones are expected to support the step-up in the proposed [**REDACTED**] valuation of our Group. For more details, see "History, Development and Corporate Structure – Series C+ Financing" and "History, Development and Corporate Structure – Detailed Terms of the [**REDACTED**] Investments".

No Material Adverse Change

Our Directors confirm that up to the date of this Document, save as disclosed in this Document, there has been no material adverse change in our financial, operational or trading positions or prospects since December 31, 2020, being the end of the period reported on as set out in the Accountant's Report included in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

Leveraging our R&D capability and execution efficiency, it is our strategy to develop a comprehensive product portfolio to provide total solutions to physicians and patients. Please see "Business – Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**], fees and estimated expenses payable by us in connection with the [**REDACTED**], assuming no [**REDACTED**] is exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] stated in this document.

We intend to use the net [**REDACTED**] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to our Core Products, namely Thrombite CRD and Ultrafree DCB, details of which are as below:
    - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the ongoing research and development, production and commercialization of Thrombite CRD. For more details on the further development plans of Thrombite CRD, please see "Business – Our Product and Product Pipeline – Our Neurovascular Products – Ischemic Neurovascular Products – TonBridge· Thrombite Clot Retriever Device – Further Development Plan";
        i. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for its post-approval studies, including further clinical study of the Thrombite CRD in combination with our BGC product to prove the favorable efficacy in intracranial clot retrieval over standalone usage of Thrombite CRD for better efficacy and prognosis. We are currently in discussion with KOLs and CROs to finalize the study design;
        ii. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for product improvement, including improving the X-ray visibility of Thrombite CRD by adding 2 to 4 platinum iridium wires based on its current structure to realize whole-device imaging to enhance the procedure success rate. We are currently finalizing the design of this product upgrade and plan to initiate communications with the NMPA for further clinical development;
        iii. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the indication expansion plans, including prolonging treatment window to 8-20 hours after the stroke, to further expand applicable patients to increase the competitiveness of Thrombite CRD. We are finalizing the design of the study and plan to initiate communications with the NMPA for further clinical development;

iv. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for additional indication expansion plan to cover patients with pulmonary embolism. We expect to conduct additional animal studies and a human clinical study to obtain the NMPA approval of this indication expansion. We will discuss with KOLs and CROs in the second half of 2021 regarding the development plan;

v. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to expand our production capacity for Thrombite CRD, including purchase of more advanced large-scale production equipment, improving our automatic production level to reduce production costs and reduce production cycle;

vi. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for future product development, registration, post-market surveillance and commercialization of Thrombite CRD overseas; and

vii. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for our sales and marketing activities, including (a) expanding our sales and marketing team to cover hospitals in lower-tier cities, (b) participating in more academic conferences in China and overseas to promote our brand recognition, (c) providing trainings to physicians in more Class III Grade A hospitals in China, (d) establishing our own training institution to provide product introduction, product free-trial and trainings to renowned physicians and KOLs, and (e) further collaborations with physicians and hospitals to develop more feature of Thrombite CRD.

○ Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the ongoing research and development, production and commercialization of Ultrafree DCB. For more details of further development plans of Ultrafree DCB, please see "Business – Our Product and Product Pipeline – Our Peripheral-vascular Products – Our Peripheral Arterial Products – Ultrafree™ Drug coated PTA balloon catheter – Further Development Plan":

i. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for post-market surveillance, where we are required by the NMPA to continue to further inspect the long-term safety of the product for additional two to five years. We are in the process of discussing surveillance plans with CROs for monitoring patients through our multi-center post-market surveillance program;

ii. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for product improvement, such as replacing the balloon used in current Ultrafree DCB with high-pressure balloon to better treat refractory and hypercalcified lesions. We are currently finalizing the design of this product improvement and plan to initiate communications with the NMPA for the next steps;

iii. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for expanding Ultrafree DCB's indications to BTK diseases. We expect to conduct a clinical trial to obtain the NMPA approval for Drug Coated PTA Balloon Catheter – BTK. We have completed the required animal studies and are in the process of completing the required type testing for the BTK indication. We expect to initiate a multi-center, randomized and single-blinded clinical trial by the end of 2021;

iv. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for expanding Ultrafree DCB's indications to dialysis fistulae. We expect to conduct a clinical trial to obtain the NMPA approval for Drug Coasted PTA Balloon Catheter – Dialysis Access. We have completed the required animal studies and the required type testing, and we are in the process of commencing a multi-center, randomized and single-blind clinical trial and expect to initiate patient enrollment by the third quarter of 2021;

v. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to expand Ultrafree DCB's indications to stenosis or occlusion of obstructive lesions in vertebral arteries. We have finalized the design and plan to initiate type testing. We are planning for suitable animal efficacy model studies and expect to initiate a clinical trial in the second half of 2021;

vi. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for future product development, registration, post-market surveillance and commercialization of Ultrafree DCB overseas;

vii. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to expand our production capacity for Ultrafree DCB, including purchase of large-scaled production equipment, improving our automatic production level to reduce production costs; and

viii. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for our ongoing sales and marketing activities, including (a) expanding our sales and marketing team to cover hospitals in lower-tier cities in China, (b) attending academic conferences in China and overseas to promote our brand recognition, (c) providing trainings to physicians in more Class III Grade A hospitals in China, (d) establishing our own training institution to provide product introduction, product free-trial and trainings to renowned physicians and KOLs, (e) further collaborations with physicians and hospitals to develop more feature of Ultrafree DCB.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the ongoing research and development, production and commercialization of our other five major products, namely [our neurovascular embolization coil, flow diverter, retrievable inferiorvena cava filter, peripheral venous stent system and suture-mediated closure system], among which four are in clinical stage and one is in registrational stage;
    - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the further research and development, planned production and commercialization of our neurovascular embolization coil;
    - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the ongoing research and development, future production and commercialization of flow diverter;
    - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the ongoing research and development, future production and commercialization of our retrievable inferior vena cava filter;
    - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the ongoing research and development, future production and commercialization of our peripheral venous stent;
    - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the ongoing research and development, future production and commercialization of our suture-mediated closure system;
- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to our other 38 products and pipeline candidates in order to develop our product portfolio to provide total solution:
    - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the ongoing research and development, production and commercialization of our other 18 neurovascular interventional products and pipeline products. We have commercialized [1] of our other neurovascular interventional products. We are conducting clinical trials for [1] of our other neurovascular interventional product candidates, and expect to launch [17] of our other neurovascular interventional products by 2025;
    - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the ongoing research and development, production and commercialization of our other 19 peripheral-vascular interventional products and pipeline products. We have commercialized [5] of our other peripheralvascular interventional

products. We are conducting clinical trials for [3] of our other peripheral-vascular interventional product candidates, and expect to launch [16] of our other peripheral-vascular interventional products by 2025;

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the ongoing research and development, production and commercialization of our other vascular closure device candidate. We are developing our vascular closure system and expect to launch it in 2024;

For further details on our future development plan, see "Business – Our Strategies – Continue to accelerate product development and expand our product portfolio to provide total solutions".

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to further upgrade our research and development facility, including software and hardware infrastructures in both Hangzhou and Zhuhai, and planned office expansion and upgrade in Zhuhai;

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated for potential strategic acquisitions, investments, in-licensing or collaborations. We may in the future selectively acquire or invest in innovative technologies in order to improve our research and development capabilities or collaborate with leading universities or research institutes to jointly develop new technologies or product prototype. We may also enter into in-licensing arrangement to expand our product portfolio. As of the Latest Practicable Date, we had not identified any specific acquisition, investment or in-licensing target; and

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for our working capital and general corporate purposes.

If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, being the high end of the indicative [**REDACTED**], the net [**REDACTED**] from the [**REDACTED**] will increase by approximately HK$[**REDACTED**]. If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, being the low end of the indicative [**REDACTED**], the net [**REDACTED**] from the [**REDACTED**] will decrease by approximately HK$[**REDACTED**]. The above allocation of the net [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the indicative [**REDACTED**] stated in this Document.

If the [**REDACTED**] is exercised in full, the net [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**]). In the event that the [**REDACTED**] is exercised in full, we intend to apply the additional net [**REDACTED**] to the above purpose in the proportions stated above.

To the extent that our net [**REDACTED**] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings. To the extent that the net [**REDACTED**] from the [**REDACTED**] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in short-term demand deposits with licensed banks or financial institutions so long as it is deemed to be in the best interests of our Company. We will issue an appropriate announcement if there is any material change to the above proposed use of [**REDACTED**].

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The following is the text of a report set out on pages [I-1] to [I-2], received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[To insert firm's letter head] ***[Draft]***

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZYLOX-TONBRIDGE MEDICAL TECHNOLOGY CO., LTD., MORGAN STANLEY ASIA LIMITED AND CLSA CAPITAL MARKETS LIMITED

Introduction

We report on the historical financial information of Zylox-Tonbridge Medical Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-[54], which comprises the consolidated balance sheets as of 31 December 2019 and 2020, the company balance sheets as of 31 December 2019 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for each of the years then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-[54] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [**REDACTED**] (the "Document") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as of 31 December 2019 and 2020, and the consolidated financial position of the Group as of 31 December 2019 and 2020 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES") AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-3] have been made.

Dividends

We refer to Note 32 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong, *[Date]*

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report. The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers Zhong Tian LLP in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2019	2020
		RMB'000	*RMB'000*
Revenue	*6*	4,917	27,631
Cost of sales	*7*	(3,725)	(11,344)
Gross profit		1,192	16,287
Selling and distribution expenses	*7*	(6,759)	(20,453)
Administrative expenses	*7*	(16,962)	(30,992)
Research and development expenses	*7*	(53,028)	(72,065)
Other income	*9*	7,656	9,997
Other expenses	*9*	(840)	(257)
Other gains/(losses) – net	*10*	3,040	(2,679)
Operating loss		(65,701)	(100,162)
Finance income	*11*	89	360
Finance costs	*11*	(1,035)	(666)
Finance costs – net		(946)	(306)
Loss before income tax		(66,647)	(100,468)
Income tax expense	*12*	–	–
Loss for the year		(66,647)	(100,468)
Loss attributable to:			
– Equity holders of the Company		(66,647)	(100,468)
		(66,647)	(100,468)
Total comprehensive loss for the year attributable to the equity holders of the Company		(66,647)	(100,468)
Loss per share attributable to the equity holders of the Company			
Basic and diluted loss per share (in RMB per share)	*13*	(0.38)	(0.52)

CONSOLIDATED BALANCE SHEETS

	Note	As of 31 December 2019 RMB'000	2020 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	51,794	105,224
Right-of-use assets	*15*	18,925	16,950
Intangible assets	*16*	10,223	7,556
Prepayments	*19*	834	4,099
Total non-current assets		81,776	133,829
Current assets			
Inventories	*18*	9,955	28,993
Prepayments, other receivables and other current assets	*19*	16,186	23,764
Trade receivables	*20*	1,013	129
Financial assets at fair value through profit or loss	*21*	52,000	157,700
Term deposit	*22*	–	100,000
Cash and cash equivalents	*22*	46,130	59,556
Total current assets		125,284	370,142
Total assets		207,060	503,971
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Paid-in capital	*23*	182,643	225,062
Other reserves	*24*	244,079	561,147
Accumulated losses		(261,047)	(361,515)
Total equity		165,675	424,694
Liabilities			
Non-current liabilities			
Borrowings	*27*	4,500	26,250
Lease liabilities	*15*	3,498	1,396
Total non-current liabilities		7,998	27,646
Current liabilities			
Trade and other payables	*26*	13,517	43,658
Contract liabilities	*6*	19	134
Borrowings	*27*	13,000	3,750
Lease liabilities	*15*	2,351	2,825
Deferred income	*28*	4,500	–
Other current liabilities		–	1,264
Total current liabilities		33,387	51,631
Total liabilities		41,385	79,277
Total equity and liabilities		207,060	503,971

BALANCE SHEETS – THE COMPANY

	Note	As of 31 December 2019 RMB'000	2020 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries	*33*	44,948	44,948
Property, plant and equipment	*14*	46,935	99,163
Right-of-use assets	*15*	17,169	15,404
Intangible assets	*16*	10,223	7,556
Prepayments	*19*	74	2,764
Total non-current assets		119,349	169,835
Current assets			
Inventories	*18*	9,362	16,251
Prepayments, other receivables and other current assets	*19*	11,087	40,111
Trade receivables	*20*	1,013	129
Financial assets at fair value through profit or loss	*21*	47,000	149,500
Term deposit	*22*	–	100,000
Cash and cash equivalents	*22*	37,857	56,885
Total current assets		106,319	362,876
Total assets		225,668	532,711
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Paid-in capital	*23*	182,643	225,062
Other reserves	*24*	194,908	505,305
Accumulated losses		(182,324)	(262,148)
Total equity		195,227	468,219
Liabilities			
Non-current liabilities			
Borrowings	*27*	4,500	26,250
Lease liabilities	*15*	2,554	1,059
Total non-current liabilities		7,054	27,309
Current liabilities			
Trade and other payables	*26*	8,937	31,746
Contract liabilities	*6*	19	134
Borrowings	*27*	13,000	3,750
Lease liabilities	*15*	1,431	1,496
Other current liabilities		–	57
Total current liabilities		23,387	37,183
Total liabilities		30,441	64,492
Total equity and liabilities		225,668	532,711

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	**Paid-in capital** *RMB'000*	**Other reserves** *RMB'000*	**Accumulated losses** *RMB'000*	**Total equity** *RMB'000*
Balance at 1 January 2019		161,609	77,512	(194,400)	44,721
Comprehensive Income:					
Loss for the year		–	–	(66,647)	(66,647)
Transactions with equity holders of the Company:					
Capital injection from equity holders	*23, 24*	21,034	158,966	–	180,000
Share-based compensation	*25*	–	7,601	–	7,601
Balance at 31 December 2019		182,643	244,079	(261,047)	165,675
Balance at 1 January 2020		182,643	244,079	(261,047)	165,675
Comprehensive Income:					
Loss for the year		–	–	(100,468)	(100,468)
Transactions with equity holders of the Company:					
Capital injection from equity holders	*23, 24*	42,419	293,957	–	336,376
Share-based compensation	*25*	–	23,111	–	23,111
Balance at 31 December 2020		225,062	561,147	(361,515)	424,694

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December 2019	2020
		RMB'000	*RMB'000*
Cash flows from operating activities			
Cash used in operations	*29(a)*	(53,181)	(82,694)
Interest received		89	360
Net cash outflow from operating activities		(53,092)	(82,334)
Cash flows from investing activities			
Purchase of property, plant and equipment		(41,582)	(45,140)
Investment in term deposits		–	(100,000)
Purchase of financial assets at fair value through profit or loss	*21*	(466,000)	(389,200)
Proceeds from sales of financial assets at fair value through profit or loss	*21*	416,967	285,123
Proceeds for disposal of property, plant and equipment		22	41
Net cash outflow from investing activities		(90,593)	(249,176)
Cash flows from financing activities			
Capital injection from equity holders		180,000	336,376
Proceeds from borrowings		17,500	35,500
Repayment of borrowings		(15,000)	(23,000)
Interest paid for borrowings		(748)	(422)
Principal elements of lease payments		(2,021)	(2,673)
Interest elements of lease payments		(287)	(244)
Net cash inflow from financing activities		179,444	345,537
Net increase in cash and cash equivalents		35,759	14,027
Cash and cash equivalents at beginning of the year		10,480	46,130
Exchange losses on cash and cash equivalents		(109)	(601)
Cash and cash equivalents at end of the year	*22*	46,130	59,556

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Zylox-Tonbridge Medical Technology Co., Ltd. (the "Company", or "Zylox-Tonbridge Medical") was incorporated in Hangzhou, Zhejiang of the People's Republic of China (the "PRC") on 6 November 2012 as a limited liability Company. On 2 March 2021, the Company was converted into a joint stock Company with limited liability under the Company Law of the PRC and changed its registered name from Zhejiang Zylox Medical Device Co., Ltd. to Zylox-Tonbridge Medical Technology Co., Ltd.

The Company and its subsidiaries (together, the "Group") are principally engaged in the business of (i) research and development of peripheral-vascular medical devices ("Peripheral-vascular interventional devices") and (ii) research and development of neurovascular medical devices ("Neurovascular interventional devices") in the PRC and other countries.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information of the Group has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB"). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of the Historical Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 below.

All effective standards, amendments to standards and interpretations, are consistently applied to the Group throughout the Track Record Period.

(a) New Standards, amendments to standards and interpretations not yet adopted

Standards, amendments and interpretations that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

	New standards, amendments	**Effective for annual periods beginning on or after**
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRSs 2018-2020 Cycle	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41	1 January 2022
IFRS 17	Insurance contracts and related Amendments	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023

	New standards, amendments	Effective for annual periods beginning on or after
Amendments to IFRS 4	Extension of the temporary exemption from applying IFRS 9	1 January 2023
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

(b) Changes in accounting policy and disclosures

The Group has already commenced an assessment of the impact of these new or revised standards and interpretations, and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the Directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

2.2 Principles of consolidation

2.2.1 Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Group on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Business combinations

Business combinations under common control

The Historical Financial Information incorporates the financial statement of the entities in which the common control combination occurs as if they had been consolidated from the date when the entities of businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognized in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities. All inter-company transactions, balances and unrealized gains on transactions between combining entities or business are eliminated on consolidation.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors of the Company.

2.5 Foreign currency translations

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The Historical Financial Information is presented in RMB, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized within "Other gains/(losses) – net" in the consolidated statements of comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost or acquisition cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the Track Record Period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvement, the shorter lease term as follows:

– Equipment and instruments	3 – 5 years
– Office equipment and furniture	3 – 5 years
– Motor vehicles	4 – 5 years
– Leasehold improvements	Shorter of remaining lease term or estimated useful lives

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in "Other gains/(losses) – net" in the consolidated statements of comprehensive income.

Construction in progress represents property, plant and equipment under construction or pending installation and is stated at historical cost or acquisition cost less provision for impairment loss, if any. Cost includes the costs of construction and acquisition as well as capitalized borrowing costs during the periods of construction and installation. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and intangible assets and depreciated in accordance with the policy as stated above.

2.7 Intangible assets

(a) Non-proprietary technologies

Non-proprietary technologies are initially recorded at cost and are amortized on a straight-line basis over their useful lives of 10 years. The Group determined the non-proprietary technologies (Note 16) to have a useful life of 10 years based on periods that the Group's in-house R&D capabilities and manufacturing process can benefit from the non-proprietary technologies.

(b) Research and development

Research and development cost comprise all costs that are directly attributable to research and development activities (relating to the design and testing of new or improved high end medical instruments) or that can be allocated on a reasonable basis to such activities. Research and development costs are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the medical instruments so that it will be available for use or sale;
- management intends to complete the medical instruments, and use or sell it;
- the ability to use or sell the medical instruments;
- it can be demonstrated how the medical instruments will generate economic benefits;
- there are adequate technical, financial and other resources to complete the development and the ability to use or sell the medical instruments; and
- the expenditure attributable to the medical instruments during its development can be reliably measured.

Other development expenditures that do not meet these criteria are charged to expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

2.8 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 Financial assets and liabilities

2.9.1 Classification

The Group classifies its financial assets in the following measurement categories:

(i) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

(ii) Those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.9.2 Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(ii) FVOCI: Assets that are held for collection of contractual cash flows and for sale, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in "Other gains/(losses) – net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "Other gains/(losses) – net".

(iii) FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognize in profit or loss and presented net in the consolidated statements of comprehensive income within "Other gains/(losses) – net" in the period in which it arises.

During the Track Record Period, no amount is recognized in respect of financial assets at FVOCI.

2.9.3 Derecognition of financial assets

The Group derecognizes a financial asset, if the part being considered for derecognition meets one of the following conditions:

(i) The rights to receive cash flows from the asset have expired; or

(ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.9.4 Impairment of financial assets

The Group assesses the expected credit losses associated with its debt instruments carried at amortized cost, trade and other receivables on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

At each reporting date, the Group shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition.

The measurement of expected credit losses reflects: An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For trade receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward looking information. The Group has applied simplified approach in calculating expected credit loss prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

Impairment on other receivables from third parties and related parties are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If no significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as 12-month expected credit losses.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets where the Group currently has a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.11 Inventories

Inventories including raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 20 for further information about the Group's accounting for trade receivables and Note 3.1 for a description of the Group's impairment policies.

2.13 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash in bank and cash on hand (excluding term deposit).

2.14 Paid-in capital

Paid-in capital is classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade and other payables

Trade and other payables mainly represent the obligations to pay for goods, services or construction that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within one year or less after the reporting period.

Trade and other payables are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.16 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheets when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.17 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

2.18 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiary operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.19 Employee benefits

(a) Pension, housing funds, medical insurances and other social insurances obligations

Employees of the Group are covered by various government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from those of the Group.

Employees of the Group are entitled to participate in various government supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(b) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheets.

2.20 Share-based payments

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from eligible employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of equity instruments is recognized as an expense on the consolidated financial statements. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions;
- including the impact of any non-vesting conditions (for example, the requirement for employees to serve).

At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statements of comprehensive income, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as of the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period.

2.21 Revenue recognition

Revenue is recognized when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the promised products or services is transferred to customers. Revenue is measured as the amount of consideration the Group expects to receive in exchange for transferring products or services to a customer ("transaction price").

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Depending on the terms of the contract and the laws applicable, control of the goods and services may be transferred over time or at a point in time.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with using the same approach as for trade receivables. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due. There is normally no significant cost to obtain contract.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following is a description of the accounting policy for the principal revenue stream of the Group.

During the Track Record Period, revenue of the Group arose from sale of medical devices. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer or picked up by the customer at the Group's warehouse, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been transferred to the customer or be picked up by the customer at the Group's warehouse, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

2.22 Leases as lessee

The Group leases properties and land use rights in the PRC as lessee. Rental contracts are typically made for fixed periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as of the commencement date
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implied in the lease. If that rate cannot be determined, the incremental borrowing rate is used.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs; and
- restoration costs.

Right-of-use assets are subject to impairment (Note 2.8). Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months.

2.23 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.24 Interest income

Interest income is recognized using the effective interest method.

Interest income from financial assets at FVPL is included in the "Other gains/(losses) – net" on these assets.

2.25 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

2.26 Dividend distribution

Dividend distribution to the equity holders is recognized as a liability in the Group's consolidated financial statements during the period in which the dividends are approved by the equity holders or directors, where appropriate.

2.27 Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing:

- The loss attributable to equity holders of the company;
- By the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the management of the Group. The Group currently does not use any derivative financial instruments to hedge certain risk exposure.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' Functional Currency. Functional Currency of the Group is RMB.

The Group mainly operates in the PRC with most of the transactions settled in RMB. The Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group's exposure to foreign exchange risk mainly arises from certain bank balances denominated in USD. As of 31 December 2019 and 31 December 2020, if the USD strengthened/weakened by 5% against the RMB with all other variables held constant, net loss for the year would have been RMB64,696 lower/higher, and RMB1,509,044 lower/higher, respectively.

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets and liabilities, except for lease liabilities (Note 15), cash and cash equivalents (Note 22), term deposit (Note 22) and borrowings (Note 27). Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

The Group's interest rate risk mainly arises from borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. As of 31 December 2019 and 2020, the Group's borrowings were borrowings that carried at fixed rates, which exposed the Group to fair value interest rate risk.

Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

(b) Credit risk

Credit risk mainly arises from cash and cash equivalents and term deposits, trade receivables and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet.

The Group expects that there is no significant credit risk associated with cash and cash equivalents since they are deposited at state-owned banks or reputable commercial banks which are high-credit-quality financial institutions. Management does not expect that there will be any significant losses from non-performance by these counterparties.

For trade receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward looking information. The Group has applied simplified approach in calculating expected credit loss prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Management has assessed that during the Track Record Period, credit risk of trade receivables is insignificant.

Management has assessed that during the Track Record Period, other receivables has not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The Group does not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognized.

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

The table below analyses the Group's non-derivative financial liabilities that will be settled into relevant maturity Grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The following table presents the Group's contractual maturities of financial liabilities at 31 December 2019:

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
As of 31 December 2019					
Trade and other payables (excluding accrued taxes other than income tax and staff salaries and welfare payables)	5,554	–	–	–	5,554
Lease liabilities (including interest payments)	2,917	2,951	1,412	–	7,280
Borrowings	13,452	3,921	767	–	18,140
	21,923	6,872	2,179	–	30,974

The following table presents the Group's contractual maturities of financial liabilities at 31 December 2020:

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
As of 31 December 2020					
Trade and other payables (excluding accrued taxes other than income tax and staff salaries and welfare payables)	24,398	–	–	–	24,398
Lease liabilities (including interest payments)	2,951	1,413	–	–	4,364
Borrowings	5,170	4,986	24,407	–	34,563
	32,519	6,399	24,407	–	63,325

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group monitors capital (including paid-in capital and capital reserve and other reserves on an as-if-converted basis) by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued paid-in capital. In the opinion of the directors of the Company, the Group's capital risk is low.

3.3 Fair value estimation

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market at each of the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The fair value of the financial assets which are measured at amortized cost, approximate their carrying amount as of 31 December 2019 and 31 December 2020.

The following table presents the Group's assets that were measured at fair value at 31 December 2019:

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets:				
Financial assets at FVPL	–	–	52,000	52,000

The following table presents the Group's assets that were measured at fair value at 31 December 2020:

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets:				
Financial assets at FVPL	–	–	157,700	157,700

The components of the level 3 instruments mainly include investments in wealth management products, which mainly represent the investments in wealth management products issued by banks in the PRC with floating return of investment. The Group used discounted cash flows approach to value the fair value of the financial product as of period end and the inputs are expected return rate ranging from 1.5% to 3.85% per annum.

If the fair values of financial assets at FVPL held by the Group had been 10% higher/lower, the loss before income tax for the years ended 31 December 2019 and 2020 would have been RMB5,200,000 lower/higher and RMB15,770,000 lower/higher, respectively.

There were no changes in valuation techniques during the Track Record Period.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

4 CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also need to exercise judgment in applying the Group's accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Research and development expenses

Development costs incurred on the Group's pipeline products are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria are met for capitalisation. All development expenses were expensed when incurred during the Track Record Period.

(b) Recognition of share-based compensation expenses

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. At the end of each reporting period, the Group revise estimated number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

5 SEGMENT

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company. On this basis, the Group has determined that it only has one operating segment which is the sales of neurovascular and peripheral-vascular interventional surgical devices during the Track Record Period.

(a) Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the Track Record Period is set out below:

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Customer A	–	21,641
Customer B	1,515	NA*
Customer C	1,050	NA*
Customer D	775	NA*
Customer E	726	–
	4,066	21,641

* Less than 10% of the Group's revenue.

(b) Geographical information

(i) Revenue from external customers

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
The PRC	705	24,284
Others	4,212	3,347
	4,917	27,631

The revenue information above is based on the locations of the customers.

(ii) Non-current assets

All of the non-current assets of the Group are physically located in the PRC.

6 REVENUE

	Year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Revenue from sales of goods		
– at a point in time	4,917	27,631

	Year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Revenue from sales of goods		
– Peripheral-vascular interventional devices	4,917	7,691
– Neurovascular interventional devices	–	19,940
	4,917	27,631

(i) The Group recognized the following liabilities related to the contracts with customers:

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Contract liabilities	19	134

Contract liabilities are recognized when payments are received before the transfer of goods. As of 31 December 2019 and 31 December 2020, there are no material unsatisfied performance obligations resulting from contracts.

(ii) Revenue recognized that was included in the balance of contract liabilities at the beginning of the year:

	Year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Revenue from sales of goods	–	19

7 EXPENSES BY NATURE

	Year ended 31 December	
	2019	2020
	RMB'000	*RMB'000*
Employee benefits expenses (*Note 8*)	38,442	75,201
Testing and clinical trial fees	13,543	13,109
Raw materials and consumables used		
– Research and development expenses	4,358	9,853
– Cost of sales	2,032	6,164
Professional services	4,288	8,469
Depreciation and amortisation of right-of-use assets (*Note 15*)	2,188	2,864
Less: Amounts capitalised in property, plant and equipment (*Note 14(ii)*)	(291)	(291)
Utilities and office expenses	2,869	4,340
Depreciation of property, plant and equipment (*Note 14*)	4,595	4,242
Amortisation of intangible assets (*Note 16*)	2,667	2,667
Traveling and transportation expenses	2,041	2,696
Auditor's services	30	393
Others	3,712	5,147
Total cost of sales, selling and distribution expenses, administration expenses and research and development expenses	80,474	134,854

8 EMPLOYEE BENEFITS EXPENSES

	Year ended 31 December	
	2019	2020
	RMB'000	*RMB'000*
Wages, salaries and bonuses	25,947	46,159
Pension, social security costs and housing benefits *(a)*	3,242	3,272
Employee welfare	1,652	2,659
Share-based compensation expenses (*Note 25*)	7,601	23,111
	38,442	75,201

(a) The employees of the Group in the PRC are members of state-managed pension scheme operated by the local Government. The Group is required to contribute a specified percentage of payroll costs as determined by local government authority to the pension obligations to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contribution under the scheme.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include 3 directors for the years ended 31 December 2019 and 2020 respectively. Their emoluments are reflected in the analysis presented in Note 8(c). The emoluments payable to the remaining 2 individuals for the years ended 31 December 2019 and 2020 respectively are as follows:

	Year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Wages, salaries and bonuses	1,341	1,937
Pension, social security costs and housing benefits	121	73
Share-based compensation expenses	161	2,997
	1,623	5,007

The emoluments fell within the following bands:

	Year ended 31 December	
	2019	**2020**
Emolument bands		
HK$500,001-HK$1,000,000	2	–
HK$2,000,001-HK$3,500,000	–	2
	2	2

(c) Benefits and interests of directors

The remuneration of each director paid or payable for the years ended 31 December 2019 and 2020 respectively is set out below:

	Fees	Salaries	Discretionary bonuses	Share-based compensation expenses	Social security costs, housing benefits and employee welfare	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2019						
Chairman of the Board						
Jonathon Zhong Zhao (趙中) *(i)*	–	746	436	–	–	1,182
Non-executive directors						
Chunhui Men (門春輝) *(ii)*	–	–	–	–	–	–
Lijun Wang (王立軍) *(iii)*	–	–	–	–	–	–
Bing Chen (陳兵) *(v)*	–	–	–	–	–	–
Guoguang Zhu (朱國光) *(vi)*	–	–	–	–	–	–
Yinghua Zhou (周穎華) *(vii)*	–	–	–	–	–	–
Executive directors						
Yang Xie (謝陽) *(iv)*	–	421	144	6,105	120	6,790
Zheng Li (李崢) *(viii)*	–	372	144	842	121	1,479
	–	1,539	724	6,947	241	9,451

	Fees	Salaries	Discretionary bonuses	Share-based compensation expenses	Social security costs, housing benefits and employee welfare	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2020						
Chairman of the Board						
Jonathon Zhong Zhao (趙中) *(i)*	–	1,050	730	8,012	–	9,792
Non-executive directors						
Chunhui Men (門春輝) *(ii)*	–	–	–	–	–	–
Bing Chen (陳兵) (v)	–	–	–	–	–	–
Guoguang Zhu (朱國光) *(vi)*	–	–	–	–	–	–
Yinghua Zhou (周穎華) *(vii)*	–	–	–	–	–	–
Steven Dasong Wang (王大松) *(ix)*	–	–	–	–	–	–
Stephen Hui Wang (王暉) *(x)*	–	–	–	–	–	–
Executive directors						
Yang Xie (謝陽) *(iv)*	–	685	590	1,171	73	2,519
Zheng Li (李崢) *(viii)*	–	616	725	1,966	54	3,361
	–	2,351	2,045	11,149	127	15,672

(i) Dr. Jonathon Zhong Zhao (趙中) was appointed as the chairman on 06 November 2012.

(ii) Mr. Chunhui Men (門春輝) was appointed as a director since 06 November 2012 and resigned as a director on 02 March 2021.

(iii) Mr. Lijun Wang (王立軍) was appointed as a director since 05 November 2015 and resigned as a director on 31 January 2019.

(iv) Mr. Yang Xie (謝陽) was appointed as a director since 12 March 2018.

(v) Dr. Bing Chen (陳兵) was appointed as a director since 12 March 2018 and resigned as a director on 28 December 2020.

(vi) Mr. Guoguang Zhu (朱國光) was appointed as a director since 31 January 2019 and resigned as a director on 02 March 2021.

(vii) Dr. Yinghua Zhou (周穎華) was appointed as a director since 31 January 2019 and resigned as a director on 02 March 2021.

(viii) Dr. Zheng Li (李崢) was appointed as a director since 31 January 2019.

(ix) Dr. Steven Dasong Wang (王大松) was appointed as a director since 13 October 2020.

(x) Mr. Stephen Hui Wang (王暉) was appointed as a director on 05 November 2015, resigned as a director on 12 March 2018 and was reappointed as a director since 28 December 2020.

(xi) Dr. Hai Lu (陸海) was appointed as a non-executive director since 02 March 2021.

(xii) Dr. Jian Ji (計劍), Mr. Hongze Liang (梁洪澤) and Ms. Yun Qiu (邱妘) was appointed as independent non-executive directors since 02 March 2021.

(d) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the Track Record Period.

(e) Directors' termination benefits

None of the directors received or will receive any termination benefits during the Track Record Period.

(f) Consideration provided to third parties for making available directors' services

During the Track Record Period, the Company did not pay consideration to any third parties for making available directors' services.

(g) Information about loans, quasi-loans and other dealings in favor of directors, bodies corporate controlled by or entities connected with directors

There were no loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

(h) Directors' material interests in transactions, arrangements or contracts

Except as disclosed in Note 31(b), no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

9 OTHER INCOME

	Year ended 31 December	
	2019	2020
	RMB'000	*RMB'000*
Government grants *(i)*	6,845	9,596
Rental income	628	401
Others	183	–
	7,656	9,997

Other expense

	Year ended 31 December	
	2019	2020
	RMB'000	*RMB'000*
Depreciation and amortisation of right-of-use assets *(Note 15)*	(414)	(156)
Other expenses	(426)	(101)
	(840)	(257)

(i) The government grants mainly represent subsidies received from the government as support on expenses relating to certain research and development projects. There are no unfulfilled conditions or other contingencies attached to these grants.

10 OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2019	2020
	RMB'000	*RMB'000*
Foreign exchange gains/(losses) – net	123	(4,473)
Net fair value gains from financial assets at fair value through profit or loss	2,917	1,623
Gains on disposal of property, plant and equipment (*Note 14*)	4	29
Others	(4)	142
	3,040	(2,679)

11 FINANCE COSTS – NET

	Year ended 31 December	
	2019	2020
	RMB'000	*RMB'000*
Finance income:		
Bank interest income	89	360
Finance costs:		
Interest expense on lease liabilities (*Note 15(b)*)	(287)	(244)
Interest expense on bank borrowings	(748)	(1,097)
Less: borrowing costs capitalised in qualifying assets (*Note 14(i)*)	–	675
	(1,035)	(666)
Finance costs – net	(946)	(306)

12 INCOME TAX EXPENSE

	Year ended 31 December	
	2019	2020
	RMB'000	*RMB'000*
Current income tax expense	–	–
Deferred income tax expense	–	–
	–	–

Pursuant to the PRC Enterprise Income Tax Law and the respective regulations (the "EIT Law"), the Group is subject to enterprise income tax at a rate of 25% on the taxable income.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 175% of their research and development expenses incurred as tax deductible expenses when determining their taxable income for that year.

A reconciliation of the expected income tax calculated at the applicable tax rate and loss before income tax, with the actual income tax is as follow:

	Year ended 31 December	
	2019	2020
	RMB'000	*RMB'000*
Loss before income tax	(66,647)	(100,468)
Tax calculated at statutory tax rates applicable to each Group entity	(16,662)	(25,117)
Tax effect of:		
Expenses not deductible for tax purpose	227	352
Extra deduction for research and development expenses	(8,745)	(11,540)
Temporary differences not recognized as deferred tax assets	560	3,988
Tax losses not recognized as deferred tax assets	24,620	32,317
Income tax expense	–	–

(i) Unrecognized tax losses and temporary differences

The Group has not recognized any deferred tax assets in respect of the following items:

	Year ended 31 December	
	2019	2020
	RMB'000	*RMB'000*
Deductible losses *(a)*	98,480	129,267
Deductible temporary differences	2,240	15,952
	100,720	145,219

(a) Deductible losses that were not recognized as deferred tax assets will be expired as follows:

	As of 31 December	
	2019	2020
	RMB'000	*RMB'000*
2023	5,528	5,528
2024	66,582	66,582
2025	10,614	115,313
2026	31,813	31,813
2027	39,529	39,529
2028	107,797	107,797
2029	44,108	44,108
2030	–	24,568
Unused tax losses carried forward	305,971	435,238

No deferred tax asset has been recognized in respect of the tax losses and temporary differences due to the unpredictability of future profit streams.

The tax losses will normally expire within 5 years. Pursuant to the relevant regulations on extending the expired years of tax losses of High-Tech Enterprises and Small and Medium-sized Technological Enterprises issued in July 2018, which retrospectively effects from 1 January 2018, the expiration year of the unused tax losses extended from 5 years to 10 years.

The Company and its subsidiary were qualified as Small and Medium-sized Technological Enterprises in 2018. The Company no longer meets this qualification requirement since 2019 while its subsidiary's qualification remains during the Track Record Period.

13 LOSS PER SHARE

In March 2021, the Company was converted to a joint stock limited liability company and total 263,401,001 ordinary shares with par value of RMB1.00 each were issued and allotted to the respective equity holders of the Company according to the paid-in capital registered under these equity holders on that day. The conversion (Note 34(c)) to ordinary shares with par value of RMB1.00 each issued after the conversion is applied retrospectively for the years ended 31 December 2019 and 2020 for the purpose of computation of basic loss per share.

Basic loss per share is calculated by dividing the loss of the Group attributable to equity holders of the Company by weighted average number of paid-in capital in issue during the Track Record Period.

The Company did not have any potential ordinary shares outstanding during the Track Record Period. Diluted loss per share is equal to basic loss per share.

The calculations of basic and diluted loss per share are based on:

	Year ended 31 December	
	2019	2020
Loss attributable to equity holders of the Company (RMB'000)	(66,647)	(100,468)
Weighted average number of ordinary shares in issue during the year (thousand)	177,721	194,766
Basic and diluted loss per share (RMB)	(0.38)	(0.52)

14 PROPERTY, PLANT AND EQUIPMENT

The Group

	Office equipment and furniture *RMB'000*	Equipment and instruments *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
At 1 January 2019						
Cost	889	11,194	481	1,800	11,703	26,067
Accumulated depreciation	(563)	(5,557)	(287)	–	(7,858)	(14,265)
Net book value	326	5,637	194	1,800	3,845	11,802
Year ended 31 December 2019						
Opening net book value	326	5,637	194	1,800	3,845	11,802
Additions	473	1,973	1,025	40,765	369	44,605
Disposals	(1)	–	(17)	–	–	(18)
Transfer upon completion	–	981	–	(981)	–	–
Depreciation charge (*Note 7*)	(172)	(2,108)	(158)	–	(2,157)	(4,595)
Closing net book value	626	6,483	1,044	41,584	2,057	51,794
At 31 December 2019						
Cost	1,340	14,148	1,460	41,584	12,072	70,604
Accumulated depreciation	(714)	(7,665)	(416)	–	(10,015)	(18,810)
Net book value	626	6,483	1,044	41,584	2,057	51,794

The Group

	Office equipment and furniture *RMB'000*	Equipment and instruments *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
At 1 January 2020						
Cost	1,340	14,148	1,460	41,584	12,072	70,604
Accumulated depreciation	(714)	(7,665)	(416)	–	(10,015)	(18,810)
Net book value	626	6,483	1,044	41,584	2,057	51,794
Year ended 31 December 2020						
Opening net book value	626	6,483	1,044	41,584	2,057	51,794
Additions	730	5,184	625	49,812	1,333	57,684
Disposals	(1)	–	(11)	–	–	(12)
Depreciation charge (*Note 7*)	(280)	(2,168)	(292)	–	(1,502)	(4,242)
Closing net book value	1,075	9,499	1,366	91,396	1,888	105,224
At 31 December 2020						
Cost	2,046	19,332	1,874	91,396	13,405	128,053
Accumulated depreciation	(971)	(9,833)	(508)	–	(11,517)	(22,829)
Net book value	1,075	9,499	1,366	91,396	1,888	105,224

The Company

	Office equipment and furniture *RMB'000*	Equipment and instruments *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
At 1 January 2019						
Cost	609	7,607	257	1,800	6,010	16,283
Accumulated depreciation	(445)	(4,699)	(226)	–	(5,363)	(10,733)
Net book value	164	2,908	31	1,800	647	5,550
Year ended 31 December 2019						
Opening net book value	164	2,908	31	1,800	647	5,550
Additions	359	1,151	1,025	40,765	–	43,300
Disposals	(1)	–	(17)	–	–	(18)
Transfer upon completion	–	981	–	(981)	–	–
Depreciation charge	(104)	(1,419)	(116)	–	(258)	(1,897)
Closing net book value	418	3,621	923	41,584	389	46,935
At 31 December 2019						
Cost	946	9,739	1,235	41,584	6,010	59,514
Accumulated depreciation	(528)	(6,118)	(312)	–	(5,621)	(12,579)
Net book value	418	3,621	923	41,584	389	46,935

The Company

	Office equipment and furniture *RMB'000*	Equipment and instruments *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
At 1 January 2020						
Cost	946	9,739	1,235	41,584	6,010	59,514
Accumulated depreciation	(528)	(6,118)	(312)	–	(5,621)	(12,579)
Net book value	418	3,621	923	41,584	389	46,935
Year ended 31 December 2020						
Opening net book value	418	3,621	923	41,584	389	46,935
Additions	417	3,054	341	49,812	602	54,226
Disposals	(1)	–	(11)	–	–	(12)
Depreciation charge	(198)	(1,294)	(250)	–	(244)	(1,986)
Closing net book value	636	5,381	1,003	91,396	747	99,163
At 31 December 2020						
Cost	1,339	12,793	1,365	91,396	6,612	113,505
Accumulated depreciation	(703)	(7,412)	(362)	–	(5,865)	(14,342)
Net book value	636	5,381	1,003	91,396	747	99,163

(i) The Group has capitalised borrowing costs of RMB675,000 on qualifying assets for the year ended 31 December 2020 (2019: Nil). Borrowing costs were capitalised at the weighted average of its borrowings rate of 4.9% during the respective year (Note 27).

(ii) During the years ended 31 December 2019 and 2020, the Group has capitalised the depreciation of right-of-use assets amounting to RMB291,000 and RMB291,000, respectively.

(iii) Certain property, plant and equipment and right-of-use assets of the Group have been pledged as collateral under a loan agreement (Note 27 (b)), with carrying amount of RMB55,528,000 and RMB105,049,000 as of 31 December 2019 and 2020, respectively.

(a) Depreciation of property, plant and equipment has been charged to the consolidated statements of comprehensive income as follows:

	Year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Research and development expenses	4,060	2,501
Cost of sales	280	1,108
Administrative expenses	255	423
Selling and distribution expenses	–	210
Total	4,595	4,242

15 RIGHT-OF-USE ASSETS

The Group

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Right-of-use assets		
– Land use rights *(a)*	13,944	13,653
– Buildings *(b)*	4,981	3,297
	18,925	16,950

The Company

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Right-of-use assets		
– Land use rights *(a)*	13,944	13,653
– Buildings *(b)*	3,225	1,751
	17,169	15,404

(a) Land use rights

The Group and The Company

(i) The Group's interests in land use rights represent prepaid operating lease payments for land located in the PRC and the lease term is 50 years. The movements of land use rights are analysed as follows:

	Land use rights *RMB'000*
At 1 January 2019	
Cost	14,550
Accumulated amortisation	(315)
Net book value	14,235
Year ended 31 December 2019	
Opening net book value	14,235
Amortisation charge *(Note 7)*	(291)
Closing net book value	13,944
At 31 December 2019	
Cost	14,550
Accumulated amortisation	(606)
Net book value	13,944
At 1 January 2020	
Cost	14,550
Accumulated amortisation	(606)
Net book value	13,944
Year ended 31 December 2020	
Opening net book value	13,944
Amortisation charge *(Note 7)*	(291)
Closing net book value	13,653
At 31 December 2020	
Cost	14,550
Accumulated amortisation	(897)
Net book value	13,653

The Group and The Company

(ii) Amortisation of land use rights has been charged to the financial statements as follows:

	Year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Amounts capitalised in property, plant and equipment *(Note 14(ii))*	291	291

(b) Buildings

The Group

(i) The Group leases offices for own use. Information about leases for which the Group is a lessee is presented below:

	Buildings
	RMB'000
At 1 January 2019	
Cost	7,598
Accumulated depreciation	(3,407)
Net book value	4,191
Year ended 31 December 2019	
Opening net book value	4,191
Additions	3,101
Depreciation charge *(Note 7) (Note 9)*	(2,311)
Closing net book value	4,981
At 31 December 2019	
Cost	10,699
Accumulated depreciation	(5,718)
Net book value	4,981
At 1 January 2020	
Cost	10,699
Accumulated depreciation	(5,718)
Net book value	4,981
Year ended 31 December 2020	
Opening net book value	4,981
Additions	1,045
Depreciation charge *(Note 7) (Note 9)*	(2,729)
Closing net book value	3,297
At 31 December 2020	
Cost	11,744
Accumulated depreciation	(8,447)
Net book value	3,297

The Company

(i) The Company leases offices for own use. Information about leases for which the Company is a lessee is presented below:

	Buildings *RMB'000*
At 1 January 2019	
Cost	3,817
Accumulated depreciation	(2,320)
Net book value	1,497
Year ended 31 December 2019	
Opening net book value	1,497
Additions	3,101
Depreciation charge	(1,373)
Closing net book value	3,225
At 31 December 2019	
Cost	6,918
Accumulated depreciation	(3,693)
Net book value	3,225
At 1 January 2020	
Cost	6,918
Accumulated depreciation	(3,693)
Net book value	3,225
Year ended 31 December 2020	
Opening net book value	3,225
Depreciation charge	(1,474)
Closing net book value	1,751
At 31 December 2020	
Cost	6,918
Accumulated depreciation	(5,167)
Net book value	1,751

(ii) Lease liabilities recognized in the balance sheets:

The Group

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Lease liabilities		
– current	2,351	2,825
– non-current	3,498	1,396
	5,849	4,221

The Company

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Lease liabilities		
– current	1,431	1,496
– non-current	2,554	1,059
	3,985	2,555

(iii) Present value of lease liabilities due:

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Within 1 year	2,351	2,825
Between 1 and 2 years	2,334	1,396
Between 2 and 5 years	1,164	–
	5,849	4,221

(iv) Amounts recognized in the consolidated statements of comprehensive income:

	Year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets *(Note 7) (Note 9)*	2,311	2,729
Interest expense *(Note 11)*	287	244

16 INTANGIBLE ASSETS

The Group and The Company

	Non-proprietary technologies *RMB'000*
At 1 January 2019	
Cost	26,670
Accumulated amortisation	(13,780)
Net book value	12,890
Year ended 31 December 2019	
Opening net book value	12,890
Amortisation charge *(Note 7)*	(2,667)
Closing net book value	10,223
At 31 December 2019	
Cost	26,670
Accumulated amortisation	(16,447)
Net book value	10,223
At 1 January 2020	
Cost	26,670
Accumulated amortisation	(16,447)
Net book value	10,223
Year ended 31 December 2020	
Opening net book value	10,223
Amortisation charge *(Note 7)*	(2,667)
Closing net book value	7,556
At 31 December 2020	
Cost	26,670
Accumulated amortisation	(19,114)
Net book value	7,556

(a) Amortisation of intangible assets has been charged to the consolidated statements of comprehensive income as follows:

	Year ended 31 December	
	2019 *RMB'000*	**2020** *RMB'000*
Research and development expenses *(Note 7)*	2,667	2,667

17 FINANCIAL INSTRUMENTS BY CATEGORY

The Group

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Financial assets at amortized cost		
Cash and cash equivalents *(Note 22)*	46,130	59,556
Term deposits *(Note 22)*	–	100,000
Trade receivables *(Note 20)*	1,013	129
Prepayment, other receivables and other current assets (excluding non-financial assets) *(Note 19)*	5,078	3,842
	52,221	163,527

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Financial assets at FVPL *(Note 21)*	52,000	157,700

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Financial liabilities at amortized cost		
Trade and other payables (excluding non-financial liabilities) *(Note 26)*	5,554	24,398
Lease liabilities *(Note 15)*	5,849	4,221
Borrowings *(Note 27)*	17,500	30,000
	28,903	58,619

The Company

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Financial assets at amortized cost		
Cash and cash equivalents *(Note 22)*	37,857	56,885
Term deposits *(Note 22)*	–	100,000
Trade receivables *(Note 20)*	1,013	129
Prepayment, other receivables and other current assets (excluding non-financial assets) *(Note 19)*	4,466	33,361
	43,336	190,375

	As of 31 December	
	2019	2020
	RMB'000	*RMB'000*
Financial assets at FVPL *(Note 21)*	47,000	149,500

	As of 31 December	
	2019	2020
	RMB'000	*RMB'000*
Financial liabilities at amortized cost		
Trade and other payables (excluding non-financial liabilities) *(Note 26)*	4,646	21,229
Lease liabilities *(Note 15)*	3,985	2,555
Borrowings *(Note 27)*	17,500	30,000
	26,131	53,784

18 INVENTORIES

The Group

	As of 31 December	
	2019	2020
	RMB'000	*RMB'000*
Raw materials	6,518	17,216
Finished goods	2,567	6,971
Work in progress	870	4,806
	9,955	28,993

The Company

	As of 31 December	
	2019	2020
	RMB'000	*RMB'000*
Raw materials	5,926	10,488
Finished goods	2,567	3,618
Work in progress	869	2,145
	9,362	16,251

There was no inventory provision provided for the years ended 31 December 2019 and 2020 as the carrying amounts of the inventory balances were higher than the net realizable value.

19 PREPAYMENTS, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

The Group

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Prepayments for purchase of goods	2,609	10,694
Value-added tax recoverable	7,232	6,374
Prepayments for purchase of property, plant and equipment	834	4,099
Deposits	3,383	3,446
Prepayments for purchase of service	1,267	2,854
Staff advances	376	75
Other receivables from related parties *(Note 31(c))*	500	–
Others	819	321
	17,020	27,863
Less: non-current portion	834	4,099
Current portion	16,186	23,764

The Company

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Other receivables from subsidiary	–	30,157
Other receivables from other related parties	500	–
Value-added tax recoverable	3,727	3,498
Deposits	3,133	3,025
Prepayments for purchase of property, plant and equipment	74	2,764
Prepayments for purchase of goods	2,162	2,376
Prepayments for purchase of service	732	876
Others	833	179
	11,161	42,875
Less: non-current portion	74	2,764
Current portion	11,087	40,111

20 TRADE RECEIVABLES

The Group and The Company

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Trade receivables from contracts with customers	1,013	129
Less: Loss allowance	–	–
	1,013	129

For trade receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward looking information. The Group has applied simplified approach in calculating expected credit loss prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Management has assessed that during the Track Record Period, trade receivables are within the credit terms and have not had a significant increase in credit risk since initial recognition.

As of 31 December 2019 and 2020, the ageing analysis of the trade receivables based on invoice date were as follows:

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Up to 3 months	616	128
3 to 6 months	–	–
Over 6 months	397	1
	1,013	129

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Opening balance	50	52,000
Additions	466,000	389,200
Disposals	(416,967)	(285,123)
Gains recognized in profit or loss for the year	2,917	1,623
Closing balance	52,000	157,700

The Company

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Opening balance	50	47,000
Additions	413,000	363,500
Disposals	(368,916)	(262,523)
Gains recognized in profit or loss for the year	2,866	1,523
Closing balance	47,000	149,500

The Group entered into contracts in respect of wealth management products from banks with expected but not guaranteed rates of return ranging from 1.5% to 3.85% per annum for the years ended 31 December 2019 and 2020. The Group managed and evaluated the performance of these investments on a fair value basis, in accordance with the Group's risk management and investment strategy and hence they are designated as financial assets at FVPL as of 31 December 2019 and 2020.

22 CASH AND CASH EQUIVALENTS AND TERM DEPOSIT

The Group

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Cash in bank	46,118	159,556
Cash on hand	12	–
	46,130	159,556
Less: term deposits with initial term of over three months *(a)*	–	(100,000)
	46,130	59,556

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Cash and cash equivalents and term deposit are denominated in:		
– USD	1,922	30,946
– RMB	44,208	128,610
	46,130	159,556

The Company

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Cash in bank	37,848	156,885
Cash on hand	9	–
	37,857	156,885
Less: term deposits with initial term of over three months *(a)*	–	(100,000)
	37,857	56,885

	As of 31 December	
	2019	2020
	RMB'000	*RMB'000*
Cash and cash equivalents and term deposit are denominated in:		
– USD	1,843	30,466
– RMB	36,014	126,419
	37,857	156,885

(a) The directors of the Company considered that the carrying amount of the term deposits with initial terms of over three months approximated to their fair value as of 31 December 2020.

23 PAID-IN CAPITAL

	As of 31 December	
	2019	2020
	RMB'000	*RMB'000*
Issued and fully paid	182,643	225,062

A summary of movements in the Company's paid-in capital is as follows:

The Group and The Company

	Paid-in Capital
	RMB'000
At 1 January 2019	161,609
Capital injection from equity holders *(Note (a))*	21,034
At 31 December 2019 and 1 January 2020	182,643
Capital injection from equity holders *(Note (b))*	42,419
At 31 December 2020	225,062

(a) In January 2019, the Company entered into capital increase agreement with its investors, pursuant to which total capital of RMB150,000,000 was received by the Company during year ended 31 December 2019 with RMB17,566,177 and RMB132,433,823 credited to the Company's paid-in capital and other reserves, respectively.

In November 2019, the Company entered into capital increase agreement with its investors, pursuant to which total capital of RMB30,000,000 was received by the Company during year ended 31 December 2019 with RMB3,467,903 and RMB26,532,097 credited to the Company's paid-in capital and other reserves, respectively.

(b) Pursuant to the employee incentive plan which is set out in Note 25(d), total capital of RMB12,000,000 was injected into the Company during the year ended 31 December 2020 with RMB10,958,575 and RMB1,041,425 credited to the Company's paid-in capital and other reserves, respectively.

In September 2020, the Company entered into capital increase agreement with its investors pursuant to which total capital of RMB275,875,766 (equivalent to US$41,323,841) and RMB48,500,000 was received by the Company during the year ended 31 December 2020 with RMB31,460,241 and approximately RMB292,915,525 credited to the Company's paid-in capital and other reserves, respectively.

24 OTHER RESERVES

The Group

	Capital reserve *RMB'000*	Share-based compensation *RMB'000*	Others *RMB'000*	Total *RMB'000*
As of 1 January 2019	–	32,460	45,052	77,512
Share-based compensation expenses *(Note 25)*	–	7,601	–	7,601
Capital injection from equity holders *(Note 23)*	158,966	–	–	158,966
As of 31 December 2019	158,966	40,061	45,052	244,079
As of 1 January 2020	158,966	40,061	45,052	244,079
Share-based compensation expenses *(Note 25)*	–	23,111	–	23,111
Capital injection from equity holders *(Note 23)*	293,957	–	–	293,957
As of 31 December 2020	452,923	63,172	45,052	561,147

The Company

	Capital reserve *RMB'000*	Share-based compensation *RMB'000*	Others *RMB'000*	Total *RMB'000*
As of 1 January 2019	–	29,791	–	29,791
Share-based compensation expenses	–	6,151	–	6,151
Capital injection from equity holders *(Note 23)*	158,966	–	–	158,966
As of 31 December 2019	158,966	35,942	–	194,908
As of 1 January 2020	158,966	35,942	–	194,908
Share-based compensation expenses	–	16,440	–	16,440
Capital injection from equity holders *(Note 23)*	293,957	–	–	293,957
As of 31 December 2020	452,923	52,382	–	505,305

25 SHARE-BASED PAYMENTS

Certain eligible employees of the Group were granted with shares of the Company through Hangzhou Fujiang Investment Partnership (Limited Partnership), Zhuhai Tongqiao Investment Center (Limited Partnership) and Zhuhai Guichuang Equity Investment Center (Limited Partnership) as rewards for their services and in exchange for their full-time devotion and professional expertize.

(a) Employee Incentive Plan in 2016

In 2016, 10 eligible employees were granted 5,085,219 shares of the Company through Hangzhou Fujiang Investment Partnership (Limited Partnership), among which 3,332,475 shares were vested immediately upon granted, the remaining 1,752,744 shares were with service period requirement for the employees and vested in 2018.

(b) Employee Incentive Plan in 2017

In 2017, 13 eligible employees were granted 262,651 shares of the Company's subsidiary Zhuhai Tonbridge Medical Technology Co., Ltd. ("Zhuhai Tonbridge") through Zhuhai Tongqiao Investment Center (Limited Partnership). In October 2018, the Company issued 2,874,293 shares in exchange for the shares of Zhuhai Tonbridge held by the above 13 employees during the acquisition of Zhuhai Tonbridge (Note 33 (b)). The shares were with service period requirement for the employees.

(c) Employee Incentive Plan in 2018

In March 2018, 1 eligible employee was granted 265,013 shares of Zhuhai Tonbridge through Zhuhai Tongqiao Investment Center (Limited Partnership). In October 2018, the Company issued 2,900,145 shares in exchange for the shares of the Zhuhai Tonbridge held by the employee during the acquisition of Zhuhai Tonbridge (Note 33 (b)), which were vested immediately upon granted.

In December 2018, 1 eligible employee was granted 760,688 of the Company shares through Zhuhai Tongqiao Investment Center (Limited Partnership), which were with performance requirement for the employee and vested in 2019.

(d) Employee Incentive Plan in 2020

In 2020, 56 eligible employees were granted 11,424,313 shares of the Company through Hangzhou Fujiang Investment Partnership (Limited Partnership), Zhuhai Tongqiao Investment Center (Limited Partnership) and Zhuhai Guichuang Equity Investment Center (Limited Partnership), among which 867,533 shares were vested immediately upon granted, the remaining shares were with service period and performance requirement for the employees.

(e) The fair value of services received in return for a share award granted is measured by reference to the fair value of the share award granted less the consideration received by the Group. The fair value of the share award granted is measured at the market value of the share award at the grant date, which is by reference to the transaction value during the recent rounds of financing.

(f) The financial impact of granted shares in 2019 and in 2020 is as follows:

(i) Movements in the number of shares granted but not vested in 2019 and in 2020 are as follows:

	Year ended 31 December	
	2019	**2020**
At the beginning of year	3,635	2,874
Granted during the year	–	11,424
Vested during the year	(761)	(868)
At the end of year	2,874	13,430

(ii) Expense for the share-based payments has been charged to the consolidated statements of comprehensive income as follows:

	Year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Administrative expenses	6,999	11,848
Research and development expenses	602	6,678
Selling and distribution expenses	–	4,191
Cost of sales	–	394
Total	7,601	23,111

26 TRADE AND OTHER PAYABLES

The Group

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Trade payables	2,117	4,604
Payables for purchase of property, plant and equipment	3,199	18,717
Staff salaries and welfare payables	7,729	18,595
Accrued taxes other than income tax	234	665
Others	238	1,077
	13,517	43,658

The Company

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Trade payables	1,420	1,810
Payables for purchase of property, plant and equipment	3,028	18,647
Staff salaries and welfare payables	4,161	10,126
Accrued taxes other than income tax	130	391
Others	198	772
	8,937	31,746

(a) The aging analysis of trade payables at the respective balance sheet dates is as follows:

The Group

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Within 1 year	1,418	4,513
Between 1 and 2 years	699	91
	2,117	4,604

The Company

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Within 1 year	797	1,799
Between 1 and 2 years	623	11
	1,420	1,810

27 BORROWINGS

The Group and The Company

	As of 31 December			
	2019		**2020**	
	Current	**Non-Current**	**Current**	**Non-Current**
	RMB'000		*RMB'000*	
Secured				
Bank loans				
– guaranteed by related party *(a)* *(Note 31 (d))*	13,000	–	–	–
– secured by property, plant and equipment *(b)*	–	4,500	3,750	26,250
Total Secured borrowings	13,000	4,500	3,750	26,250

(a) The Group's borrowings of RMB13,000,000 as of 31 December 2019 were guaranteed by Chairman of the Board Jonathon Zhong Zhao and were fully repaid during the year 2020. The interests were paid with an average rate of 5.17% and 5.44% per annum during the years ended 31 December 2019 and 2020, respectively.

(b) On 24 December 2019, the Group entered into a loan agreement with a total amount of RMB30,000,000, of which RMB4,500,000 and RMB25,500,000 was drawn down in 2019 and 2020 respectively. The interests were paid monthly at a rate of 4.90% per annum. Certain property, plant and equipment (Note 14) and right-of-use assets (Note 15) of the Group have been pledged as collateral under this loan agreement, with carrying amount of RMB55,528,000 and RMB105,049,000 as of 31 December 2019 and 2020, respectively.

(c) At 31 December 2019 and 2020, the Group's borrowings were repayable as follows:

	As of 31 December	
	2019	2020
	RMB'000	*RMB'000*
Within 1 year	13,000	3,750
Between 1 and 2 years	3,750	3,750
Between 2 and 5 years	750	22,500
	17,500	30,000

The carrying amounts of borrowings were denominated in RMB.

28 DEFERRED INCOME

The Group

	As of 31 December	
	2019	2020
	RMB'000	*RMB'000*
Government grants -		
Cost-related grants *(a)*	4,500	–

(a) The cost-related grants are subsidies received from the government as support on expenses relating to certain projects in 2019. When the required criteria set by the government for such grants are met, the portion of the qualified funds is recognized as "other income" and the remaining balance is recorded as deferred income.

29 CASH USED IN OPERATIONS

(a) Reconciliation of loss before income tax to net cash used in operations

	Year ended 31 December	
	2019	2020
	RMB'000	*RMB'000*
Loss for the year before income tax	(66,647)	(100,468)
Adjustments for:		
– Depreciation of property, plant and equipment *(Note 7)*	4,595	4,242
– Depreciation and amortisation of intangible assets and right-of-use assets *(Note 7) (Note 9)*	4,978	5,396
– Gains on disposal of property, plant and equipment *(Note 10)*	(4)	(29)
– Share-based compensation expenses *(Note 25)*	7,601	23,111
– Net fair value gains from financial assets at fair value through profit or loss *(Note 10)*	(2,917)	(1,623)
– Finance costs – net	946	306
– Net foreign exchange losses	109	601
	(51,339)	(68,464)

	Year ended 31 December	
	2019	2020
	RMB'000	*RMB'000*
Changes in working capital:		
– Inventories	(2,303)	(19,038)
– Trade and other receivables	(525)	884
– Prepayments, other receivables and other current assets	(3,922)	(7,578)
– Trade and other payables	408	16,002
– Deferred income	4,500	(4,500)
	(1,842)	(14,230)
Cash used in operations	(53,181)	(82,694)

(b) Non-cash investing and financing activities

For the years ended 31 December 2019 and 2020, the Group did not have any material non-cash investing and financing activities.

(c) Changes in liabilities from financing activities

	Short-term Liabilities		Long-term Liabilities	
	Lease Liabilities	Borrowings	Lease Liabilities	Borrowings
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	1,448	15,000	3,321	–
Cash flows	(2,308)	(2,000)	–	4,500
Increase of right-of-use assets *(Note 15)*	3,101	–	–	–
Other non-cash movements	110	–	177	–
At 31 December 2019	2,351	13,000	3,498	4,500

	Short-term Liabilities		Long-term Liabilities	
	Lease Liabilities	Borrowings	Lease Liabilities	Borrowings
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	2,351	13,000	3,498	4,500
Cash flows	(2,917)	(9,250)	–	21,750
Increase of right-of-use assets *(Note 15)*	1,045	–	–	–
Other non-cash movements	2,346	–	(2,102)	–
At 31 December 2020	2,825	3,750	1,396	26,250

30 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

Capital expenditures contracted for at each balance sheet date, but not yet incurred are as follows:

	As of 31 December	
	2019	2020
	RMB'000	*RMB'000*
Property, plant and equipment	41,953	20,098

(b) Operating lease commitments

Minimum lease payments under non-cancellable leases (short-term or low-value lease) for at the end of each reporting period but not recognized in the financial statements are as follows:

	As of 31 December	
	2019	2020
	RMB'000	*RMB'000*
Operating lease contract	132	80

(c) The Group had no material contingent liabilities as of 31 December 2019 and 2020.

31 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the years ended 31 December 2019 and 2020 respectively, and balances arising from related party transactions as of 31 December 2019 and 2020 respectively.

(a) Name and relationship with related parties

Name of related party	Nature of relationship
Yang Xie (謝陽)	Director of the Company

(b) Transactions with related parties

(i) Repayment received from loan to director

	Year ended 31 December	
	2019	2020
	RMB'000	*RMB'000*
Yang Xie (謝陽)	500	500

(c) Balances with related parties

(i) Receivables from loan to director

	As of 31 December	
	2019	2020
	RMB'000	*RMB'000*
Yang Xie (謝陽)	500	–

The loan granted to Mr. Yang Xie (謝陽) was non-trade in nature, unsecured, non-interest-bearing and repayable on demand. As of 31 December 2020, the balance has been paid off.

(d) Guarantee provided by related parties

	As of 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Jonathon Zhong Zhao (趙中)	13,000	–

The above guarantee was provided for bank loans, which had a principal amount of RMB13,000,000. The guarantee was released during the year end 31 December 2020 with the settlement of borrowings (Note 27).

(e) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Salaries, wages and bonuses	3,064	5,556
Housing fund, medical insurance and other social insurance	241	127
Share-based compensation expenses	6,947	12,320
	10,252	18,003

32 DIVIDEND

No dividend has been paid or declared by the Company during each of the years ended 31 December 2019 and 2020 respectively.

33 SUBSIDIARIES

(a) The subsidiary of the Group as of the date of this report is set out below:

Company name	Country/ place and date of incorporation/ establishment	Issued and paid up capital or registered capital	Effective interests held by the Group % as of the date of this report at 31 December 2019	2020	Direct or Indirect	Principle activities
Zhuhai Tonbridge	The PRC, 26 February 2016	RMB90,000,000	100%	100%	Direct	Research and development of neurovascular medical devices

(b) On 25 October 2018, the Company issued its new shares to the equity holders of Zhuhai Tonbridge in exchange of their shares of Zhuhai Tonbridge. Pursuant to the concert party agreement dated November 5, 2015 of the Company and the concert party agreement dated October 31, 2016 of Zhuhai Tonbridge entered into by and amongst Jonathon Zhong Zhao and the persons acting in concert ("Concert Parties"), in the event that the aforementioned Concert Parties fail to reach consensus in any matters involving the operation and management of the Company and Zhuhai Tonbridge, each of the Concert Parties shall exercise their respective voting rights in accordance with the instructions of Jonathon Zhong Zhao. Thus, taking into the voting rights of Jonathon

Zhong Zhao and Concert Parties and according to the Articles of Association of the Company and the Zhuhai Tonbridge, the Company and Zhuhai Tonbridge are controlled by Jonathon Zhong Zhao before and after the acquisition and the control is not transitory. Therefore, this acquisition was treated as business combinations under common control.

(c) The statutory auditor of the subsidiary of the Group for the year ended 31 December 2019 is Zhongxingcai Guanghua Certified Public Accountants LLP ("中興財光華會計師事務所(特殊普通合夥)"). The statutory financial statements of the subsidiary of the Group for the year ended 31 December 2020 have not yet been issued as of the date of this report.

34 SUBSEQUENT EVENTS

Save as disclosed in this report, subsequent to 31 December 2020, the following subsequent events took place:

(a) Employee Incentive Plan and [REDACTED] Share Option Scheme

On 19 January 2021, Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership), which was controlled by Jonathon Zhong Zhao, entered in to a subscription agreement with the Company to inject a total capital of RMB20,400,000 for the purpose of the Employee Incentive Plan.

On 18 January 2021, the Board of Directors approved one [**REDACTED**] Share Option Scheme with an aggregate of 4,788,547 shares to strengthen the human resources management of the Company which was granted in June 2021.

(b) New equity financing

On 20 January 2021, several new investors and the existing equity holders of the Company entered to a capital increase agreement to subscribe for the increased registered capital at a total consideration of US76,000,000.

(c) Conversion into a joint stock limited company

In March 2021, the Company was converted from a limited liability company into a joint stock company with limited liability under PRC Company Law, and renamed from Zhejiang Zylox Medical Device Co., Ltd. to Zylox-Tonbridge Medical Technology Co., Ltd. The net assets of the Company as of the conversion base date, including paid-in capital, other reserve and accumulated losses, amounting to RMB974,022,365.34, were converted into 263,401,001 ordinary shares at RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's capital reserve.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2020 and up to the date of this report. No dividend or distribution have been declared, made or paid by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2020.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this document received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 May 2021 of the property held by the Group.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7th Floor, One Taikoo Place
979 King's Road, Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

[Date]

The Board of Directors
Zylox-Tonbridge Medical Technology Co., Ltd.
1st & 2nd Floors, Building 1,
No. 18 Keji Avenue,
Yuhang District,
Hangzhou,
Zhejiang,
China

Dear Sirs,

In accordance with your instructions to value the property held by Zylox – Tonbridge Medical Technology Company Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 31 May 2021 (the "**valuation date**").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property interest, which was under construction as at the valuation date, we have assumed that it will be developed and completed in accordance with the latest development proposal provided to us by the Group. In arriving at our opinion of value, we have adopted the comparison approach by making reference to land comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by the Group according to the stage of construction of the subject property as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards issued by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificate, Construction Work Planning Permit, Construction Work Commencement Permit and other official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers – Grandall Law Firm, concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have conducted on-site inspection of the exterior and, where possible, the interior of the property, and obtained the photos of the target property provided by the company. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

On-site inspection of the property was carried out on 23 February 2021 by Ms. Yiyun Ding who has obtained the master's degree with a specialization in Professional Accounting and has 4 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

We are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the outbreak of the Novel Coronavirus (COVID-19) since declared Global Pandemic on 11 March 2020 has caused much disruption to economic activities around the world. As of the report date, China's economy is experiencing gradual recovery and it is anticipated that disruption to business activities will steadily reduce. We also note that market activity and market sentiment in these particular market sectors remain stable. However, we remain cautious due to uncertainty for the pace of global economic recovery in the midst of the outbreak which may have future impact on the real estate market. Therefore, we recommend that you keep the valuation of the property under frequent review.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 27 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION CERTIFICATE

Property interest held under development by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021 *RMB*
A parcel of land, 3 buildings and a guard room under construction located at the eastern side of Jinxing Er Road and the northern side of Keji Yi Road Yuhang District Hangzhou City Zhejiang Province The PRC	The property comprises a parcel of land with a site area of approximately 14,921.80 sq.m. and 3 buildings known as Building No. 1 to No. 3 and a guard room erected thereon which were under construction ("CIP") as at the valuation date. As advised by the Group, the CIP buildings are scheduled to be completed in the September of 2021. The 3 buildings and a guard room of the CIP have a total planned gross floor area of approximately 37,901.89 sq.m. Upon completion, these buildings will be used for research & development, production, storage, office and ancillary purposes. The total construction cost of the CIP is estimated to be approximately RMB124,266,055, of which approximately RMB110,656,817 had been incurred as at the valuation date. The land use rights of the property have been granted for a term with the expiry date on 10 December 2067 for industrial use.	As at the valuation date, the property was under construction.	162,200,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 3301102017A21104 dated 10 November 2017, the land use rights of a parcel of land with a site area of approximately 14,922.00 sq.m. were contracted to be granted to Zylox-Tonbridge Medical Technology Co., Ltd (歸創通橋醫療科技股份有限公司, "ZTMT", "Zhejiang Zylox Medical Device Co., Ltd" was known as the predecessor of the Company), with the expiry date of 10 December 2067 for industrial use. The land premium was RMB14,550,000.

2. Pursuant to a State-owned Land Use Rights Certificate – Zhe (2018) Yu Hang Qu Bu Dong Chan Quan Di No. 0103217, the land use rights of the property with a site area of approximately 14,921.80 sq.m. have been granted to ZTMT for a term with the expiry date on 10 December 2067 for industrial use.

3. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 330115201834023 in favor of ZTMT, the CIP of the property with a total planned gross floor area of approximately 37,901.89 sq.m. has been approved for construction.

4. Pursuant to a Construction Work Commencement Permit – No. 330110201904240201 in favor of ZTMT, permission by the relevant local authority was given to commence the construction of the property with a total gross floor area of approximately 37,901.89 sq.m.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   (a) The property was mortgaged; and

   (b) ZTMT is legally and validly in possession of the property. ZTMT has the rights to occupy, use, lease, transfer or otherwise dispose of the property and upon consent from the mortgagee to transfer, lease, re-mortgage or otherwise dispose of the building ownership rights of the mortgaged portion of the property.

6. As the property is the major asset held by the Group, we are of the view that the property is a material property. Details of the material property

a) General description of location of the property	:	The property is located at the located at the eastern side of Jinxing Er Road and the northern side of Keji Yi Road, Yuhang District, Hangzhou City, Zhejiang Province, the PRC. It is surrounded by China (Hangzhou) Artificial Intelligence Town. The property is close to the national highway G235, enjoying convenient accessibility and is served by public transportation, such as bus route No. 477 and No. 2411. It takes about 10 minutes' driving distance to West Hangzhou Railway Station (under construction), which will be more convenient to Shanghai.
b) Details of encumbrances, liens, pledges, mortgages against the property	:	Pursuant to a Mortgage Contract – 2019 Nian (Ke Chuang) Zi No. 00434, the land use rights of the property with a site area of approximately 14,921.80 sq.m. and the ownership rights of the construction on the land are subject to a mortgage as a security in favor of Industrial and Commercial Bank of China, Hangzhou Science and Technology Branch for bank loan at a maximum amount of RMB30,000,000 with the security term from 24 December 2019 to 23 December 2025. However, according to the repayment proof by the company, this RMB30,000,000 long-term loan was paid in April 2021.
c) Environmental Issue	:	As advised by the Group, the property is expected to be passed the environmental protection inspection acceptance in July 2021.
d) Details of investigations, notices, pending litigation, breaches of law or title defects	:	Nil
e) Future plans for construction, renovation, improvement or development of the property and estimated associated costs	:	As advised by the Group, the CIP is scheduled to be completed in the September of 2021. The total construction cost is estimated to be approximately RMB124,266,055.

TAXATION ON DIVIDENDS

Individual Investor

Pursuant to the *Individual Income Tax Law of the PRC* (《中華人民共和國個人所得税法》) (the "IIT Law"), which was last amended on August 31, 2018 and came into effect on January 1, 2019 and the *Implementation Provisions of the Individual Income Tax Law of the PRC* (《中華人民共和國個人所得税法實施條例》), which was last amended on December 18, 2018 and came into effect on January 1, 2019, for individual income including interest, dividend and bonus, shall pay individual income tax with applicable proportional tax rate of 20%. Unless otherwise provided by the competent financial and taxation authorities under the State Council, all the interest, dividend and bonus are deemed as derived from the PRC whether the payment place is in the PRC. Pursuant to the *Circular on Certain Issues Concerning the Policies of Individual Income Tax* (《關於個人所得税若干政策問題的通知》) promulgated by the Ministry of Finance and the State Administration of Taxation on May 13, 1994, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises.

Enterprise Investors

In accordance with the *Enterprise Income Tax Law of the People's Republic of China* (《中華人民共和國企業所得税法》) (the "EIT Law"), which was amended on December 29, 2018 and became effective on the same date, and the Implementation Provisions of the Enterprise Income Tax Law of the PRC, which came into effect on April 23, 2019 and became effective on the same date, a non-resident enterprise is generally subject to a 10% corporate income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The *Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-Resident Enterprise Shareholders of H Shares* (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) (Guo Shui Han [2008] No. 897), which was issued by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the *Response to Questions on Levying Corporate Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares* (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》) (Guo Shui Han [2008] No. 394), which was issued by the SAT and came into effect on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit corporate income tax at a rate of 10% on dividends of 2008

and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or area, where applicable.

Pursuant to the *Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion* (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The *Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion* (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》), which came in to effect on December 6,2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Agreement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law documents, such as the *Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements* (《國家税務總局關於執行税收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81).

Tax Treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties/Arrangements with a number of countries and regions including Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax agreements or arrangements are required to apply to the Chinese tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the Chinese tax authorities.

TAXATION ON SHARE TRANSFER

Individual Investor

According to the IIT Law and its implementation provisions, gains realized on the sale of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%.

Pursuant to the *Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares* (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the State Administration of Taxation on March 20, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. On December 31, 2009, the MOF, the State Administration of Taxation and CSRC jointly issued the *Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation* (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》) (Cai Shui Zi [2009] No. 167), which became effective on December 31, 2009, states that individuals' income from the transfer of listed shares on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the *Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies* (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的補充通知》) (Cai Shui [2010] No. 70) jointly issued by the above three departments on November 10, 2010).

As of the Latest Practicable Date, no aforesaid provisions had expressly provided that whether individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges. To the knowledge of the Company, in practice, the PRC tax authorities have not levied income tax from non-PRC resident individuals on gains from the transfer of PRC resident enterprises listed on overseas stock exchange. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

Enterprise Investors

In accordance with the EIT Law and its implementation provisions, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted

at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the *Provisional Regulations of the PRC on Stamp Duty* (《中華人民共和國印花税暫行條例》), which came into effect on October 1, 1988 and amended on January 8, 2011, and the *Implementation Provisions of Provisional Regulations of the PRC on Stamp Duty* (《中華人民共和國印花税暫行條例施行細則》), which came into effect on October 1, 1988, PRC stamp duty only applies to specific proof executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

The PRC currently does not impose any estate duty.

MAJOR TAXES ON THE COMPANY IN THE PRC

Enterprise Income Tax Law

According to the *Enterprise Income Tax Law of the People's Republic of China* (《中華人民共和國企業所得税法》) (the "Enterprise Income Tax Law"), which was amended on December 29, 2018 and became effective on the same date and the *Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China* (《中華人民共和國企業所得税法實施條例》) (Order No. 714 of the State Council), which was amended on April 23, 2019 and became effective on the same date, the applicable enterprise income tax rate of both domestic and foreign-funded enterprises shall be 25%. Enterprises are classified into resident and non-resident enterprises. A resident enterprise shall pay enterprise income tax on its incomes derived from both inside and outside China. The enterprise income tax rate shall be 25%. For a non-resident enterprise having offices or establishments inside China, it shall pay enterprise income tax on its incomes derived from China as well as on incomes that it earns outside China but which has real connection with the said offices or establishments. The enterprise income tax rate shall be 25%. For a non-resident enterprise having no office or establishment inside China, or for a non-resident enterprise whose incomes have no actual connection to its office or establishment inside China, it shall pay enterprise income tax on the incomes derived from China. The enterprise income tax rate shall be 10%.

Value-Added Tax

According to the *Interim Regulations of the PRC on Value-Added Tax* (《中華人民共和國增值税暫行條例》) which was promulgated by the State Council on December 13, 1993, and amended on November 10, 2008, February 6, 2016 and November 19, 2017, and the *Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax* (《中華人民共和國增值税暫行條例實施細則》) which was promulgated by the Ministry of Finance on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011 (collectively, the "VAT Law"), all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, sales of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay value-added tax at the rate of 0%, 6%, 11% and 17% for the different goods it sells and different services it provides, except when specified otherwise.

According to the *Notice on the Adjustment to VAT Rates* (《關於調整增值税税率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and the State Administration of Taxation on April 4, 2018 and became effective as of May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the *Announcement on Relevant Policies for Deepening Value-Added Tax Reform* (《關於深化增值税改革有關政策的公告》(2019 No. 39 of MOF, State Administration of Taxation and General Administration of Customs), promulgated by the MOF, the State Administration of Taxation and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

Shenzhen-Hong Kong Stock Connect Taxation Policy

On November 5, 2016, the Ministry of Finance, the State Taxation Administration and the China Securities Regulatory Commission jointly promulgated the *Circular on the Relevant Taxation Policy regarding the Pilot Inter-connected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market* (《關於深港股票市場交易互聯互通機制試點有關税收政策的通知》) (the "SZHK Stock Connect Tax Policies"), which clearly set forth tax policies applicable to transactions via SZHK Stock Connect and took effect on December 5, 2016.

According to the SZHK Stock Connect Tax Policies, during China's pilot fiscal reform, the spread gained by mainland individual investors arising from the trade of shares on the Hong Kong Stock Exchange through the SZHK Stock Connect shall be exempted from VAT during China's pilot fiscal reform where the business tax is to be replaced by VAT. The dividends obtained by mainland individual investors from the listing of H-shares on the Hong Kong Stock Exchange via SZHK Stock Connect shall be subject to 20% personal income tax, provided that the H-share companies shall submit application to China Securities Depository and Clearing

Corporation Limited ("CSDC"), after which CSDC will furnish them with a roster of the mainland individual investors, and the H-share companies shall withhold personal income tax at a rate of 20%. If, however, dividends are generated from the listing of non-H-shares on the Hong Kong Stock Exchange via SZHK Stock Connect, such personal income tax at the rate of 20% will be deducted by CSDC. In case the individual investors have paid taxes in advance in other jurisdictions by withdrawal in advance, the investors may apply for tax exemption to the tax authority in charge of CSDC by producing tax payment proofs. Dividends gained by mainland securities investment funds via investing in shares listed on the Hong Kong Stock Exchange via SZHK Stock Connect shall be subject to personal income tax according to the aforementioned provisions (as if they are individual investors).

According to the SZHK Stock Connect Tax Policies, gains received by mainland corporate investors in the PRC from their transfer of shares that they have invested in the shares listed in the Hong Kong Stock Exchange via SZHK Stock Connect shall be included in their total revenues and subject to company income tax, and if it is the mainland governmental bodies that earn incomes through trading shares listed on the Hong Kong Stock Exchange via SZHK Stock Connect, these incomes are exempted from VAT as they are now during the pilot period of replacement of business tax by VAT. If mainland company investors gain dividends through investment in shares listed on the Hong Kong Stock Exchange via SZHK Stock Connect, such dividends shall be calculated in the total revenue of the companies and will be subject to income tax accordingly, in which case, a mainland domiciled company legally holding H shares for no less than 12 consecutive months will be exempted from company income tax for the amounts earned from the H shares during such 12-month period, while in case of a H-share company listed on the Hong Kong Stock Exchange, the company shall apply to CSDC, who will provide to it the roster of mainland company investors, upon which the H-share company refrains from deducting income tax from the dividends, and payable income tax shall be declared and paid by the investors themselves; when declaring company income tax, if a mainland company investor has any tax imposed on the dividends deducted by a non-H-share company listed on the Hong Kong Stock Exchange, the investor may apply for tax offset.

According to the SZHK Stock Connect Tax Policies, in case that any mainland investor trades, inherits or gives as gift shares listed on the Hong Kong Stock Exchange, stamp tax will be imposed thereon according to the tax law currently prevalent in Hong Kong SAR, and the both CSDC and Hong Kong Securities Clearing Company Limited may collect the stamp tax on behalf of one another.

TAXATION IN HONG KONG

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE, with the authorization of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On January 29, 1996, the State Council promulgated the *Regulations of the PRC on Foreign Exchange Control* (《中華人民共和國外匯管理條例》) (the "Foreign Exchange Control Regulations") and it came into effect on April 1, 1996. The Foreign Exchange Control Regulations classifies all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to the approval of foreign exchange administration agencies. The Foreign Exchange Control Regulations were subsequently amended on January 14, 1997 and came into effect on August 5, 2008. According to the latest amendment to the Foreign Exchange Control Regulations, PRC will not impose any restriction on international current payments and transfers.

The *Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange* (《結匯、售匯及付匯管理規定》) promulgated by PBOC on June 20, 1996 and effective on July 1, 1996 does not impose any restrictions on convertibility of foreign exchange under current items, while imposing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at financial institutions that carries foreign exchange business or operating institutions that carries settlement and sale business, on the strength of valid receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, on the strength of resolutions of the board of directors or the shareholders'

meeting on the distribution of profits, effect payment from foreign exchange accounts opened at financial institutions that carries foreign exchange business or institutions that carries settlement and sale business, or effect exchange and payment at financial institutions that carries foreign exchange business or institutions that carries settlement and sale business.

On October 23, 2014, the State Council issued the *Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters* (《國務院關於取消和調整一批行政審批項目等事項的決定》) (Guo Fa [2014] No. 50), which canceled the administrative approval by the SAFE and its branches for matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing.

On December 26, 2014, the SAFE issued the *Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing* (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (Hui Fa [2014] No. 54). Pursuant to the notice, a domestic company shall, within 15 business days of the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a "special account for overseas listing of domestic company" at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the *Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for 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》) (Hui Fa [2015] No. 13) promulgated by the SAFE on February 13, 2015 and imposed on June 1, 2015, two of the administrative examination and approval items, being the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment have been canceled. Instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the *Notice of the State Administration of Foreign Exchange of the PRC on Revolutionize and Regulate Capital Account Settlement Management Policies* (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (Hui Fa [2016] No. 16) issued by the SAFE and came into effect on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of foreign exchange capital, foreign loans and raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual

business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment of the SAFE in due time in accordance with international revenue and expenditure situations.

On January 26, 2017, the SAFE issued the *Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance* (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) (Hui Fa [2017] No. 3) to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading, allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization, allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones, and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》, the "Constitution"), which was adopted on December 4, 1982 and amended on April 12, 1988, March 29, 1993, March 15, 1999, March 14, 2004 and March 11, 2018. The PRC legal system is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is a signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

The National People's Congress (the "NPC") and its Standing Committee are empowered to exercise the legislative power of the State in accordance with the Constitution and the PRC Legislation Law (《中華人民共和國立法法》, the "Legislation Law"), which was adopted on July 1, 2000 and amended on March 15, 2015. The NPC has the power to formulate and amend basic laws governing state organs, civil, criminal and other matters. The Standing Committee of the NPC formulates and amends laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the matters concerning formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the

people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions concerned, a decision should be made by the standing committees of the people's congresses of provinces or autonomous regions to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, People's Bank of China, National Audit Office and the subordinate institutions with administrative functions directly under the State Council may formulate departmental rules within the jurisdiction of their respective departments based on the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities and cities or autonomous prefectures divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

According to the Constitution, the power to interpret laws is vested in the Standing Committee of the NPC. Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) implemented on June 10, 1981, the Supreme People's Court has the power to give interpretation on issues related to the application of laws in a court trial, and issues related to the application of laws in a prosecution process of a procuratorate should be interpreted by the Supreme People's Procuratorate. If there is any disagreement in principle between Supreme People's Court's interpretations & Supreme People's Procuratorate's interpretations, such issues shall be reported to the Standing Committee of the NPC for interpretation or judgment. The other issues related to laws other than the abovementioned should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative authorities which promulgate such laws.

THE PRC JUDICIAL SYSTEM

Under the Constitution and the Law of Organization of the People's Courts of the PRC (《中華人民共和國人民法院組織法》), which is adopted on January 1, 1980 and amended on September 2, 1983, December 2, 1986, October 31, 2006 and October 26, 2018, the PRC judicial system is made up of the Supreme People's Court, the local people's courts, the military courts and other special people's courts.

The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up civil, criminal and economic divisions, and certain people's courts based on the facts of the region, population and cases. The intermediate people's courts have divisions similar to those of the basic people's courts and may set up other special divisions if needed. These two levels of people's courts are subject to supervision by people's courts at higher levels. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels and special people's courts. The Supreme People's Procuratorate is authorized to supervise the judgment and ruling of the people's courts at all levels which have been legally effective, and the people's procuratorate at a higher level is authorized to supervise the judgment and ruling of a people's court at lower levels which have been legally effective.

A people's court takes the rule of the second instance as the final rule. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court, and judgments or rulings of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court finds some definite errors in a legally effective judgment, ruling or conciliation statement of the people's court at any level, or if the people's court at a higher level finds such errors in a legally effective judgment, ruling or conciliation statement of the people's court at a lower level, it has the authority to review the case itself or to direct the lower-level people's court to conduct a retrial. If the chief judge of all levels of people's courts finds some definite errors in a legally effective judgment, ruling or conciliation statement, and considers a retrial is preferred, such case shall be submitted to the judicial committee of the people's court at the same level for discussion and decision.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》, the "PRC Civil Procedure Law") adopted on April 9, 1991 and amended on October 28, 2007, August 31, 2012 and June 27, 2017 prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. Generally, a civil case is initially heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places substantially connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located, provided that the provisions regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a PRC court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the People's Republic of China is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment on the party.

Where a party applies for enforcement of a judgment or ruling made by a people's court, and the opposite party or his property is not within the territory of the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, international treaties with the relevant foreign country, which provided for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or against the social and public interests.

THE PRC COMPANY LAW, SPECIAL REGULATIONS AND THE MANDATORY PROVISIONS

The PRC Company Law was adopted by the 5th meeting of the Standing Committee of the 8th National People's Congress Session on December 29, 1993 and came into effect on July 1, 1994. It was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, and October 26, 2018, respectively. The latest revised PRC Company Law was implemented on October 26, 2018.

The Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint-Stock Limited Liability Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) (the "Special Regulations") was passed at the 22nd Standing Committee Meeting of the State Council on July 4, 1994 and promulgated and implemented on August 4, 1994. The Special Regulations was applicable to the issuance of shares to overseas investors by and listing of joint stock limited companies.

The Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款) (the "Mandatory Provisions") jointly promulgated by the former Securities Commission of the State Council and the former State Commission for Restructuring the Economic System and implemented on August 27, 1994 prescribe that the provisions should be incorporated in the articles of association of joint stock limited companies to be listed in overseas stock exchanges. Accordingly, the contents required by the Mandatory Provisions have been incorporated in the Articles of Association.

Circular issued by the State Council in connection with the adjustments in regulations concerning companies registered in China and listed abroad

On October 17, 2019, the State Council issued the Official Reply of the State Council on the Adjustment of the Notice Period for the General Meeting and Other Matters Applicable to the Overseas Listed Companies (the "State Council Circular No. 97 [2019]") (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》(國函[2019]97號)) with effect from October 17, 2019, pursuant to which State Council agreed that companies registered in China and listed abroad shall comply with the PRC Company Law with respect to the notice period, shareholders right to formulate proposals and the procedures for convening a general meeting, and that relevant procedures set forth in Article 20 to Article 22 of the Special Regulations shall no longer apply.

Set out below is a summary of the major provisions of the PRC Company Law, the Special Regulations and the Mandatory Provisions.

General

A "joint stock limited company" ("company") refers to a corporate legal person incorporated in China under the PRC Company Law with independent legal person properties and entitlements to such legal person properties and with its registered capital divided into shares of equal par value. The liability of the company for its own debts is limited to all the properties it owns and the liability of its shareholders for the company is limited to the extent of the shares they subscribe for.

Incorporation

A company may be established by promotion or subscription. A company shall have a minimum of two but no more than 200 people as its promoters, and over half of the promoters must be resident within the PRC. Companies established by promotion are companies of which the registered capital is the total share capital subscribed for by all the promoters registered with the company's registration authorities. No share offering shall be made before the shares subscribed for by the promoters are fully paid up. For companies established by subscription, the registered capital is the total paid-up share capital as registered with the company's registration authorities. If laws, administrative regulations and State Council decisions provide otherwise on paid-in registered capital and the minimum registered capital, the company should follow such provisions.

For companies incorporated by way of promotion, the promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreement. After the promoters have subscribed for the capital contribution under the articles of association, a board of directors and a supervisory board shall be elected and the board of directors shall apply for registration of establishment by filing the articles of association with relevant administration for industry and commerce, and other documents as required by the law or administrative regulations.

After the subscription monies for the share issue have been paid in full, a capital verification institution established under PRC law must be engaged to conduct a capital verification and furnish a certificate thereof. The promoters of the company shall preside over and convene an inauguration meeting within 30 days from the date of the full payment of subscription monies. The inauguration meeting shall be formed by the promoters and subscribers. Where the shares issued remain undersubscribed by the cut-off date stipulated in the share offering prospectuses, or where the promoter fails to convene an inauguration meeting within 30 days of the subscription monies for the shares issued being fully paid up, the subscribers may demand that the promoters refund the subscription monies so paid together with the interest at bank rates of a deposit for the same period. Within 30 days of the conclusion of the inauguration meeting, the board of directors shall apply to the company registration authority for registration of the establishment of the company. A company is formally established and has the capacity of a legal person after approval of registration has been given by the relevant administration for industry and commerce and a business license has been issued.

A company's promoter shall be liable for the followings:

(1) the debts and expenses incurred in the establishment process jointly and severally if the company cannot be incorporated;

(2) the refund of subscription monies paid by the subscribers together with interest at bank rates of deposit for the same period jointly and severally if the company cannot be incorporated; and

(3) the compensation of any damages suffered by the company as a result of the promoters' fault in the course of its establishment.

According to the Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters

of such company are required to sign on the document to ensure that the document does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation and verification of the fair value of the assets contributed must be carried out.

The issuance of shares shall be conducted in a fair and equitable manner. The same class of shares must carry equal rights. For shares issued at the same time and within the same class, the conditions and price per share must be the same. The share offering price may be equal to or greater than the nominal value of the share, but may not be less than the nominal value.

A company must obtain the approval of CSRC to offer its shares to the overseas public. According to the Special Regulations and the Mandatory Provisions, the shares issued to foreign investors and listed overseas by a company shall be in registered form, denominated in Renminbi and subscribed for in foreign currency. Shares issued to foreign investors and listed overseas are classified as overseas-listed foreign shares, and those shares issued to investors within the PRC, are known as domestic shares. Under the Special Regulations, upon approval of CSRC, a company may agree, in the underwriting agreement in respect of an issue of overseas-listed foreign shares, to retain not more than 15% of the aggregate number of such overseas-listed foreign invested shares proposed to be issued in addition to the number of underwritten shares. The issuance of the retained shares is deemed to be a part of this issuance.

Increase in Share Capital

Under the PRC Company Law, where a company is issuing new shares, resolutions shall be passed at shareholder's general meeting in accordance with the articles of association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and the class and amount of the new shares proposed to be issued to existing shareholders.

Public offering should be approved by CSRC. After the issue of new share the company has been paid up, the change must be registered with the company registration authorities and a public announcement must be made accordingly. Where an increase in registered capital of a company is made by means of an issue of new shares, the subscription of new shares by shareholders shall be made in accordance with the relevant provisions on the payment of subscription monies for the establishment of a company.

Reduction of Share Capital

When a company needs to reduce its registered capital, it shall prepare a statement of financial position and a property list. The company shall inform its creditors within 10 days and publish an announcement in the newspaper within 30 days after the resolution approving the reduction of registered capital has been passed. Creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts.

Repurchase of Shares

A company shall not purchase its own shares except under any of the following circumstances:

(1) Reducing the registered capital of the company;

(2) Merging with another company that holds its shares;

(3) Using shares for employee stock ownership plan or equity incentives;

(4) A shareholder requesting the company to purchase the shares held by him since he objects to a resolution of the shareholders' meeting on the combination or division of the company;

(5) Using shares for converting convertible corporate bonds issued by the listed company;

(6) It is necessary for a listed company to protect the corporate value and the rights and interests of shareholders.

A company purchasing its own shares under any of the circumstances set forth in items (1) and (2) of the preceding paragraph shall be subject to a resolution of the shareholders' meeting; and a company purchasing its own shares under any of the circumstances set forth in items (3), (5) and (6) of the preceding paragraph may, pursuant to the bylaws or the authorization of the shareholders' meeting, be subject to a resolution of a meeting of the board of directors at which more than two-thirds of directors are present.

After purchasing its own shares pursuant to the provisions of the first paragraph of this article, a company shall, under the circumstance set forth in item (1), cancel them within 10 days after the purchase; while under the circumstance set forth in either item (2) or (4), transfer or cancel them within six months; and while under the circumstance set forth in item (3), (5) or (6), aggregately hold not more than 10% of the total shares that have been issued by the company, and transfer or cancel them within three years.

A listed company purchasing its own shares shall perform the obligation of information disclosure. A listed company purchasing its own shares under any of the circumstances set forth in items (3), (5) and (6) shall carry out trading in a public and centralized manner.

Transfer of Shares

Shares held by shareholders may be transferred legally. Under the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by the laws or administrative regulations. Following the transfer, the company shall enter the names and domiciles of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of 20 days prior to convening a shareholders' general meeting or 5 days prior to the record date for the purpose of determining entitlements to dividend distributions, unless otherwise stipulated by laws on the registration of changes in the share register of listed companies. The transfer of bearer share certificates shall become effective upon the delivery of the certificates to the transferee by the shareholder. The Mandatory Provision provides that changes due to share transfer should not be made to shareholder registry within 30 days before a shareholders' general meeting or within 5 days before the record date for the purpose of determining entitlements to dividend distributions.

Under the PRC Company Law, shares held by promoters may not be transferred within one year of the establishment of the company. Shares of the company issued prior to the public issuance of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and any changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company every year. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the PRC Company Law and the Mandatory Provisions, the rights of holders of ordinary shares of a company include:

(1) to receive dividends and profit distributions in any other form in proportion to the shares they hold;

(2) to lawfully require, convene, preside over or attend general meetings either in person or by proxy and exercise the corresponding voting right;

(3) to supervise, present suggestions on or make inquiries about the operations of the Company;

(4) to transfer, gift or pledge their shares in accordance with the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the company are listed, and the articles of association;

(5) to acquire relevant information according to the provisions of the articles of association, including the duplicate of the articles of association, share register, counterfoil of company debentures, minutes of shareholders' general meetings, audited financial statements of the company, reports of directors, accounting firms and the Supervisory Committee;

(6) in the event of the termination or liquidation of the company, to participate in the distribution of the remaining property of the company in proportion to the shares held by them;

(7) to require the company to buy their shares in the event of their objection to resolutions of the general meeting concerning merger or division of the company; and

(8) any other shareholders' rights provided for in laws, administrative regulations, other regulatory documents and the articles of association.

The obligations of shareholders include the obligation to abide by the articles of association, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholder obligation specified in the articles of association.

Shareholders' General Meetings

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The general meeting may exercise its powers:

(1) to decide on the company's operational objectives and investment plans;

(2) to elect and remove the directors and supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors and supervisors;

(3) to review and approve the reports of the board of directors;

(4) to review and approve the reports of the supervisory board;

(5) to review and approve the company's annual financial budgets and final accounts;

(6) to review and approve the company's profit distribution proposals and loss recovery proposals;

(7) to decide on any increase or reduction of the company's registered capital;

(8) to decide on the issue and listing of corporate bonds and other securities;

(9) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(10) to amend the articles of association; and

(11) to exercise any other authority stipulated in the articles of association.

A shareholders' general meeting is required to be held once every year. An extraordinary general meeting is required to be held within two months of the occurrence of any of the following:

(1) the number of directors is less than the number stipulated by the PRC Company Law or less than two-thirds of the number specified in the articles of association;

(2) the outstanding losses of the company amounted to one-third of the company's total paid-in share capital;

(3) shareholders individually or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;

(4) the board deems necessary;

(5) the supervisory board proposes to hold; or

(6) any other circumstances as provided for in the articles of association.

A shareholders' general meeting shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director nominated by half or more of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory board shall convene and preside over

shareholders' general meeting in a timely manner. If the supervisory board fails to convene and preside over shareholders' general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' general meeting.

In accordance with the PRC Company Law, a notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced 30 days before the meeting. A single shareholder who holds, or several shareholders who jointly hold, three percent or more of the shares of the company may submit an interim proposal in writing to the board of directors ten days before the general meeting is held. The board of directors shall notify other shareholders within two days upon receipt of the proposal, and submit the said interim proposal to the general meeting for deliberation. The contents of the interim proposal shall fall within the scope of powers of the general meeting, and the proposal shall have a clear agenda and specific matters on which resolutions are to be made. The general meeting shall not make any resolution in respect of any matter not set out in the above-mentioned two types of notices. Holders of bearer share certificates who wish to attend a general meeting shall deposit their share certificates with the company five days before the meeting and till the conclusion of the meeting.

Under the PRC Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, save that the company's shares held by the company are not entitled to any voting rights.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Under the PRC Company Law, resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of matters relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by at least two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company and the other matters must be approved by way of resolution of the general meeting, the directors shall convene a shareholders' general meeting promptly to vote on such matters by shareholders' general meeting.

Minutes shall be prepared in respect of matters considered at the general meeting and the chairperson and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

According to the Mandatory Provisions, the increase or reduction of share capital, the issuance of shares of any class, warrants or other similar securities and bonds, the division, merger, dissolution and liquidation of the company, the amendments to the articles of association and any other matters, which, as resolved by way of an ordinary resolution of the general meeting, may have a material impact on the company and require adoption by way of a special resolution, must be approved through special resolutions by no less than two-thirds of the voting rights held by shareholders (including proxies thereof) present at the meeting.

The Mandatory Provisions require a special resolution to be passed at the general meeting and a class meeting to be held in the event of a variation or derogation of the class rights of a shareholder class. For this purpose, holders of domestic shares and H shares are deemed to be shareholders of different classes.

Board

A company shall have a board, which shall consist of 5 to 19 members. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly reelected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors may exercise its powers:

(1) to convene shareholders' general meetings and report on its work to the shareholders' general meetings;

(2) to implement the resolutions passed by the shareholders at the shareholders' general meetings;

(3) to decide on the company's operational plans and investment proposals;

(4) to formulate proposal for the company's annual financial budgets and final accounts;

(5) to formulate the company's profit distribution proposals and loss recovery proposals;

(6) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(7) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;

(8) to decide on the setup of the company's internal management organs;

(9) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy general manager and financial officer of the company and to decide on their remunerations;

(10) to formulate the company's basic management system; and

(11) to exercise any other authority stipulated in the articles of association.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory board. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the meeting. The board may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board. Directors shall attend board meetings in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association or resolutions of the general meeting, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the PRC Company Law, the following person may not serve as a director in a company:

- a person who is unable or has limited ability to undertake any civil liabilities;

- a person who has been convicted of an offense of corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist market economic order, or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence;

- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation;

- a person who is liable for a relatively large amount of debts that are overdue.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

Other circumstances under which a person is disqualified from acting as a director of a company are set out in the Mandatory Provisions.

Under the PRC Company Law, the board shall appoint a chairman and may appoint a vice chairman.

The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

Supervisory Board

A company shall have a supervisory board composed of not less than three members. The supervisory board shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, of which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the

supervisory board shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. Directors and senior management shall not act concurrently as supervisors.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if reelected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The supervisory board may exercise its powers:

(1) to review the company's financial position;

(2) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or resolutions of the shareholders' general meetings;

(3) when the acts of a director or senior management personnel are detrimental to the company's interests, to require the director and senior management to correct these acts;

(4) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the PRC Company Law;

(5) to submit proposals to the shareholders' general meetings;

(6) to bring actions against directors and senior management personnel pursuant to the relevant provisions of the PRC Company Law; and

(7) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The supervisory board may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

The supervisory board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory board shall be elected by more than half of the supervisors. According to the Reply of the Overseas Listing Department of CSRC and the

Production System Department of the State Commission for Restructuring the Economic System on Opinions Concerning the Supplement and Amendment to Articles of Association by Companies to Be Listed in Hong Kong (《中國證監會海外上市部、國家體改委生產體制司關於到香港上市公司對公司章程作補充修改的意見的函》), which is promulgated and implemented on April 3, 1995, the chairman of the supervisory board shall be selected by more than two-thirds of the supervisors.

The chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the chairman of the supervisory board is incapable of performing or is not performing his/her duties, the vice chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the vice chairman of the supervisory board is incapable of performing or is not performing his/her duties, a supervisor recommended by more than half of the supervisors shall convene and preside over supervisory board meetings.

Manager and Senior Management

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager, who reports to the board of directors, may exercise his/her powers:

(1) to manage the production and operation and administration of the company and arrange for the implementation of the resolutions of the board of directors;

(2) to arrange for the implementation of the company's annual operation plans and investment proposals;

(3) to formulate proposals for the establishment of the company's internal management organs;

(4) to formulate the fundamental management system of the company;

(5) to formulate the company's specific rules and regulations;

(6) to recommend the appointment or dismissal of any deputy manager and any financial officer of the company;

(7) to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the board of directors); and

(8) to exercise any other authority granted by the board of directors.

Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

According to the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the board of a listed company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management are required under the PRC Company Law to comply with the relevant laws, administrative regulations and the articles of association, and carry out their duties of loyalty and diligence.

Directors, supervisors and senior management are prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's property.

Directors and senior management are prohibited from:

(1) misappropriating company funds;

(2) depositing company funds into accounts under their own names or the names of other individuals to deposit;

(3) loaning company funds to others or providing guarantees in favor of others supported by company's property in violation of the articles of association or without approval of the general meeting or the board of directors;

(4) entering into contracts or transactions with the company in violation of the articles of association or without approval of the general meeting;

(5) using their position to procure business opportunities for themselves or others that should have otherwise been available to the company or operating businesses similar to that of the company for their own benefits or on behalf of others without approval of the general meeting;

(6) accepting commissions paid by a third party for transactions conducted with the company;

(7) unauthorized divulgence of confidential information of the company; and

(8) other acts in violation of their duty of loyalty to the company.

Income generated by directors or senior management in violation of aforementioned shall be returned to the company.

A director, supervisor or senior management who contravenes law, administrative regulation or articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director, supervisor or senior management is required to attend a shareholders' general meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. Directors and senior management shall furnish all true information and data to the supervisory board, without impeding the discharge of duties by the supervisory board or supervisors.

Where a director or senior management contravenes law, administrative regulation or articles of association in the performance of his/her duties resulting in any loss to the company, shareholder(s) holding individually or in aggregate no less than 1% of the company's shares consecutively for at least 180 days may request in writing that the supervisory board institute litigation at a people's court on its behalf. Where the supervisory violates the laws or administrative regulations or the articles of association in the discharge of its duties resulting in any loss to the company, such shareholder(s) may request in writing that the board of directors institute litigation at a people's court on its behalf. If the supervisory board or the board of directors refuses to institute litigation after receiving this written request from the shareholder(s), or fails to institute litigation within 30 days of the date of receiving the request, or in case of emergency where failure to institute litigation immediately will result in irrecoverable damage to the company's interests, such shareholder(s) shall have the power to institute litigation directly at a people's court in its own name for the company's benefit. For other parties who infringe the lawful interests of the company resulting in loss to the company, such shareholder(s) may institute litigation at a people's court in accordance with the procedure described above. Where a director or senior management contravenes any laws, administrative regulations or the articles of association in infringement of shareholders' interests, a shareholder may also institute litigation at a people's court.

The Special Regulations and the Mandatory Provisions provide that a company's directors, supervisors, manager and other senior management shall have duty of loyalty to the company. They are required to faithfully perform their duties, to protect the interests of the company and not to use their positions in the company for their own benefits. The Mandatory Provisions contain detailed stipulations on these duties.

Finance and Accounting

A company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

The company's financial reports shall be made available for shareholders' inspection at the company 20 days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached 50% or more of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to its discretionary common reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

Profits distributed to shareholders by a resolution of a shareholders' general meeting or the board of directors before losses have been made good and allocations have been made to the statutory common reserve fund in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The premium over the nominal value of the shares of the company earned from the issue of share and other income as required by CSRC to be treated as the capital reserve fund shall be accounted for as the capital reserve fund. The common reserve fund of a company shall be applied to make good the company's losses, expand its business operations or increase its capital. The capital reserve fund, however, shall not be used to make good the company's losses. Upon the transfer of the statutory common reserve fund into capital, the balance of the fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

Appointment and Retirement of Auditors

Pursuant to the PRC Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' general meeting or the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

The Special Regulations require a company to engage an independent qualified accounting firm to audit the company's annual reports and to review and check other financial reports of the company. The accounting firm's term of office shall commence from the end of the shareholders' annual general meeting to the end of the next shareholders' annual general meeting.

Profit Distribution

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided. The Special Regulations require that any dividend and other distribution to shareholders of overseas-listed foreign shares shall be declared and calculated in RMB and paid in foreign currency.

Under the Mandatory Provisions, a company shall make foreign currency payments to shareholders through receiving agents.

Amendments to the Articles of Association

Pursuant to PRC Company Law, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by at least two-thirds of the votes held by shareholders attending the meeting. Pursuant to the Mandatory Provisions, the company may amend its articles of association according to the laws, administrative regulations and the articles of association. The amendment to articles of association involving content of the Mandatory Provisions will only be effective upon approval of the department in charge of company examination and approval and the securities regulatory department of the State Council authorized by the State Council, while the amendment to articles of association involving matters of company registration must be registered with the relevant authority in accordance with applicable laws.

Dissolution and Liquidation

Under the PRC Company Law, a company shall be dissolved for any of the following reasons:

(1) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(2) the shareholders' general meeting has resolved to dissolve the company;

(3) the company is dissolved by reason of its merger or division;

(4) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws;

(5) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders.

In the event of paragraph 1 above, the company may carry on its existence by amending its articles of association. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved under the circumstances set forth in paragraph 1, 2, 4 or 5 above, it should establish a liquidation committee within 15 days of the date on which the dissolution matter occurs. The liquidation committee shall be composed of directors or any other person determined by a shareholders' general meeting. If a liquidation committee is not established within the prescribed period, the company's creditors may file an application with a people's court to appoint relevant personnel to form a liquidation committee to administer the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee may exercise following powers during the liquidation:

(1) to sort out the company's assets and to prepare a statement of financial position and an inventory of assets, respectively;

(2) to notify creditors by notice or public notices;

(3) to deal with any outstanding business related to the liquidation;

(4) to pay outstanding tax together with any tax arising during the liquidation process;

(5) to settle claims and liabilities;

(6) to handle the company's remaining assets after its debts have been paid off;

(7) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within 10 days of its establishment, and publish an announcement in newspapers within 60 days.

A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification. A creditor shall report all matters relevant to his claimed creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required statement of financial position and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining part of the company's assets, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required statement of financial position and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, the liquidation committee shall hand over the administration of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' general meeting or a people's court for confirmation of its completion. Following such confirmation, the report shall be submitted to the company registration authority to cancel the company's registration, and an announcement of its termination shall be published. Members of the liquidation committee are required to discharge their duties in good faith and perform their obligation in compliance with laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes

or other unlawful income and from misappropriating the company's properties. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their willful or material default.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas Listing

Pursuant to the Special Regulations, the shares of a company shall only be listed overseas after obtaining approval from CSRC.

According to Rule 2(6) of the Regulatory Guidelines for the Application Documents and Examination Procedures for the Overseas Share Issuance and Listing by Joint Stock Companies (《關於股份有限公司境外發行股票和上市申報文件及審核程序的監管指引》) promulgated by CSRC (effective from January 1, 2013), the approval documents for overseas stock issuance and listing by the company granted by CSRC shall be valid for a period of 12 months.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declares that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

The Mandatory Provisions provide for a separate procedure regarding the loss of share certificates of overseas-listed foreign shares or of H share certificates, details of which are set out in our Articles of Association.

Suspension and termination of listing

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law (2019 revision) (《中華人民共和國證券法》(2019年修訂)) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

Where the stock exchange decides on delisting of securities, it shall promptly announce and file records with the securities regulatory authority of the State Council.

Merger and Division

A merger agreement shall be signed by merging companies and the involved companies shall prepare respective statements of financial position and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a statement of financial position and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers within 30 days. Unless an agreement in writing is reached with creditors before the company's division in respect of the settlement of debts, the liabilities of the company which have accrued prior to the division shall be jointly borne by the divided companies.

Changes in the business registration of the companies as a result of the merger or division shall be registered with the relevant administration authority for industry and commerce.

In accordance with the laws, cancelation of a company shall be registered when a company is dissolved and incorporation of a company shall be registered when a new company is incorporated.

THE PRC SECURITIES LAWS, REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations principally govern the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The Securities Law of the PRC (《中華人民共和國證券法》, the "PRC Securities Law") took effect on July 1, 1999 and was revised as of August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. The PRC Securities Law, which was revised on December 28, 2019 and came into effect on March 1, 2020, is divided into 14 chapters and 226 articles, regulating, among other things, the issue and trading of securities, the listing of securities, and takeovers by listed companies.

Article 224 of the PRC Securities Law provides that domestic enterprises which, directly or indirectly, issue securities or list and trade their securities outside the PRC shall comply with the relevant regulations of the State Council. Currently, the issue and trading of foreign issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "PRC Arbitration Law") was enacted by the Standing Committee of the NPC on August 31, 1994, which became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017, respectively. It is applicable to, among other matters, economic disputes involving foreign parties where all parties have entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement is invalid.

The Listing Rules and the Mandatory Provisions require an arbitration clause to be included in the articles of association of a company listed in Hong Kong and, in the case of the Listing Rules, also in contracts between the company and each director or supervisor. Pursuant

to such clause, whenever a dispute or claim arises from any right or obligation provided in the articles of association, the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of the company between (i) a holder of overseas listed foreign shares and the company; (ii) a holder of overseas listed foreign shares and a holder of domestic shares; or (iii) a holder of overseas listed foreign shares and the company's directors, supervisors or other management personnel, such parties shall be required to refer such dispute or claim to arbitration at either the China International Economic and Trade Arbitration Commission ("CIETAC") or the Hong Kong International Arbitration Center ("HKIAC"). Disputes in respect of the definition of shareholder and disputes in relation to the company's shareholder registry need not be resolved by arbitration. If the party seeking arbitration elects to arbitrate the dispute or claim at the HKIAC, then either party may apply to have such arbitration conducted in Shenzhen in accordance with the securities arbitration rules of the HKIAC.

Under the PRC Arbitration Law and PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement. The people's court can issue a ruling prohibiting the enforcement of an arbitral award made by an arbitration commission after verification by collegial bench formed by the people's court if there is any procedural irregularity (including but not limited to irregularity in the composition of the arbitration tribunal or arbitration proceedings, the jurisdiction of the arbitration commission, or the making of an award on matters beyond the scope of the arbitration agreement).

Any party seeking to enforce an award of a foreign affairs arbitral body of the PRC against a party who or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》, the "New York Convention") adopted on June 10, 1958 pursuant to a resolution passed by the Standing Committee of the NPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the Convention, the Standing Committee of the NPC declared that (i) the PRC will only apply the Convention to the recognition and enforcement of arbitral awards made in the territories of other parties based on the principle of reciprocity; and (ii) the New York Convention will only be applied to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations.

An arrangement for mutual enforcement of arbitral awards between Hong Kong and the Supreme People's Court of China was reached. The Supreme People's Court of China adopted the Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》) on June 18, 1999, which went into effect on February 1, 2000. The arrangement reflects the spirit of the New York Convention. Under the arrangements, the awards by the Mainland arbitral bodies recognized by Hong Kong may be enforced in Hong Kong and the awards by the Hong Kong arbitral bodies according to the Arbitration Ordinance of Hong Kong SAR may also be enforced in the Mainland China. If the Mainland court finds that the enforcement of awards made by the Hong Kong arbitral bodies in the Mainland will be against public interests of the Mainland, or the court of Hong Kong SAR decides that the enforcement of the arbitral awards in Hong Kong SAR will be against public policies of Hong Kong SAR, the awards may not be enforced.

Judicial judgment and its enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) promulgated by the Supreme People's Court on July 3, 2008 and implemented on August 1, 2008, in the case of final judgment, defined with payment amount and enforcement power, made between the court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. "Choice of court agreement in written" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in China or Hong Kong that meet certain conditions of the aforementioned regulations.

Shanghai-Hong Kong Stock Connect

On April 10, 2014, CSRC and Hong Kong Securities and Futures Commission (hereinafter referred to as "HKSFC") issued the Joint Announcement of China Securities Regulatory Commission and Hong Kong Securities and Futures Commission – Principles that Should be Followed when the Pilot Program that Links the Stock Markets in Shanghai and Hong Kong is Expected to be Implemented and approved in principle the launch of the pilot program that links the stock markets in Shanghai and Hong Kong (hereinafter referred to as "Shanghai-Hong Kong Stock Connect") by the Shanghai Stock Exchange (hereinafter referred to as "SSE"), the Stock Exchange, China Securities Depository and Clearing Corporation

Limited (hereinafter referred to as "CSDCC") and HKSCC. Shanghai-Hong Kong Stock Connect comprises the two portions of Northbound Trading Link and Southbound Trading Link. Southbound Trading Link refers to the entrustment of China securities houses by China investors to trade stocks listed on the Stock Exchange within a stipulated range via filing by the securities trading service company established by the SSE with the Stock Exchange. During the initial period of the pilot program, the stocks of Southbound Trading Link consist of constituent stocks of the Stock Exchange Hang Seng Composite Large Cap Index and the Hang Seng Composite MidCap Index as well as stocks of A+H stock companies concurrently listed on the Stock Exchange and the SSE. The total limit of Southbound Trading Link is RMB250 billion and the daily limit is RMB10.5 billion. During the initial period of the pilot program, it is required by HKSFC that China investors participating in Southbound Trading Link are only limited to institutional investors and individual investors with a securities account and capital account balance of not less than RMB500,000.

On November 10, 2014, CSRC and HKSFC issued a Joint Announcement, approving the official launch of Shanghai-Hong Kong Stock Connect by SSE, the Stock Exchange, CSDCC and HKSCC. Pursuant to the Joint Announcement, trading of stocks under Shanghai-Hong Kong Stock Connect will commence on November 17, 2014.

On September 30, 2016, CSRC issued the Filing Provision on the Placement of Shares by Hong Kong Listed Companies with Domestic Original Shareholders under Southbound Trading Link which came into effect on the same day. The act of the placement of shares by Hong Kong listed companies with domestic original shareholders under Southbound Trading Link shall be filed with CSRC. Hong Kong listed companies shall file the application materials and approved documents with CSRC after obtaining approval from the Stock Exchange for their share placement applications. CSRC will carry out supervision based on the approved opinion and conclusion of the Hong Kong side.

MATERIAL DIFFERENCES BETWEEN CERTAIN ASPECTS OF CORPORATION LAW IN THE PRC AND HONG KONG

Hong Kong company law is primarily set out in the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, supplemented by common law and rules of equity that apply to Hong Kong. As a joint stock limited company incorporated in the PRC that is seeking a listing of shares on the Hong Kong Stock Exchange, we are governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law. Set out below is a summary of certain material differences between Hong Kong company law and the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Corporate Existence

Under Hong Kong company law, a company with share capital is incorporated by the Registrar of Companies in Hong Kong, which issues a certificate of incorporation to the Company upon its incorporation, and the company will acquire an independent corporate existence henceforth. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain certain pre-emptive provisions. A public company's articles of association do not contain such pre-emptive provisions.

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or public subscription.

Share Capital

Under the Companies Ordinance, the concept of the nominal value (also known as par value) of shares of a Hong Kong company has been abolished, and the companies have increased flexibility to alter its share capital by (i) increasing its share capital; (ii) capitalizing its profits; (iii) allotting and issuing bonus shares with or without increasing its share capital; (iv) converting its shares into larger or smaller number of shares; and (v) cancelling its shares. The concept of authorized capital no longer applies to a Hong Kong company formed on or after March 3, 2014 as well. Hence, the directors of a Hong Kong company may, with the prior approval of the shareholders, if required, cause the company to issue new shares. The PRC Company Law does not provide for authorized share capital. Any increase in the registered capital of a PRC company must be approved by its shareholders' general meeting and the relevant PRC governmental and regulatory authorities (if applicable).

Under the PRC Securities Law, a company which is authorized by the relevant securities regulatory authority to list its shares on a stock exchange must have a total share capital of not less than RMB30 million. The Companies Ordinance does not prescribe any minimum capital requirement for companies incorporated in Hong Kong.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws or administrative regulations). For non-monetary assets to be used as capital contributions, appraisals must be carried out to ensure there is no overvaluation or undervaluation of the assets. There is no such restriction on a company incorporated in Hong Kong.

Restrictions on Shareholding and Transfer of Shares

Generally, domestic shares, which are denominated and subscribed for in Renminbi, may only be subscribed for or traded by the State, PRC legal persons, natural persons and other investment institutions as permitted by laws and regulations. Overseas listed shares, which are denominated in Renminbi and subscribed for in a currency other than Renminbi, may only be subscribed for, and traded by, investors from Hong Kong, Macau SAR and Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors. If the H shares are eligible securities under the Southbound Trading Link, they may also be subscribed for and traded by PRC investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

Under the PRC Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares in issue prior to a public offering of the company cannot be transferred within one year from the listing date of the shares on a stock exchange. Shares in a joint stock limited liability company held by its directors, supervisors and senior management and transferred each year during their term of office shall not exceed 25% of the total shares they held in a company, and the shares they held in a company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after the said personnel has left office. The articles of association may set other restrictive requirements on the transfer of a company's shares held by its directors, supervisors and senior management.

There are no restrictions on shareholdings and transfers of shares under Hong Kong law apart from (i) the restriction on the Company to issue additional Shares within six months, and (ii) 12-month lockup on the Single Largest Group of Shareholders' disposal of Shares, after the [**REDACTED**].

Financial Assistance for Acquisition of Shares

The PRC Company Law does not prohibit or restrict a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. However, the Mandatory Provisions contain certain restrictions on a company and its subsidiaries on providing such financial assistance similar to those under Hong Kong company law.

Notice of Shareholders' Meetings

Under the PRC Company Law, notice of a shareholder's annual general meeting must be given not less than 20 days before the meeting. According to the Official Reply of the State Council on Adjusting the Provisions Governing Matters Including the Application of the Notice Period for the Convening of Shareholders' General Meetings by Companies Listed Overseas (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》) promulgated by the State Council on October 17, 2019, the notice period for a

shareholders' meeting, the shareholder proposal right, and the procedures for convening a shareholders' meeting, for those joint stock companies established within the territory of China but listed outside the territory of China, should be governed by the PRC Company Law.

For a company incorporated in Hong Kong with limited liability, the minimum period of notice of a general meeting is fourteen (14) days. Further, where a meeting involves consideration of a resolution requiring special notice, the company must also give its shareholders notice of the resolution at least fourteen (14) days before the meeting. The notice period for the annual shareholders' general meeting is twenty one (21) days.

Quorum for Shareholders' Meetings

The PRC Company Law does not specify any quorum requirement for a shareholders' general meeting, but the Special Regulations and the Mandatory Provisions provide that general meetings may only be convened when replies to the notice of that meeting have been received from shareholders whose shares represent at least 50% of the voting rights at least twenty (20) days before the proposed date of the meeting, or if that 50% level is not achieved, the company shall within five days notify its shareholders again by way of a public announcement and the shareholders' general meeting may be held thereafter.

Under Hong Kong law, the quorum for a shareholders' meeting is two members, unless the articles of association of a company specifies otherwise or the company has only one member, in which case the quorum is one.

Voting at Shareholders' Meetings

Under the PRC Company Law, the passing of any resolution requires more than one-half of the affirmative votes held by our shareholders present in person or by proxy at a shareholders' meeting except in cases such as proposed amendments to our Articles of Association, increase or decrease of registered capital, merger, division, dissolution or transformation, which require two-thirds of the affirmative votes cast by shareholders present in person or by proxy at a shareholders' general meeting.

Under Hong Kong law, an ordinary resolution is passed by a simple majority of affirmative votes cast by shareholders present in person, or by proxy, at a general meeting, and a special resolution is passed by not less than three-fourths of affirmative votes casted by shareholders present in person, or by proxy, at a general meeting.

Variation of Class Rights

The PRC Company Law makes no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate requirements relating to other kinds of shares. The Mandatory Provisions contain detailed provisions relating

to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed in respect thereof. These provisions have been incorporated in the Articles of Association, which are summarized in Appendix VI to this document.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the passing of a special resolution by the shareholders of the relevant class at a separate meeting sanctioning the variation, (ii) with the written consent of shareholders representing at least three-fourths of the total voting rights of shareholders of the relevant class, or (iii) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

We have incorporated provisions to protect the rights of class shares into the Articles of Association in a similar way as required by the laws of Hong Kong in accordance with the Hong Kong Listing Rules and Mandatory Provisions. The Articles of Association define the holders of overseas listed shares and domestic shares as shareholders of different classes of shares. The special procedure for voting by class shareholders is not applicable in the following circumstances: (1) after approval by a special resolution in shareholders' general meeting, the Company issue domestic shares and overseas listed foreign shares separately or at the same time at an interval of 12 months, and the proposed number of domestic shares and overseas listed foreign shares to be issued respectively will not exceed 20% of the outstanding issued shares of such class; (2) the plans to issue domestic shares and overseas listed foreign shares upon establishment of the Company are completed within 15 months from the date of approval by the securities regulatory authority of the State Council; and (3) after the Company has issued H shares in an overseas region, and after approval has been granted by the State Council or the securities regulatory authority of the State Council, the shareholders of the Company offer the unlisted shares held by them for listing and dealing in overseas regions.

Derivative Action by Minority Shareholders

Under Hong Kong company law, minority shareholders may start a derivative action against directors for their misfeasance committed against the company, if such directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors for their misfeasance committed against the company in its own name.

Pursuant to the PRC Company Law, in the event where the directors and senior management of a joint stock limited company violate laws, administrative regulations or its articles of association, resulting in losses to the company, the shareholders individually or jointly holding over 1% of the shares in the company for more than 180 consecutive days may request in writing the board of supervisors to initiate proceedings in the people's court. In the event that the supervisors violates as such, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of such written request from the shareholders, if the board of supervisors or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon

receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the court in their own name.

In addition, the Mandatory Provisions provide us with certain remedies against the Directors, Supervisors and senior management who breach their duties to the Company. In addition, as a condition to the listing of overseas listed foreign Shares on the Hong Kong Stock Exchange, each director and supervisor of a joint stock limited company is required to give an undertaking to observe the articles of association in favor of the company. This allows minority Shareholders to take action against our Directors and Supervisors in default.

Minority Shareholder Protection

Under the Companies Ordinance, a shareholder who alleges that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the Court to make an appropriate order to give relief to the unfairly prejudicial conduct. In addition, on the application of a specified number of members, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated or registered in Hong Kong.

The PRC Company Law provides that any shareholders holding 10% or above of voting rights of all issued shares of company may request a People's Court to dissolve the company to the extent that the operation or management of the company experiences any serious difficulties and its continuous existence would cause serious losses to them, and no other alternatives can resolve such difficulties.

The Company, as required by the Mandatory Provisions, has adopted in its Articles of Association minority Shareholder protection provisions similar to (though not as comprehensive as) those available under the Hong Kong law. These provisions state that a controlling shareholder may not exercise its voting rights in a manner prejudicial to the interests of other shareholders, may not relieve a director or supervisor of his duty to act honestly in our best interests or may not approve the expropriation by a director or supervisor of our assets or the individual rights of other shareholders.

Directors

The PRC Company Law, unlike Hong Kong company law, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits to directors and indemnification in respect of directors' liability and

prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain certain requirements and restrictions on major disposals and specify the circumstances under which a director may receive compensation for loss of office.

Board of Supervisors

Under the PRC Company Law, a joint stock limited company's directors and senior management are subject to the supervision of a board of supervisors. There is no mandatory requirement for the establishment of a board of supervisors for a company incorporated in Hong Kong.

The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Fiduciary Duties

In Hong Kong, directors owe fiduciary duties to the company, including the duty not to act in conflict with the company's interests. Furthermore, the Companies Ordinance has codified the directors' statutory duty of care. Under the Special Regulations, directors, supervisors, managers and other members of senior management of the company shall honestly and diligently perform their duties for the company.

Financial Disclosure

Under the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its annual general meeting. In addition, a joint stock limited company of which the shares are publicly offered must publish its financial report. The Companies Ordinance requires a company incorporated in Hong Kong to send to every shareholder a copy of its financial statements, auditors' report and directors' report, which are to be presented before the company in its annual general meeting, not less than 21 days before such meeting.

According to the PRC laws, a company shall prepare its financial accounting reports as at the end of each accounting year, and submit the same to accounting firms for auditing as required by law. The Mandatory Provisions require that a company must, in addition to preparing financial statements according to the Chinese accounting standards and regulations, have its financial statements prepared and audited in accordance with international or Hong Kong accounting standards and its financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the China accounting standards.

The Special Regulations require that there should not be any inconsistency between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the general meetings and financial and accounting reports. Under the articles of association, shareholders have the right to inspect and copy (at reasonable charges) certain information on shareholders and on directors which is similar to the rights of shareholders of Hong Kong companies under the Companies Ordinance.

Receiving Agent

Under the PRC Company Law and Hong Kong laws, dividends once declared will become debts payable to shareholders. The limitation period for debt recovery action under Hong Kong laws is six years, while under the PRC laws this limitation period is three years.

The Mandatory Provisions require that the relevant company shall appoint a receiving agent for shareholders who hold overseas listed foreign shares, and the receiving agent shall receive on behalf of such holders of shares dividends declared and other monies owed by the company in respect of its overseas listed foreign shares.

Corporate Reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to Section 673 and Division 2 of Part 13 of the Companies Ordinance, which requires the sanction of the court. In addition, subject to the shareholders' approval, an intra-group wholly-owned subsidiary company may also be amalgamated horizontally or vertically under the Companies Ordinance.

Pursuant to the PRC Company Law, which was amended by the Standing Committee of the NPC and came into effect on October 26, 2018, merger, division, dissolution or changes to the form of a joint stock limited liability company shall be approved by shareholders representing over two-thirds of voting rights at the general meeting.

Special Withdrawal

Under the PRC Company Law, a company is required to make transfers equivalent to certain prescribed percentages of its after tax profit to the statutory common reserve fund. There are no corresponding provisions under Hong Kong law.

Arbitration of Disputes

In Hong Kong, disputes between shareholders and a company or its directors, managers and other senior management may be resolved through the courts. The Mandatory Provisions provides that disputes between a holder of H shares and the Company, a holder of H shares and directors, supervisors, managers and other members of senior management of the Company or a holder of H shares and a holder of domestic listed shares, arising from the Articles of Association, the PRC Company Law or other relevant laws and administrative regulations which concerns the affairs of the Company should, with certain exceptions, be referred to arbitration at either the HKIAC or the China International Economic and Trade Arbitration Commission, at the claimant's choice. Such arbitration is final and conclusive.

The Securities Arbitration Rules of the HKIAC contain provisions allowing, upon application by any party, an arbitral tribunal to conduct a hearing in Shenzhen for cases involving the affairs of companies incorporated in the PRC and listed on the Hong Kong Stock Exchange so that PRC parties and witnesses may attend. Where any party applies for a hearing to take place in Shenzhen, the tribunal shall, where satisfied that such application is based on bona fide grounds, order the hearing to take place in Shenzhen conditional upon all parties, including witnesses and arbitrators, being permitted to enter Shenzhen for the purpose of the hearing. Where a party, other than a PRC party or any of its witnesses or any arbitrator, is not permitted to enter Shenzhen, then the tribunal shall order that the hearing be conducted in any practicable manner, including the use of electronic media. For the purpose of the Securities Arbitration Rules of the HKIAC, a PRC party means a party domiciled in the PRC other than the territories of Hong Kong, Macau SAR and Taiwan.

Mandatory Deductions

Under the Company Law, a joint stock limited liability company is required to make transfers equivalent to certain prescribed percentages of its after tax profit to the statutory common reserve fund. There are no corresponding provisions under Hong Kong law.

Remedies of A Company

Under the PRC Company Law, if a director, supervisor or senior management person in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or manager should be responsible to the company for such damages.

The Hong Kong Listing Rules require listed companies' articles of association to provide for remedies of the company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

Dividends

Pursuant to relevant PRC laws and regulations, the company in certain circumstances shall withhold, and pay to the relevant tax authorities, any tax payable under PRC law on any dividends or other distributions payable to a shareholder.

Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of declared dividends) is six years, whereas under PRC laws, the relevant limitation period is three years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

Closure of Register of Shareholders

The Companies Ordinance requires that the register of shareholders of a company must not be closed for the registration of transfers of shares for more than thirty days (extendable to sixty days in certain circumstances) in a year.

As required by the Mandatory Provisions, share transfers shall not be registered within thirty (30) days before the date of convening a general meeting or within five (5) days before the base date of distribution of dividends.

SHARES AND REGISTERED CAPITAL

The Company shall set up ordinary Shares at any time; according to its needs, the Company may create other classes of Shares upon approval from the authorized department of the State Council.

All the shares issued by the Company shall have a nominal value, each share having a nominal value of RMB1.

The issuance of the Shares of the Company shall follow the principles of open, fairness and justice, and each share in the same class shall have the same rights. For the same class of shares issued at the same time, each share shall be issued on the same conditions and at the same price. Any share subscribed by entity or individual shall pay the same price for each share. The domestic shares and overseas listed foreign shares issued by the company enjoy the same rights to distribution of dividends and distribution in any other form.

The Board of the Company may make arrangement in accordance with the authorizations under the general meeting for the Company's separate issuance of overseas listed foreign shares (H Shares) and domestic listed domestic shares (A Shares) according to the issue scheme approved by or registered in the securities regulatory authority under the State Council or the departments authorized under the State Council. According to the aforesaid scheme for separate issuance of H Shares and A Shares, the Company may issue the shares separately within 15 months of its approval document after approval of and registration in the securities regulatory authority under the State Council or the departments authorized under the State Council.

Pursuant to the requirements of laws, regulations and the listing rules of the stock exchange where the Company's shares are listed, the Company may, based on its business and development needs, authorize the increase of its capital in accordance with the relevant provisions of the Articles of Association.

The Company may increase its registered capital in the following ways:

(I) issue new shares to non-specified investors;

(II) by placing new shares to its existing Shareholders;

(III) issue bonus shares to existing shareholders;

(IV) by issuing new shares to certain investors;

(V) by capitalizing its capital reserves;

(VI) by other ways permitted by the laws and administrative regulations.

Unless otherwise specified by laws, administrative regulations, regulations of ministries and commissions, normative documents and listing rules for stock exchanges where the Company's Shares are listed, the Shares of the Company may be transferred freely without any lien attached. The transfer of H Shares shall be registered in the shares registration in Hong Kong entrusted by the Company.

The shares of the Company holding by the funders shall not be transferred within 1 year of the date of establishment of the Company. The shares issued before the public issuance of shares by the Company shall not be transferred within 1 year of the date on which the stocks of the Company are listed.

The Directors, Supervisors and senior management personnel of the Company shall notify the Company of their holding of Shares in the Company and changes of their holdings. The Shares transferrable by them during each year of their tenures shall not exceed 25% of their total holdings of the Shares of the Company. The Shares in the Company held by them are not transferable within 1 year from the date on which the Company's Shares are listed. The Shares in the Company held by them shall not be transferred within half year of their departure from the Company.

DECREASE AND REPURCHASE OF SHARES

Decrease of Capital

The Company may reduce our registered capital according to the Articles of Association and shall be conducted in accordance with the procedures stipulated in the PRC Company Law, other relevant regulations and the Articles of Association.

In the event of reduction of registered capital, the Company shall prepare a balance sheet and a list of assets.

The company shall notify its creditors within 10 days from the date of resolution of reducing its registered capital, and make an announcement in a newspaper within 30 days. Within 30 days from the date of receiving the notice, or within 45 days from the date of announcement if the creditor fails to receive the notice, the creditor shall have the right to require the company to pay off its debts or provide corresponding guarantees.

Repurchase of Shares

In the following circumstance, the Company may purchase its issued Shares under the requirements stipulated in laws, administrative regulations, regulations of ministries and commissions, normative documents, the listing rules for stock exchanges where the Company's Shares are listed and the Articles of Association:

(I) reducing the Company's registered capital;

(II) merging with another company holding share of the Company;

(III) using the Shares as employee stock plan or share incentive;

(IV) requiring the Company for acquiring their Shares from Shareholders who have voted against the resolutions passed at a Shareholders' general meeting on the merger or division of the Company;

(V) converting the Shares into bonds issued by the Company that may be converted into share;

(VI) necessary if the Company wishes to maintain the value of the company and the interests of the shareholders;

(VII) by other circumstances permitted under the laws and administrative regulations.

Except for the circumstances set out above, the Company shall not be engaged in any activities of buying and selling the Shares of the Company.

With the approval of the relevant competent authorities of the State, the Company may repurchase its Shares by the following ways:

(I) repurchasing the Shares by public trading on a stock exchange;

(II) making a repurchase offer to all shareholders in proportion to their shareholdings;

(III) repurchasing the Shares by agreement without involving a stock exchange; or

(IV) by other means approved by laws, administrative regulations and relevant competent department.

Unless the Company is undergoing liquidation, it shall comply with the following requirements with respect to a repurchase of its outstanding Shares:

(I) for repurchases of Shares by the Company at their par value, payment shall be deducted from the book balance of its distributable profits and from the proceeds of issuance of new Shares for that purpose;

(II) where the Company repurchases its Shares at a premium to its par value, payment up to the par value shall be deducted from the book balance of its distributable profits and from the proceeds of issuance of new Shares for that purpose. Payment of the portion which is in excess of the par value shall be made as follows:

1. if the Shares being repurchased are issued at par value, payment shall be made from the book balance of its distributable profits;

2. if the Shares being repurchased are issued at a premium to its par value, payment shall be deducted from the book balance of its distributable profits and from the proceeds of issuance of new Shares for that purpose; however, the amount deducted from the proceeds of issuance of new Shares shall not exceed the aggregate amount of the premium received by the Company from the issuance of the Shares so repurchased, nor shall it exceed the amount in the Company's premium account or capital reserve fund account (including premium on the new issue) at the time of such repurchase;

(III) the payments paid by the Company for the following purposes shall be expensed from the Company's distributable profits:

1. acquisition of the rights to repurchase its own Shares;

2. variation of any contracts for the repurchase of its Shares;

3. releasing from its obligations under repurchase contract.

(IV) after the aggregate par value of the canceled Shares is deducted from the Company's registered capital in accordance with the relevant provisions, the amount deducted from the distributable profits used for the repurchase of the Shares at par value shall be credited to the Company's premium account (or capital reserve fund account).

If it is otherwise provided in laws, administrative regulations and relevant requirements under the securities regulatory authority where the Company's Shares are listed regarding the financial treatment of the repurchase of the Shares, the latter shall prevail.

The Company shall not accept its shares as the subject matter of a pledge.

FINANCIAL ASSISTANCE FOR PURCHASE OF THE COMPANY'S SHARES

The Company or its subsidiaries (including the affiliated enterprises) shall not offer any financial assistance at any time by any means to persons who purchase or intend to purchase the Company's Shares. The aforementioned purchasers include both persons who have directly or indirectly assumed obligations due to purchasing the Company's Shares.

The Company or its subsidiaries (including the affiliated enterprises) shall not offer any financial assistance at any time by any means in order to reduce or relieve the obligations of the aforesaid obligors.

The acts listed below are not prohibited by the preceding two paragraphs:

(I) the financial assistance provided by the Company is either genuinely for the interests of the Company and the main purpose of the financial assistance is not to purchase Shares of the Company, or the financial assistance is an incidental part of an overall plan of the Company;

(II) the lawful distribution of the Company's properties in the form of dividends;

(III) the distribution of dividends in the form of Shares;

(IV) the reduction of registered capital, repurchase of Shares, and adjustment of shareholding structure, etc. in accordance with our Articles;

(V) the provision of a loan by the Company within its scope of business and in the ordinary course of business activities (provided that this does not lead to a reduction in the net assets of the Company or that if this causes a reduction, the financial assistance is taken from the Company's distributable profits);

(VI) provision of funds by the Company for an employee shareholding scheme (provided that this does not lead to a reduction in the net assets of the Company or that if there causes a reduction, the financial assistance is taken from the Company's distributable profits).

"Financial assistance" referred to in our Articles shall include, without limitation, the following means:

(I) gifts;

(II) guarantee (including the assumption of liability by the guarantor or the provision of properties by the guarantor to secure the performance of obligations by the obligor), indemnity (other than an indemnity in respect of the Company's neglect or default) or the release or waiver of any rights;

(III) the provision of loans or the entrance into any agreement under which the obligations of the Company are to be fulfilled prior to the obligations of another party, and a change in the parties to, and the assignment of rights arising under such loans or agreement;

(IV) any other form of financial assistance given by the Company when the Company is insolvent, has no net assets, or under any other situations when its net assets would be reduced to a material extent.

The "obligations" referred to in the Articles shall include the obligations of an obligor which have arisen from entering into an agreement or making an arrangement (regardless of whether such agreement or arrangement is enforceable, or whether such obligations are assumed by the obligor individually or jointly with any other person) or any obligations that arise out of changes made in any other way to the obligor's financial condition.

REGISTER OF SHAREHOLDERS

The Company shall have a Shareholders register to record the following matters:

(I) the name, address (domicile), occupation or nature of each Shareholder;

(II) the class and number of Shares held by each Shareholder;

(III) the amount paid or payable for the Shares held by each Shareholder;

(IV) the serial number(s) of the share certificate(s) held by each Shareholder;

(V) the date on which each Shareholder is registered as a Shareholder;

(VI) the date on which each Shareholder ceases to be a Shareholder.

The register of Shareholders shall be sufficient evidence to the holding of the Shares of the Company by a Shareholder, except in cases with contrary evidence.

The Company may keep overseas the register of shareholders of overseas listed shares and entrust the administration thereof to an overseas agent in accordance with the understanding and agreement reached between the Securities Regulatory Authorities of the State Council and the overseas Securities Regulatory Authorities. The original register of holders of overseas listed shares listed on the Hong Kong Stock Exchange shall be kept in Hong Kong.

The Company shall keep at its domicile a copy of the register of shareholders of overseas listed shares. The entrusted overseas agent shall always ensure that the original and copies of the register of holders of overseas listed shares are consistent.

Where the original and copies of the register of shareholders of overseas listed shares are inconsistent, the original shall prevail.

The Company shall keep a complete shareholders' register, which shall include the following parts:

(I) the register(s) of shareholders kept at the Company's domicile other than those specified in items (II) and (III);

(II) the register(s) of shareholders of overseas listed shares kept in the place(s) of the overseas stock exchange(s) where the shares are listed;

(III) the register(s) of shareholders kept in other places as the Board may decide and consider necessary for listing purposes.

The various parts of the register of shareholders shall not overlap with each another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register of shareholders.

Changes or corrections to each part of the register of shareholders shall be made in accordance with the laws of the places where each part of the register of shareholders is maintained.

When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities requiring the recognition of shareholdings; the Board shall designate a certain date as the record date, at the end of which the shareholders in the register shall be shareholders of the Company.

If any person objects to the register of shareholders and requests to have his/her name (title) recorded in or deleted from the register of shareholders, the said person may apply to the court with jurisdiction to correct the register of shareholders.

If any Shareholder in the register of shareholders or any person requesting to have his/her name recorded in the register of shareholders loses his/her original share certificates, the said Shareholder or person may apply to the Company to issue replacement certificates in respect of the said shares.

The Company shall not be liable for any damages suffered by any person arising from the cancellation of the original share certificates or the issuance of a new replacement share certificate, unless the claimant can prove that the Company has committed a fraudulent act.

The Company shall have the right to issue share warrants to bearers. No new share warrant shall be issued to replace one that has been lost, unless the Company is reasonably satisfied that the original has been destroyed.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

A Shareholder is a person who lawfully holds shares of the Company and has his/her name recorded in the register of shareholders.

A Shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and amount of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations. Shareholders of all classes of the Company have equal rights in any distribution made by dividends or other forms.

The Shareholders holding ordinary Shares shall enjoy the following rights:

(I) to be entitled to dividends and other forms of distributions in proportion to the number of Shares;

(II) to propose, convene and preside over, to attend or appoint a proxy to attend general meetings and to exercise the corresponding voting rights in accordance with laws;

(III) to supervise the operations of the Company, and to make suggestions and enquiries accordingly;

(IV) to transfer, bestow or pledge of the Shares held by them in accordance with the laws, administrative regulations, regulations of ministries and commissions, normative documents, listing rules for stock exchanges where the Company's Shares are listed and the Articles of Associations;

(V) to obtain relevant information in accordance with our Articles of Associations, including:

1. to obtain the Articles of Associations after paying the production costs thereof;

2. to acquire the right to inspect and duplicate after paying a reasonable charge:

   (1) all parts of the register of Shareholders;

   (2) personal particulars of each of the Company's directors, supervisors, general manager and other senior management officers including: (a) present and former name and alias; (b) principal address (domicile); (c) nationality; (d) full-time and all other part-time occupations and positions; (e) identification certificate document and its number;

   (3) reports on the state of the share capital of the Company;

(4) reports on the number, par value, highest and lowest prices of each class of Shares in relation to any repurchase by the Company of its own Shares since the last accounting year, as well as all the expenses paid by the Company for this purpose (classified as domestic Shares and foreign-invested Shares);

(5) receipts of corporate bonds, resolutions of the Board and the Board of Supervisors, the financial and accounting reports;

(6) the latest audited financial statements of the Company, and the reports of the Board, auditors and the Board of Supervisors;

(7) duplicate of the latest annual report that has been filed with the administration for industry and commerce or any other competent authorities;

(8) meeting minutes of the general meeting (for inspection by shareholders only) and special resolutions of the Company and resolutions at meetings of the board of directors and board of supervisors.

The Company shall maintain the documents set out in Item (1), (3), (4), (6), (7) and (8) described above and any other applicable documents at the address of the Company in Hong Kong in accordance with the requirements of the Hong Kong Listing Rules, for free inspection by the public and shareholders.

(VI) to participate in the distribution of the remaining assets of the Company based on the number of Shares held in the event of the Company's dissolution or liquidation;

(VII) to demand the Company to acquire their Shares (for Shareholders who disagree with the resolutions adopted at a Shareholders' general meeting in relation to the merger or division of the Company);

(VIII) with respect to shareholders individually or jointly hold 3% or above shares of the Company, the right to propose extraordinary resolutions and submit to the convener in written 10 days before the date of general meeting;

(IX) to have other rights conferred in accordance with the laws, administrative regulations, regulations of ministries and commissions, normative documents, listing rules for stock exchanges where the Company's Shares are listed and the Articles of Associations.

The Company shall not exercise any power to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

The ordinary shareholders of the Company shall assume the following obligations:

(I) to abide by the laws, administrative regulations, regulations of ministries and commissions, normative documents, listing rules for stock exchanges where the Company's Shares are listed and the Articles of Associations;

(II) to pay subscription monies according to the number of shares subscribed and the method of subscription;

(III) not to surrender the shares unless required by the laws and regulations;

not to abuse the shareholders' rights to impair the interest of the Company or other shareholders, not to abuse the legal person status of the Company or the shareholders' limited liability to impair the interest of creditors of the Company. Shareholders of the Company shall be liable for making compensation for any loss suffered by the Company or other shareholders arising from their abuse of shareholders' rights in accordance with law. Shareholders of the Company who abuse the legal person status of the Company and the shareholders' limited liability to evade debts and seriously impair the interest of creditors of the Company shall be jointly and severally liable for the debts of the Company;

(IV) other obligations shall be assumed under the requirements of the laws, administrative regulations, regulations of ministries and commissions, normative documents, listing rules for stock exchanges where the Company's Shares are listed and the Articles of Associations.

Shareholders are not liable to make any further contribution to the share capital other than according to the terms that were agreed by the subscriber of the relevant shares at the time of subscription.

RESTRICTIONS ON THE CONTROLLING SHAREHOLDERS' RIGHTS

Except for the obligations required by the laws, administrative regulations or the listing rules of the stock exchanges in which the Company's shares are listed, the controlling shareholders shall not exercise its voting rights on the following issues to the detriment of all or part of the Shareholders:

(I) Exempting Directors and Supervisors from acting in good faith with the best interests of the Company;

(II) Approving Directors and Supervisors (for the benefit of themselves or others) to deprive the Company's property in any form, including (but not limited to) any opportunity that is beneficial to the Company;

(III) Approving Directors and Supervisors (for the benefit of themselves or others) to deprive other Shareholders' own rights, including (but not limited to) any distribution rights and voting rights, but does not include the reorganisation of the Company approved by the shareholders' general meeting in accordance with the Company's Articles of Association.

SHAREHOLDERS' GENERAL MEETING

Functions and Power of the General Meetings

The Shareholders' general meeting shall be the governing organ of the Company. It may exercise the following functions and powers in accordance with the law:

(I) to decide on the business policies and investment plans of the Company;

(II) to elect and replace Directors and to decide on the remuneration of the relevant Directors;

(III) to elect and replace Supervisors which are not appointed as representatives of the employees and to decide on the remuneration of the relevant Supervisors;

(IV) to review and approve reports made by the Board;

(V) to review and approve reports made by the Supervisory Committee;

(VI) to review and approve the Company's proposed annual financial budget, final accounts;

(VII) to review and approve the Company's plans for profit distribution and loss recovery plans;

(VIII) to resolve on resolutions concerning the increase or reduction of the Company's registered capital;

(IX) to resolve on resolutions on the issuance of debentures or other securities and listing;

(X) to adopt resolutions on the merger, division, dissolution, liquidation or change incorporate form of the Company;

(XI) to resolve on resolutions on the engagement, dismissal or discontinuation of the appointment of accounting firms by the Company;

(XII) to amend the Articles of Association and the rules of procedure of the general meeting, the Board of Directors and the Board of Supervisors;

(XIII) to consider and approve matters relating to the purchases, disposals of material assets (including but not limited to land, building, equipment, production line, equity), or provisions of guarantees, which are more than 30% of the latest audited total assets, within one year;

(XIV) to deliberate on share option incentive plan;

(XV) to review the proposals raised by the Shareholders severally or jointly representing above 3% of the Company's Shares with voting rights;

(XVI) to review other issues which should be decided by the Shareholders' general meeting as stipulated by laws, administrative regulations, regulations of ministries and commissions and listing rules for stock exchanges where the Company's Shares are listed or our Articles of Association.

"Within one year" refers to "within one financial year".

Where the company provides guarantee for the shareholders or actual controllers of the company, the resolution shall be made by the shareholders' meeting. When the general meeting of shareholders is deliberating the proposal to provide guarantee for the shareholder or the actual controller, the shareholder or the shareholder controlled by the actual controller shall not participate in the voting of the matters specified in the preceding paragraph. The vote shall be adopted by more than half of the voting rights held by other shareholders present at the meeting.

Unless the Company is under exceptional circumstances such as crisis, the Company shall not enter into contracts with a party (other than a Director, Supervisor, and senior management members) in relation to handover of the administration of all business or the important business of the Company to that party without the pre-approval of the general meeting.

The general meetings shall be divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year, and be held within 6 months after the end of the previous accounting year.

An extraordinary general meeting shall be convened within two months from the date of occurrence of any of the following events:

(I) the number of Directors is less than the minimum number required by the *Company Law* or less than two-thirds of the number stipulated in the Articles of Associations;

(II) the outstanding loss of the Company is at least one-third of the Company's total paid-up share capital;

(III) when Shareholders who individually or jointly holding more than 10% of the Company's Shares request to do so;

(IV) the Board deems it necessary to convene the meeting;

(V) the Supervisory Committee proposes to convene the meeting;

(VI) when proposed by two or more independent non-executive directors;

(VII) any other circumstances as stipulated by laws, administrative regulations, regulations of ministries and commissions, regulatory documents, the listing rules for stock exchanges where the Company's Shares are listed or the Articles of Associations of the Company.

Notice of the Shareholders' General Meeting

The convener shall inform each shareholder the annual shareholders' general meeting by announcement form 20 business days before the meeting, and shall inform each shareholder the extraordinary shareholders' general meeting by announcement 15 days or 10 business days (based on a relatively long period of time) before the meeting. The above "business days" shall mean the days on which the Hong Kong Stock Exchange is open for business for dealing in securities.

The notice of a Shareholders' general meeting shall:

(I) be issued in writing;

(II) specify the venue, date and time of the meeting;

(III) state the matters and proposals to be deliberated at the meeting;

(IV) provide to Shareholders with all necessary information and explanation to enable Shareholders to make informed decisions on the matters to be discussed. This means that when (including but not limited to) any merger, share repurchase, share capital reorganization or any proposals relating to change in the structure of the Company are involved, the detailed terms of the proposed transaction, copies of the proposed agreement (if any) and detailed explanation as to the cause and effect of such a proposal transaction shall be provided;

(V) if any of the Directors, Supervisors, General Manager and other senior management personnel have material interest in the matters to be discussed, they shall disclose the nature and extent of such interest; and if the effects of the matters to be discussed have a different effect on a Director, Supervisor, General Manager and other senior management personnel as Shareholders compared to other Shareholders of that same class, they shall explain this difference;

(VI) the full text of any proposed special resolution to be voted on at the meeting;

(VII) a prominent statement stating that all Shareholders entitled to attend the meeting and appoint proxy by written to attend and vote on his/her behalf, and such proxy need not be a Shareholder of the Company;

(VIII) the time and venue for delivering the proxy form authorizing the proxy to vote of the relevant meeting.

Except as otherwise stipulated in the Articles of Association, the notice of the general meeting shall be served on the Shareholders (whether or not such Shareholder is entitled to vote at the general meeting) by hand or postage prepaid mail. The address of the recipient shall be the registered address as shown in the register of shareholders. For holders of Domestic Shares, the notice of the general meeting may also be given by way of announcement.

The announcement referred above shall be published in one or more newspapers designated by the Securities Regulatory Authorities of the State Council 15 days or 10 business days (whichever is longer) prior to the convening of extraordinary Shareholders' general meetings, 20 business days prior to the convening of Shareholders' annual general meetings. Once such an announcement is made, all holders of the Domestic Shares shall be deemed to have received the relevant notice of the general meeting.

Convening of Shareholders' General Meetings

Any Shareholder entitled to attend and vote at the general meeting shall have the right to appoint one or several persons (who may not be Shareholders) to act as his or her proxy to attend and vote at the meeting on his or her behalf.

The proxy(ies) so appointed by the Shareholder(s) may, pursuant to the instructions of the Shareholder(s), exercise the following rights:

(I) the Shareholders' right to speak at the general meeting;

(II) the right to demand a poll by himself/herself or jointly with others;

(III) the right to exercise voting rights by a show of hands or by a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights by a poll.

The appointment of a proxy shall be in writing and signed by the appointing Shareholder or his/her attorney duly authorised in writing; where the appointing Shareholder is a legal person, such appointment shall be affixed with its seal or signed by its Director or attorney duly authorised.

The instrument of proxy shall be lodged at the address of the Company or at other places specified in the notice of meeting at least twenty-four (24) hours prior to the relevant meeting at which the proxy is authorized to vote, or within twenty-four (24) hours prior to the specified time of voting. Where the instrument of proxy is signed by a person authorized by the appointing shareholder, the power of attorney or other documents authorizing such person to sign the instrument of proxy shall be notarized. The notarized power of attorney or other authorization documents, together with the instrument of proxy, shall be lodged at the address of the Company or at other places specified in the notice of meeting.

Where the appointing shareholder is a legal person, its legal representative or the person authorized by the resolution of its board of directors or other governing bodies may attend the shareholders' general meetings of the Company as a representative of such appointing shareholder.

Any blank instrument of proxy or proxy form issued to a shareholder by the board of directors for the shareholder to appoint a proxy shall allow the shareholder to freely instruct the proxy to cast vote for, against or abstain from voting and enable the shareholder to give separate instructions on each matter to be voted at the meeting.

Such instrument of proxy shall contain a statement that in the absence of instructions from the shareholders, his proxy may vote at his discretion.

Where the appointing shareholder has deceased, lost capacity, revocated the appointment or the signed instrument of authorization prior to the voting, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of instrument of proxy shall remain valid as long as the Company did not receive a written notice of such event prior to the commencement of the relevant meeting.

Resolutions of Shareholders' General Meetings

Resolutions at the general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions of the general meeting shall be passed by more than half of the voting rights represented by Shareholders (including proxies) present at the meeting. Special resolutions of the general meeting shall be passed by more than 2/3 of the voting rights represented by Shareholders (including proxies) present at the meeting.

The following matters shall be approved by general meeting by ordinary resolutions:

(I) Work reports of the Board of Directors and the Supervisory Committee;

(II) Profit distribution plan and loss recovery plan formulated by the Board of Directors;

(III) Appointment and removal of members of the Board of Directors and members of the Supervisory Committee, their remuneration and method of payment thereof;

(IV) Proposed annual preliminary financial budgets, final account proposals, statements of financial position, statements of profit or loss and other comprehensive income and other financial statements of the Company;

(V) Annual reports of the Company;

(VI) to resolve on resolutions on the engagement, dismissal or discontinuation of the appointment of accounting firms by the Company;

(VII) Other matters other than those provided by laws, administrative regulations, listing rules of the stock exchange where the Company's shares are listed or special resolutions which shall be approved by the provisions of the Articles of Association.

The following matters shall be approved by general meeting by special resolutions:

(I) increasing or reducing the registered capital of the Company and issuing Shares of any class, equity warrants and other similar securities;

(II) the issuance of corporate bonds;

(III) division, merger, dissolution or liquidation form of the Company;

(IV) amendment to these Articles;

(V) the consideration and approval of matters relating to the Company's purchases or disposals of material assets (including but not limited to land, building, equipment, production line, equity) or the provision of guarantees within one (1) year, which are more than 30% of the latest audited total assets of the Company;

(VI) matters stipulated by laws, administrative regulations, listing rules for stock exchanges where the Company's Shares are listed or these Articles, or matters which are determined by an ordinary resolution of the general meeting to be of material significance to the Company and are required to be approved by way of special resolutions.

Class Shareholders and their Special Procedures for Voting

Shareholders who hold different classes of Shares shall be class Shareholders.

Class Shareholders shall be entitled to rights and shall bear responsibilities in accordance with laws, administrative regulations and the Articles of Association.

If the Company proposes to change or nullify the rights of the class Shareholders, this proposal should be passed by a special resolution at the Shareholders' general meeting and passed at the meeting convened according to the relevant Articles of Association by the related class of Shareholders.

The rights of a certain class of Shareholders shall be deemed to be changed or nullified in the following circumstances:

(I) to increase or reduce in the number of the Shares of such class, or increase or reduce the number of the class Shares which enjoy the same or more voting rights, distribution rights or other privileges;

(II) to convert part or whole of the Shares of such class into other class(es), convert part or whole of the Shares of other class(es) into such class, or grant such conversion rights;

(III) to cancel or reduce the rights of such class of Shares to receive accrued dividends or cumulative dividends;

(IV) to reduce or cancel the privileged rights of such class of Shares to acquire dividends or obtain distribution of properties during liquidation of the Company;

(V) to increase, cancel or reduce the conversion, option, voting, transfer or privileged allotment rights of such class of Shares or the rights of such class of Shares to obtain securities issued by the Company;

(VI) to cancel or reduce the rights of such class of Shares to receive amounts payable by the Company in a particular currency;

(VII) to establish new class(es) of Shares with the same or more voting rights, distribution rights or other privileges as compared with those enjoyed by such class of Shares;

(VIII) to impose restriction or additional restrictions on the transfer or ownership of such class of Shares;

(IX) to grant the share subscription options or share conversion options of such class or another class of Shares;

(X) to increase the rights or privileges of other class(es) of Shares;

(XI) any restructuring scheme of the Company that may result in the assumption of disproportionate responsibilities by different classes of Shareholders during the restructuring;

(XII) to revise or nullify the provisions specified in "Special Procedures for Voting by Class Shareholders" in Section VII of the Articles of Association.

Where issues specified in (II) to (VIII), (XI) to (XII) of the preceding provisions are involved, the affected class Shareholders, whether or not they are entitled to vote at Shareholders' general meetings originally, shall have the right to vote at class general meetings. However, the Shareholders with conflicts of interests shall have no voting rights at the meeting for such class of Shareholders.

A resolution of the meeting for a certain class of Shareholders shall be adopted by above 2/3 of the voting Shares represented by Shareholders of such class present at the meeting.

The special voting procedure at a Shareholders' general meeting for class Shareholders shall not apply for the following cases:

(I) upon the approval by way of a special resolution passed by a Shareholders' general meeting, the Company independently or simultaneously issues domestic Shares and overseas listed foreign Shares every 12 months, provided that the amount of each class of Shares intended to be issued is not more than twenty percent of the issued and outstanding Shares of the respective class;

(II) the Company's plan on issuing domestic Shares and overseas listed foreign Shares at the time of establishment, which is completed within 15 months from the date of approval from securities regulatory authority under the State Council or within validity period of the approval documents;

(III) Upon the approval by the securities regulator under the State Council, the domestic Shareholders of the Company will transfer its shares to offshore investors and list such shares on a foreign stock exchange.

When the Company is to convene a shareholders' class meeting, it shall issue a written notice fifteen (15) days or ten (10) working days (whichever is longer) prior to the date of such meeting informing all the shareholders who are registered as holders of that class in the register of shareholders of the matters to be considered at the meeting as well as the date and place of the meeting.

In the event that the number of the voting shares represented by the shareholders intending to attend the meeting is more than one half of the total number of voting shares of that class, the Company may convene a shareholders' class meeting. Otherwise, the Company shall within five (5) days notify the shareholders once again, by way of public announcement, of the matters to be considered at the meeting and the date and place of the meeting. Upon notification by public announcement, the Company may then proceed to convene the shareholders' class meeting.

If provisions otherwise provided by the listing rules of the stock exchange in the place where the Company's shares are listed, these provisions shall apply.

The notice of a shareholders' class meeting shall be sent to the Shareholders entitled to vote at such meeting only.

The procedure of a shareholders' class meeting shall, to the extent possible, be identical with the procedure of a general meeting. Provisions of the Articles of Association relevant to procedure for the holding of a general meeting shall be applicable to a shareholders' class meeting, unless otherwise stipulated in the Articles of Association.

Except for other classes of Shareholders, domestic shareholders and foreign shareholders of listed shares are treated as different classes of shareholders.

In the following circumstances, the special procedures for voting by class shareholders shall not apply:

(I) with the approval by a special resolution at the general meeting, the Company issues Domestic Shares or overseas listed foreign shares alone or at the same time at each interval of 12 months and the number of the proposed Domestic Shares and overseas listed foreign shares does not exceed 20% of the respective outstanding shares of such class;

(II) the Company has made the plans to issue Domestic Shares or overseas listed foreign shares at the time of incorporation and the implementation of such plan has been completed within 15 months from the date of approval by the securities regulatory authorities of the State Council;

(III) transfer of shares held by holders of Domestic shares to overseas investors or Domestic Shares to be converted into foreign shares listed overseas under the approval by the securities regulatory authority of the State Council and Hong Kong Stock Exchange, and are dealt with on overseas stock exchanges.

DIRECTORS AND BOARD OF DIRECTORS

Directors

The Company shall set aside a period of time before the relevant meeting is held on the nomination of candidates by shareholders to be Directors. Within such period, shareholders may give written notice to the Company on the nomination of candidates to be Directors, and the candidates may give written notice to the Company on their willingness to accept the nomination. The said period shall be at least seven (7) days, and the starting date shall not be earlier than the first date of the notice of the relevant meeting and the deadline for such period shall be no later than seven (7) days before the date of the relevant meeting.

Directors shall be elected or removed from office at a general meeting, and shall be removed from office prior to the expiry of his term of office by a general meeting. Each term of office of a Director shall be three years, and a Director may be re-elected and re-appointed upon expiry of his/her term of office.

The term of office of the Directors shall be counted from the date of appointment until the expiration of the term of the current Board of Directors. When the Directors' term expires and re-election not be held in time, or where the resignation of a director during his term of office causes the number of board members to be less than the quorum, the original Directors shall still perform their duties as Directors in accordance with laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are listed and the Company's Articles of Association before the re-elected Directors take office.

Before the expiration of any Director's term of office, subject to the relevant laws and administrative regulations, the general meeting of shareholders may remove such Director by ordinary resolution. The removal may not affect any claim of the Director for damages that may be made pursuant to any contract.

The Directors need not hold any of our shares.

Board of Directors

The board of directors shall consist of nine (9) directors, including five (5) executive directors, three (3) non-executive director and three (3) independent non-executive directors.

The Board of Directors shall exercise the following functions and powers:

(I) convening Shareholders' general meetings and reporting its performance at the Shareholders' general meetings;

(II) implementing resolutions of the Shareholders' general meetings;

(III) determining the Company's business plans and investment plans;

(IV) formulating annual financial budget plans and final account plans;

(V) formulating profit distribution plans and plans for recovery of losses of the Company;

(VI) formulating proposals for the increase or reduction of the Company's registered capital, and for the issuance of the Company's debentures or other securities and the listing;

(VII) drafting proposals for the Company's major acquisition, purchase of the Company's Shares or merger, division, dissolving and change in corporate form of the Company;

(VIII) deciding on the Company's internal management structure;

(IX) appointing or dismissing the general manager of the Company and the secretary to the Board of Directors of the Company; appointing or dismissing deputy general manager and senior management personnel including person-in-charge of finance of the Company based on the nominations of the general manager, and determining their emoluments, rewards and penalties;

(X) establishing the basic management system of the Company;

(XI) drafting proposals for the amendment to the Articles of Association;

(XII) to authorizing the chairman of the Board of Directors to exercise part of the functions and powers of the Board of Directors;

(XIII) formulating the Company's equity incentive plan;

(XIV) proposing the amount of Directors' remuneration and the scheme of payment method, and report to the general meeting for decision;

(XV) managing the information disclosure of the Company;

(XVI) proposing the engagement or change of the appointment of accounting firms auditing for the Company to the Shareholders' general meeting;

(XVII) reviewing work reports of the general manager of the Company and examine his or her work;

(XVIII) deciding on such major matters and administrative affairs other than those ought to be decided by the general meeting as specified in the laws, administrative regulations, rules and regulations of the competent authorities and these Articles of Association and enter into other important agreements;

(XIX) other functions and powers stipulated by laws, administrative regulations, regulations of ministries and commissions, listing rules for stock exchanges where the Company's Shares are listed and the Articles of Association of the Company.

Saved for clauses (VI), (VII) and (XII), the aforesaid matters proposed by the Board of Directors shall be approved by consent of over two-thirds of the Directors, while the rest shall be approved by consent of over one half of the Directors.

A meeting of the Board of Directors shall be attended by more than half of the Directors, each of whom shall have one vote. Resolutions adopted at the meeting of the Board of Directors must be approved by more than one half of all members of the Directors, unless otherwise required in the Articles of Association. Resolutions of the Board of Directors shall be voted on as per "one person, one vote" system. Where there is an equality of votes cast both for and against a resolution, the chairman shall have the right to cast one more vote.

SECRETARY OF THE BOARD

The Company has one secretary of the Board, which is appointed or dismissed by the Board of Directors. The secretary of the Board is considered as the senior management of the Company.

Directors or other senior management officers may concurrently act as the secretary to the Board. The accountant of the accounting firm engaged by the Company or the management personnel of controlling shareholders shall not concurrently serve as the secretary of the Board of the Company.

Where the secretary to the Board concurrently act as a director, for an act which is required to be made by a director and the secretary to the Board separately, the person who concurrently acts as a director and the secretary to the Board may not perform the act in dual capacity.

GENERAL MANAGER

The Company shall have one general manager appointed and removed by the Board of Directors.

The general manager shall be accountable to the Board of Directors and shall perform the following duties:

(I) to be in charge of the production, management and operation of the Company, to organize implementation of the resolutions of the Board of Directors, and to report to the Board of Directors;

(II) to organize implementation of annual business plans and investment plans;

(III) to formulate the Company's internal management structure;

(IV) to formulate the basic management system of the Company;

(V) to draft specific regulations of the Company;

(VI) to propose to the Board of Directors appointment or dismissal of deputy general manager and person-in-charge of finance;

(VII) to decide on appointment or dismissal of person-in-charge of management who should otherwise be appointed or dismissed by the Board of Directors;

(VIII) to draft employee's wages, benefits, rewards and punishment and decide to appoint or remove the employee;

(IX) other functions and powers stipulated by the Articles of Association or the Board of Directors.

The general managers shall attend meetings of the Board of Directors.

SUPERVISORY COMMITTEE

The Company shall have a Supervisory Committee. The Supervisory Committee shall consist of three Supervisors. The Supervisory Committee shall have one chairman.

The Supervisory Committee shall be accountable to the Shareholders' general meeting and shall perform the following duties legally:

(I) to review the Company's financial condition;

(II) to supervise the conducts of the Directors and senior management in discharge of their duties and to advise on the dismissal of any Director and senior management who are in breach of laws, administrative regulations, the Articles of Association or resolutions of the Shareholders' general meetings;

(III) to demand rectification from the Directors and senior management of the Company where their conducts are detrimental to the interests of the Company;

(IV) to examine the financial information such as the financial reports, business reports and plans for distribution of profits to be submitted by the Board of Directors to the Shareholders' general meetings, to engage certified public accountants or practicing auditors in the name of the Company to assist in the review whenever queries arise at the expense of the Company;

(V) to propose to convene an extraordinary general meeting;

(VI) to represent the Company to negotiate with the Directors or bringing actions against Directors;

(VII) to conduct investigations whenever queries or unusual conditions in the operation of the Company arise and, if necessary, to engage professional institutions such as accounting firms and law firms to assist in their work with expenses to be borne by the Company;

(VIII) other functions and powers stipulated by laws, administrative regulations, regulations of ministries and commissions, listing rules for stock exchanges where the Company's Shares are listed and the Articles of Association of the Company.

The Supervisors shall attend meetings of the Board of Directors.

Resolutions of the Supervisory Committee shall be passed by more than 2/3 of the Supervisors.

DIRECTOR, SUPERVISOR, AND SENIOR MANAGEMENT PERSONNEL

The Qualification Of Director, Supervisor, And Senior Management Personnel

A person may not serve as a Director, Supervisor, general manager or other senior management personnel of the Company if such person:

(I) has no civil capacity or has limited civil capacity;

(II) was sentenced for the offense of corruption, bribery, expropriation, misappropriation of property or for disrupting the social and economic order, and less than five years has elapsed since the sentence was served, or has been deprived of political rights due to such crimes, and less than five years has elapsed since the deprivation was completed;

(III) was a former director, factory manager or general manager of a company or enterprise which has been bankrupted for mismanagement or put into liquidation and was personally liable for the winding up of such company or enterprise, and less than three years has elapsed since the date of completion of the bankruptcy and liquidation of the Company or enterprise;

(IV) was a former legal representative of a company or an enterprise which has had its business license revoked for violating the laws, and was personally liable for that revocation, and less than three years has elapsed since the date of revocation;

(V) has comparatively large amount of individual debts that have become overdue and have not been settled;

(VI) has been currently under investigation for criminal offense and which investigation is not yet concluded;

(VII) is prohibited from acting as leader of an enterprise by virtue of any laws and administrative regulations;

(VIII) is not a natural person;

(IX) has been convicted by relevant competent authorities for violation of securities related regulations, where such violation involved fraudulent or dishonest acts, and less than five years has elapsed since the date of such conviction;

(X) other contents stipulated by laws, administrative regulations, regulations of ministries, normative documents and listing rules of the stock exchange where the Company's shares are listed.

An election, appointment or employment shall be null and void if the Directors and Supervisors are elected or appointed or the senior management personnel is employed in breach of the preceding Article. The Company shall remove any Directors, Supervisors and senior management personnel if they fulfill the circumstance stated in preceding Article during their tenure.

The validity of any act by a Director, general manager or other senior management personnel of the Company made on behalf of the Company towards a third party acting in good faith shall not be affected by any non-compliance in regulations of that person's position, election procedure or qualifications.

Emoluments and Compensation for Loss of Office

The Company shall enter into a contract in writing with a Director or Supervisor to determine his/her emoluments subject to prior approval of general meeting. The above emoluments include:

(I) emoluments in respect of his/her service as a Director, Supervisor or senior management of the Company;

(II) emoluments in respect of his/her service as a Director, Supervisor or senior management of a subsidiary of the Company;

(III) emoluments in respect of other services for the management of the Company and its subsidiary;

(IV) funds received by such Directors or Supervisors as compensation for their loss of office or for their retirement.

A Director or Supervisor may not sue the Company for such benefits due to him on the grounds of the foregoing matters, except for under such contract as mentioned above.

The contract regarding emoluments entered into by and between the Company and its Directors and Supervisors shall provide that in the event of a takeover of the Company, the Company's Directors and Supervisors shall, subject to the prior approval of the Shareholders'

general meeting, have the rights to receive compensation or other payment for loss of their office or for their retirement. For the purposes of the preceding paragraph, the term "a takeover of the Company" shall refer to any of the following occasions:

(I) anyone makes a tender offer to all the shareholders;

(II) anyone making a tender offer aims at that the offeror becomes a controlling shareholder which has the same definition as that provided in Article 48 of the Articles of Association.

If the relevant Director or Supervisor fails to comply with this Article, any fund received by him/her shall belong to those persons that have sold their shares as a result of their acceptance of foregoing offer, and the expenses incurred from the distribution of such fund on a pro rata basis shall be borne by the relevant Director and Supervisor and may not be paid out of such fund.

Loans to Directors, Supervisors and Senior Management

The Company shall not, directly or indirectly, provide loans or loan guarantees to the directors, supervisors and senior management personnel of the Company and its controlling shareholders, nor shall the Company provide the same to their related persons.

The preceding provision shall not apply to the following circumstances:

(I) loans or loan guarantees provided by the Company to its subsidiaries;

(II) loans, loan guarantees or other funds provided by the Company to the Directors, Supervisors, senior management personnel of the Company pursuant to their employment contracts which were adopted by the Shareholders' general meeting, with which the foregoing persons can make payments in the interests of the Company or for the expenses incurred in performing their duties and responsibilities for the Company;

(III) where the normal scope of business of the Company includes the provisions of loans and loan guarantees, loans and loan guarantees can be provided by the Company to the relevant Directors, Supervisors, General Manager and other senior management personnel of the Company and their connected persons, provided that the loans and loan guarantees are provided on normal commercial terms and conditions.

If the Company provides a loan in breach of the provisions above, the person who has received the loan shall repay it immediately regardless of the terms of the loan.

Financial and Accounting Policies

The Company shall establish its financial and accounting policies in accordance with relevant laws and administrative regulations, the listing rules of the stock exchange where our shares are listed and PRC accounting standards formulated by the competent financial authorities under the State Council.

The Company shall prepare a financial report at the end of each fiscal year and submit it for examination and verification in accordance with the law.

The Company shall prepare its financial statements in accordance with PRC accounting standards and regulations, as well as in accordance with international accounting standards or the accounting standards of the overseas locality where the shares are listed. If there are any material differences between the financial statements prepared in accordance with the two accounting standards, such differences shall be stated in the notes to the financial statements. When distributing the after-tax profits of a given fiscal year, the Company shall take as final the smaller amount of after-tax profits out of the aforesaid two kinds of financial statements.

Any interim results of financial information announced or disclosed by the Company shall be prepared in accordance with PRC accounting standards, rules and regulations as well as in accordance with either international accounting standards or overseas accounting standards of the overseas locality where the shares are listed.

The financial report of the Company shall be kept at the Company and shall be made available to the Shareholders twenty (20) days before the annual general meeting is held. Each Shareholder shall have the right to obtain the financial report mentioned in this chapter.

The Company shall deliver the report of the Board, together with the balance sheet (including each document required to be attached thereto in accordance with the laws and administrative regulations of the PRC or others), profit and loss account or income and expenditure statement, or the summary of financial reports to each holder of overseas-listed foreign shares at least 21 days before the annual general meeting by postage-paid mail or other means (including through posting at the Company website and/or newspapers) permitted by the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange where the Company's shares are listed, at the recipient's address as registered in the shareholders register.

The Company shall publish two financial reports in each financial year; the interim financial report shall be published within sixty (60) days after the end of the first six months of a financial year; the annual financial report shall be published within one hundred and twenty (120) days after the end of the financial year.

Dissolution and Liquidation

The Company shall be dissolved and liquidated in the following circumstances:

(I) dissolved matters stipulated in the Articles of Association of the Company;

(II) if the Shareholders' general meeting resolves to do so;

(III) if a dissolution is necessary as a result of a merger or division of the Company;

(IV) the Company is declared bankrupt pursuant to the law as a result of its inability to pay due debts;

(V) the Company has its business licence legally revoked or is ordered to close down or deregistered;

(VI) where the operation and management of the Company falls into serious difficulties and its continued existence would cause material losses to Shareholders, the Shareholders holding above 10% of the total voting rights of the Company may apply to the people's court to dissolve the Company if there are no other solutions.

If the Board decides that the Company shall be liquidated (except for liquidation resulting from the Company's declaration of bankruptcy), it shall state in the notice of Shareholders' general meeting convened for such purpose that the Board have conducted a comprehensive investigation into the situation of the Company and believes that the Company is able to pay off all its debts within twelve (12) months following the commencement of the liquidation.

After the Shareholders' general meeting adopts a resolution in favor of the liquidation, the functions and powers of the Board of the Company shall be terminated immediately.

The liquidation committee shall follow the instructions of the Shareholders' general meetings and shall report to the Shareholders' general meeting at least once a year on the income and expenditure of the liquidation committee, the business of the Company and the progress of the liquidation, and shall make a final report to the Shareholders' general meeting at the end of the liquidation.

Amendments to the Articles of Association of the Company

The Company may amend the Articles of Association pursuant to laws, administrative regulations, and the Articles of Association.

If the amendments to the Articles of Association are subject to approval by relevant competent authorities, the amendments to the Articles of Association adopted at the Shareholders' general meeting shall be reported to the competent authority for approval; if registration matters are involved, the Company shall apply for registration of the changes in accordance with the law.

Resolution of Disputes

The Company shall abide by the following rules for dispute resolution:

(I) If any disputes or claims in relation to the Company's business, with respect to any rights or obligations under the Articles of Association of the Company, the *Company Law* or any other relevant laws and administrative regulations, arise between Shareholders of overseas listed foreign Shares and the Company, between Shareholders of overseas listed foreign Shares and the Company's Directors, Supervisors, General Managers and other senior management personnel of the Company, or between Shareholders of overseas listed foreign Shares and Shareholders of domestic Shares, the parties concerned shall submit such disputes or claims to arbitration.

When the aforementioned disputes or claims are submitted to arbitration, such disputes or claims shall be submitted in their entirety, and all persons (being the Company, the Company's Shareholders, Directors, Supervisors, General Managers and other senior management personnel of the Company) that have a cause of action based on the same grounds or the persons whose participation is necessary for the resolution of such disputes or claims, shall comply with the arbitration.

Disputes with respect to the definition of Shareholders and disputes concerning the register of Shareholders need not be resolved by arbitration.

(II) An applicant may choose for the arbitration to be arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Center in accordance with its securities arbitration rules. Once a claimant submits a dispute or claim to arbitration, the other party must carry out the arbitration at the arbitration institution selected by the claimant.

If an applicant opts for arbitration by the Hong Kong International Arbitration Center, either party may request for the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Center.

(III) Unless otherwise provided by laws and administrative regulations, the laws of the People's Republic of China shall apply to the settlement of any disputes or claims that are resolved by arbitration described in item (I) above.

(IV) The award of the arbitration institution shall be final and binding upon all parties.

FURTHER INFORMATION ABOUT OUR COMPANY

Incorporation

Our Company was established as a limited liability company (Sino-foreign equity joint venture) in the PRC on November 6, 2012 and was converted into a joint stock limited company on March 2, 2021 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company was RMB263,401,001.

Our Company has established a place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance. Mr. Cheung, one of our joint company secretaries, has been appointed as our agent for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Appendix V – Summary of Articles of Association." A summary of certain relevant aspects of the laws and regulations of the PRC is set out in "Appendix V – Summary of Principal Legal and Regulatory Provisions".

Changes in Share Capital

On November 6, 2012, our Company was incorporated with a registered capital of RMB66.67 million.

The following sets out the changes in the share capital of our Company during the two years immediately preceding the date of this Document:

On December 27, 2019, pursuant to a capital increase agreement with the [**REDACTED**] Investors, the terms of which are summarized in the paragraph headed "History, Development and Corporate structure – Establishment and Development of Our Company – (2) [**REDACTED**] Investments and Major Shareholding Changes of Our Company – (g) Series B+ Financing", the total issued capital of our Company increased from RMB179,175,009 to RMB182,642,912.

On June 18, 2020, the Board resolved to allow Zhuhai Guichuang to subscribe for increased registered capital of RMB10,958,600 of our Company at a total consideration of RMB12,000,000. The total issued share capital of our Company increased from RMB182,642,912 to RMB193,601,487.

On October 13, 2020, pursuant to a capital increase agreement with the [**REDACTED**] Investors, the terms of which are summarized in the paragraph headed "History, Development and Corporate structure – (2) [**REDACTED**] Investments and Major Shareholding Changes of Our Company – (i) Series C Financing", the total issued share capital of our Company increased from RMB193,601,487 to RMB225,061,728.

On January 19, 2021, the Board resolved to allow Huzhou Guiqiao to subscribe for increased registered capital of RMB9,577,095 of our Company at a consideration of RMB20,400,000. The total issued share capital of our Company increased from RMB225,061,728 to RMB234,638,823.

On January 20, 2021, pursuant to a capital increase agreement with the [**REDACTED**] Investors, the terms of which are summarized in the paragraph headed "History, Development and Corporate structure – (2) [**REDACTED**] Investments and Major Shareholding Changes of Our Company – (l) Series C+ Financing", the total issued capital of our Company increased from RMB234,638,823 to RMB263,401,001.

For more details, see "History, Development and Corporate Structure – Establishment and Development of Our Company". Save as aforesaid, as of the Latest Practicable Date, there had been no alterations of our share capital within the two years preceding the date of publication of this Document.

Corporate Reorganization

Our Company has not gone through any corporate reorganization. For details of the history and development of our Company, see the section headed "History, Development and Corporate Structure" in this Document.

Resolutions of our Shareholders

Pursuant to a general meeting held on March 13, 2021, among other things, our Shareholders resolved that:

(a) the issuance by our Company of the H Shares of nominal value of RMB1.00 each and such H Shares being [**REDACTED**] on the Hong Kong Stock Exchange;

(b) the number of H Shares to be issued shall not be more than [**REDACTED**]% of the total issued share capital of our Company as enlarged by the [**REDACTED**], and the grant to the [**REDACTED**] (or their representatives) of the [**REDACTED**] of not more than [**REDACTED**] of the number of H Shares issued pursuant to the [**REDACTED**];

(c) subject to the completion of the [**REDACTED**], the adoption of the Articles of Association which shall become effective on the [**REDACTED**], and authorization to the Board to amend the Articles of Association for the purpose of the Company's [**REDACTED**]; and

(d) authorization of the Board to handle all matters relating to, among other things, the [**REDACTED**], the issue and [**REDACTED**] of the H Shares.

Changes in Share Capital of our Subsidiary

Our subsidiary as of the Latest Practicable Date was set out in "History, Development and Corporate Structure – Our Subsidiary."

The following changes in the share or registered capital of our subsidiary have taken place within two years immediately preceding the date of this Document.

Zhuhai Tonbridge

On September 20, 2019, the shareholder of Zhuhai Tonbridge resolved to increase the issued share capital from RMB6,504,546 to RMB90,000,000.

On January 22, 2021, the shareholder of Zhuhai Tonbridge resolved to increase the issued share capital from RMB90,000,000 to RMB230,000,000.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Document that are or may be material:

1. the capital increase agreement dated November 30, 2019 entered into between Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司) (the predecessor of our Company), Jonathon Zhong Zhao (趙中), Myron Samuel Scholes, WEA Enterprises, LLC, Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥)), Highlight Medical Limited, Ourea Biotech HK Limited, Five Investment Limited, Ningbo Free Trade Zone Tiesi Equity Investment Partnership (Limited Partnership) (寧波保稅區帖斯以股權投資合夥企業(有限合夥)), Suzhou Taihong Jinghui Investment Centre (Limited Partnership) (蘇州泰弘景暉投資中心(有限合夥)), Hangzhou Haibang Xinhu Talent Venture Capital Partnership (Limited Partnership) (杭州海邦新湖人才創業投資合夥企業(有限合夥)), Hangzhou Haibang Yigu Venture Capital Partnership (Limited Partnership) (杭州海邦羿谷創業投資合夥企業(有限合夥)), Hangzhou Haibang Yaogu Congzheng Venture Capital Partnership (Limited Partnership) (杭州海邦藥谷從正創業投資合夥企業(有限合夥)), Zhuhai Hanyi Equity Investment Management Partnership (Limited Partnership) (珠海翰頤股權投資管理合夥企業(有限合夥)), Suzhou Industrial Park Xinjianyuan Phase II Venture

Capital Enterprise (Limited Partnership) (蘇州工業園區新建元二期創業投資企業(有限合夥)), Anji Zhikang Enterprise Management Partnership (Limited Partnership) (安吉致康企業管理合夥企業(有限合夥)), Nanjing Hongjing Venture Capital Co., Ltd. (南京鴻景創業投資有限公司), Nanjing Qiankun Investment Centre (Limited Partnership) (南京乾坤投資中心(有限合夥)), Lianyungang Yifan Medical Technology Co., Ltd. (連雲港億帆醫藥技術有限公司), Ningbo Jiusong Equity Investment Partnership (Limited Partnership) (寧波九松股權投資合夥企業(有限合夥)) and Shanghai Jinpu Medical Health Equity Investment Partnership (Limited Partnership) (上海金浦醫療健康股權投資合夥企業(有限合夥)), Future Industry Investment Fund (Limited Partnership) (先進製造產業投資基金(有限合夥)), Shengping Sam Zhong, Li Zheng (李崢), Wei Na (衛娜) and Hangzhou Fenhua Investment Partnership (Limited Partnership) (杭州奮華投資合夥企業(有限合夥));

2. the capital increase agreement dated September 28, 2020 entered into between Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司) (the predecessor of our Company), Zhuhai Tonbridge Medical Technology Co., Ltd. (珠海通橋醫療科技有限公司), Jonathon Zhong Zhao (趙中), Myron Samuel Scholes, WEA Enterprises, LLC, Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥)), Highlight Medical Limited, Ourea Biotech HK Limited, Five Investment Limited, Ningbo Free Trade Zone Tiesi Equity Investment Partnership (Limited Partnership) (寧波保稅區帖斯以股權投資合夥企業(有限合夥)), Suzhou Taihong Jinghui Investment Centre (Limited Partnership) (蘇州泰弘景暉投資中心(有限合夥)), Hangzhou Haibang Xinhu Talent Venture Capital Partnership (Limited Partnership) (杭州海邦新湖人才創業投資合夥企業(有限合夥)), Hangzhou Haibang Yigu Venture Capital Partnership (Limited Partnership) (杭州海邦羿谷創業投資合夥企業(有限合夥)), Hangzhou Haibang Yaogu Congzheng Venture Capital Partnership (Limited Partnership) (杭州海邦藥谷從正創業投資合夥企業(有限合夥)), Zhuhai Hanyi Equity Investment Management Partnership (Limited Partnership) (珠海翰頤股權投資管理合夥企業(有限合夥)), Suzhou Industrial Park Xinjianyuan Phase II Venture Capital Enterprise (Limited Partnership) (蘇州工業園區新建元二期創業投資企業(有限合夥)), Anji Zhikang Enterprise Management Partnership (Limited Partnership) (安吉致康企業管理合夥企業(有限合夥)), Nanjing Hongjing Enterprise Management Consulting Co., Ltd. (南京鴻景企業管理諮詢有限公司), Nanjing Qiankun Investment Centre (Limited Partnership) (南京乾坤投資中心(有限合夥)), Lianyungang Yifan Medical Technology Co., Ltd. (連雲港億帆醫藥技術有限公司), Ningbo Jiusong Equity Investment Partnership (Limited Partnership) (寧波九松股權投資合夥企業(有限合夥)) and Shanghai Jinpu Medical Health Equity Investment Partnership (Limited Partnership) (上海金浦醫療健康股權投資合夥企業(有限合夥)), Future Industry Investment Fund (Limited Partnership) (先進製造產業投資基金(有限合夥)), Hangzhou Fenhua Investment Partnership (Limited Partnership) (杭州奮華投資合夥企業(有限合夥)), Li Zheng

(李崢), Xie Yang (謝陽), Shengping Sam Zhong, Wei Na (衛娜), OAP IV (HK) Limited, Ganzhou Titan Equity Investment Partnership (Limited Partnership) (贛州提坦股權投資合夥企業(有限合夥)) and Hangzhou Qizhen Future Innovation Equity Investment Partnership (Limited Partnership) (杭州啟真未來創新股權投資合夥企業(有限合夥));

3. the capital increase agreement dated January 20, 2021 entered into between Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司) (the predecessor of our Company), Zhuhai Tonbridge Medical Technology Co., Ltd. (珠海通橋醫療科技有限公司), Jonathon Zhong Zhao (趙中), Myron Samuel Scholes, WEA Enterprises, LLC, Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業(有限合夥)), Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥)), Highlight Medical Limited, Ourea Biotech HK Limited, Five Investment Limited, Ningbo Free Trade Zone Tiesi Equity Investment Partnership (Limited Partnership) (寧波保稅區帖斯以股權投資合夥企業(有限合夥)), Suzhou Taihong Jinghui Investment Centre (Limited Partnership) (蘇州泰弘景暉投資中心(有限合夥)), Hangzhou Haibang Yigu Venture Capital Partnership (Limited Partnership) (杭州海邦羿谷創業投資合夥企業(有限合夥)), Hangzhou Haibang Yaogu Congzheng Venture Capital Partnership (Limited Partnership) (杭州海邦藥谷從正創業投資合夥企業(有限合夥)), Zhuhai Hanyi Equity Investment Management Partnership (Limited Partnership) (珠海翰頤股權投資管理合夥企業(有限合夥)), Suzhou Industrial Park Xinjianyuan Phase II Venture Capital Enterprise (Limited Partnership) (蘇州工業園區新建元二期創業投資企業(有限合夥)), Anji Zhikang Enterprise Management Partnership (Limited Partnership) (安吉致康企業管理合夥企業(有限合夥)), Nanjing Hongjing Enterprise Management Consulting Co., Ltd. (南京鴻景企業管理諮詢有限公司), Nanjing Qiankun Investment Centre (Limited Partnership) (南京乾坤投資中心(有限合夥)), Lianyungang Yifan Medical Technology Co., Ltd. (連雲港億帆醫藥技術有限公司), Shanghai Jinpu Medical Health Equity Investment Partnership (Limited Partnership) (上海金浦醫療健康股權投資合夥企業(有限合夥)), Future Industry Investment Fund (Limited Partnership) (先進製造產業投資基金(有限合夥)), Hangzhou Fenhua Investment Partnership (Limited Partnership) (杭州奮華投資合夥企業(有限合夥)), Li Zheng (李崢), Xie Yang (謝陽), Shengping Sam Zhong, Wei Na (衛娜), OAP IV (HK) Limited, Ganzhou Titan Equity Investment Partnership (Limited Partnership) (贛州提坦股權投資合夥企業(有限合夥)) and Hangzhou Qizhen Future Innovation Equity Investment Partnership (Limited Partnership) (杭州啟真未來創新股權投資合夥企業(有限合夥)), Xiamen Jianfa Xinxing Industry Equity Investment No. 7 Partnership (Limited Partnership) (廈門建發新興產業股權投資柒號合夥企業(有限合夥)), CITIC Securities Investment Co., Ltd. (中信證券投資有限公司), LBC Sunshine Healthcare Fund II L.P., AIHC Master Fund, Cormorant Global Healthcare Master Fund, LP, Hudson Bay Master Fund Ltd., Octagon Investments Master Fund

LP, Ningbo Meishan Free Trade Port Zone Fangyuan Chuangying Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區方源創盈股權投資合夥企業(有限合夥)) and Homehealth Investment Limited;

4. the supplemental agreement dated February 9, 2021 entered into between Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司), Mr. Jonathon Zhong Zhao, Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥)), WEA Enterprises, LLC, Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業(有限合夥)) and LBC Sunshine Healthcare Fund II L.P. to amend certain terms of the capital increase agreement and the Shareholders' agreement signed in January 2021;

5. the supplemental agreement dated February 24, 2021 entered into between Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司), Mr. Jonathon Zhong Zhao, Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥)), WEA Enterprises, LLC, Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業(有限合夥)) and AIHC Master Fund to amend certain terms of the capital increase agreement and the Shareholders' agreement signed in January 2021;

6. the supplemental agreement dated February 24, 2021 entered into between Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司), Mr. Jonathon Zhong Zhao, Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥)), WEA Enterprises, LLC, Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業(有限合夥)) and Cormorant Global Healthcare Master Fund, LP to amend certain terms of the capital increase agreement and the Shareholders' agreement signed in January 2021;

7. the supplemental agreement dated February 24, 2021 entered into between Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司), Mr. Jonathon Zhong Zhao, Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥)), WEA Enterprises, LLC, Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), Hangzhou Fujiang

Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業(有限合夥)) and Hudson Bay Master Fund Ltd. to amend certain terms of the capital increase agreement and the Shareholders' agreement signed in January 2021;

8. the supplemental agreement dated February 24, 2021 entered into between Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司), Mr. Jonathon Zhong Zhao, Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥)), WEA Enterprises, LLC, Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業(有限合夥)) and OAP IV (HK) Limited to amend certain terms of the capital increase agreements and the Shareholders' agreements signed in October 2020 and January 2021 respectively;

9. the supplemental agreement dated February 24, 2021 entered into between Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司), Mr. Jonathon Zhong Zhao, Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥)), WEA Enterprises, LLC, Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業(有限合夥)) and Octagon Investments Master Fund LP to amend certain terms of the capital increase agreement and the Shareholders' agreement signed in January 2021;

10. the supplemental agreement dated February 24, 2021 entered into between Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司), Mr. Jonathon Zhong Zhao, Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥)), WEA Enterprises, LLC, Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業(有限合夥)) and Future Industry Investment Fund (Limited Partnership) (先進製造產業投資基金(有限合夥)) to amend certain terms of the capital increase agreements and the Shareholders' agreements signed in January 2019, November 2019, October 2020 and January 2021 respectively;

11. the supplemental agreement dated February 24, 2021 entered into between Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司), Mr. Jonathon Zhong Zhao, Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥)), WEA Enterprises, LLC, Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業(有限合夥)), Highlight Medical Limited, Suzhou Taihong Jinghui Investment Centre (Limited Partnership) (蘇州泰弘景暉投資中心(有限合夥)), Five Investment Limited, Ningbo Free Trade Zone Tiesi Equity Investment Partnership (Limited Partnership) (寧波保稅區帖斯以股權投資合夥企業(有限合夥)), Ourea Biotech HK Limited, Ganzhou Titan Equity Investment Partnership (Limited Partnership) (贛州提坦股權投資合夥企業(有限合夥)) and Homehealth Investment Limited to amend certain terms of the capital increase agreements signed in 2015, January 2017, January 2019 and November 2019 respectively; and to amend certain terms of the capital increase agreements and Shareholders' agreements signed in October 2020 and January 2021 respectively;

12. the supplemental agreement dated February 24, 2021 entered into between Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司), Mr. Jonathon Zhong Zhao, Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥)), WEA Enterprises, LLC, Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業(有限合夥)) and Ningbo Meishan Free Trade Port Zone Fangyuan Chuangying Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區方源創盈股權投資合夥企業(有限合夥)) to amend certain terms of the capital increase agreement and the Shareholders' agreement signed in January 2021;

13. the supplemental agreement dated February 24, 2021 entered into between Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司), Mr. Jonathon Zhong Zhao, Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥)), WEA Enterprises, LLC, Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業(有限合夥)), Hangzhou Fenhua Investment Partnership (Limited Partnership) (杭州奮華投資合夥企業(有限合夥)) and Hangzhou Qizhen Future Innovation Equity Investment Partnership (Limited Partnership) (杭州啟真未來創新股權投資合夥企業(有限合夥)) to amend certain terms of the capital increase agreements signed in November 2019, October 2020 and January 2021 respectively; and

[**REDACTED**]

Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark Registered
1.	灵跃
2.	灵曜
3.	灵曦
4.	灵昶
5.	归创医疗
6.	归创
7.	ZYLOX medical
8.	ZYLOX
9.	ZENFLOW
10.	通桥医疗
11.	Thrombite
12.	通桥锦鲤
13.	通桥蛟龙
14.	通桥鸳鸯
15.	通桥银蛇
16.	通桥麒麟

No.	Trademark Registered
17.	通桥白驹
18.	通桥凤
19.	通桥翼龙

As of the Latest Practicable Date, we had applied for the registration of the following trademarks, which we consider to be material to our business:

No.	Trademark Registered	Place of Registration	Class	Application Number	Application Date
1.	归创通桥 ZYLOX-TONBRIDGE	Hong Kong	10, 35	305557032	March 9, 2021
2.	ZYLOX TONBRIDGE	Hong Kong	10, 35	305557041	March 9, 2021
3.	归创通桥 ZYLOX-TONBRIDGE	Hong Kong	10, 35	305557050	March 9, 2021
4.	归创通桥	Hong Kong	10, 35	305557069	March 9, 2021
5.	归创通桥 ZYLOX-TONBRIDGE	Hong Kong	10, 35	305547312	February 25, 2021
6.	ZYLOX TONBRIDGE	Hong Kong	10, 35	305547321	February 25, 2021

Patents

Please refer to "Business – Intellectual Property Rights" for patents registered as of the Latest Practicable Date which we considered to be or may be material to our business.

Domain Name

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Owner	Registration Date
1.	zyloxmedical.com	Company	December 12, 2012
2.	ton-bridge.com	Zhuhai Tonbridge	March 2, 2012
3.	zyloxtb.com	Company	March 3, 2021

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS, MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

Save as disclosed below, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme), so far as our Directors are aware, none of our Directors, Supervisors or chief executive has any interests or short positions in our Shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(a) Interests in our Company

Name	Position	Nature of Interest	Number and class of Shares held[(1)]	Approximate percentage of shareholding in the relevant class of Shares after the [REDACTED][(1)] *(%)*	Approximate percentage of shareholding in the total share capital of our Company after the [REDACTED] *(%)*
Dr. Zhao[(2)]	Executive Director	Beneficial owner	42,494,995[(6)] Domestic Shares	[**REDACTED**]	[**REDACTED**]
		Interest in controlled corporations	36,370,587 Domestic Shares	[**REDACTED**]	[**REDACTED**]
		Interests held jointly with another person	18,459,910 Domestic Shares	[**REDACTED**]	[**REDACTED**]
Mr. Stephen Hui Wang[(3)]	Non-executive Director	Interest in controlled corporations	9,963,681 H Shares 19,298,911 Domestic Shares	[**REDACTED**] [**REDACTED**]	[**REDACTED**]
Dr. Li[(2)(4)]	Executive Director	Beneficial owner	239,427[(7)] Domestic Shares	[**REDACTED**]	[**REDACTED**]
		Deemed interest	4,983,293 Domestic Shares	[**REDACTED**]	[**REDACTED**]

Name	Position	Nature of Interest	Number and class of Shares held[1]	Approximate percentage of shareholding in the relevant class of Shares after the [REDACTED][1] *(%)*	Approximate percentage of shareholding in the total share capital of our Company after the [REDACTED] *(%)*
		Interests held jointly with another person	91,289,195 Domestic Shares	[**REDACTED**]	[**REDACTED**]
Mr. Yang Xie (謝陽)[5]	Executive Director	Beneficial owner	167,599[8] Domestic Shares	[**REDACTED**]	[**REDACTED**]
		Interest in controlled corporation	15,834,917 Domestic Shares	[**REDACTED**]	[**REDACTED**]
Ms. Jie Liang (梁婕)	Chairman of the Supervisory Committee and employee Supervisor	Beneficial owner	179,571[9] Domestic Shares	[**REDACTED**]	[**REDACTED**]
Mr. Hongbo Wang (王宏波)	Employee Supervisor	Beneficial owner	71,828[10] Domestic Shares	[**REDACTED**]	[**REDACTED**]

Notes:

(1) The calculation is based on the total number of 201,881,003 Domestic Shares in issue and [**REDACTED**] H Shares (including 61,519,998 H Shares to be convered from Unlisted Foreign Shares assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Scheme) in issue upon [**REDACTED**].

(2) Pursuant to a concert party agreement dated January 21, 2021 entered into by and between, among others, Dr. Zhao, Dr. Zhong, Dr. Li, Ms. Wei, Zhuhai Tongqiao Investment, Hangzhou Fujiang, Zhuhai Guichuang, Huzhou Guiqiao, WEA and Nanjing Yuyihui (each, a "**Concert Party**"), the Concert Parties agreed to act in concert to control the decision-making and operation management of our Company at Board meetings and Shareholders' meetings with effect from the date of the concert party agreement. In the event they fail to reach such consensus, each of the Concert Parties shall exercise their respective voting rights in accordance with instructions of Dr. Zhao. Therefore, under the SFO, in addition to their respective direct shareholding or interest in controlled corporations, each Concert Party is also deemed to be interested in the interest of other Concert Parties.

(3) Pursuant to a concert party agreement dated March 11, 2021 entered into by and between, among others, Highlight Medical Limited, Ourea Biotech HK Limited, Five Investment Limited, Homehealth Investment Limited, Ningbo Free Trade Zone Tiesi Equity Investment Partnership (Limited Partnership), Suzhou Taihong Jinghui Investment Center (Limited Partnership) and Ganzhou Titan Equity Investment Partnership (Limited Partnership) (the "**Honghui Shareholders**"), the Honghui Shareholders agreed to act in concert to control the decision-making and operation management of our Company at Board meetings and Shareholders'

meetings with effect from the date of the concert party agreement. In the event they fail to reach such consensus, each of the Honghui Shareholders shall exercise their respective voting rights in accordance with instructions of Five Investment Limited. Therefore, under the SFO, in addition to their respective direct shareholding, each Honghui Shareholder is also deemed to be interested in the interest of other Honghui Shareholders. All of Five Investment Limited, Highlight Medical Limited and Homehealth Investment Limited are controlled by Highlight Capital Partners I L.P., which was managed by its general partner Highlight Capital GP I Company Limited, which is in turn controlled by Mr. Stephen Hui Wang. Thus Highlight Capital Partners I L.P., Highlight Capital GP I Company Limited and Mr. Stephen Hui Wang are deemed to be interested in the interest of Five Investment Limited, Highlight Medical Limited, Homehealth Investment Limited and Ourea Biotech HK Limited. Ourea Biotech HK Limited is held by HL Partners II L.P., which is managed by HL GP II Company Limited, which is in turn controlled by Mr. Stephen Hui Wang. Therefore, HL Partners II L.P., HL GP II Company Limited and Mr. Stephen Hui Wang are deemed to be interested in the interest of Ourea Biotech HK Limited. Ningbo Free Trade Zone Tiesi Equity Investment Partnership (Limited Partnership) and Ganzhou Titan Equity Investment Partnership (Limited Partnership) are both managed by their general partner Shanghai Hehong Jinghui Equity Investment Management Co., Ltd. (上海合弘景暉股權投資管理有限公司) which is controlled by Mr. Stephen Hui Wang, Thus Shanghai Hehong Jinghui Equity Investment Management Co., Ltd. and Mr. Stephen Hui Wang are deemed to be interested in the interest of Ningbo Free Trade Zone Tiesi Equity Investment Partnership (Limited Partnership) and Ganzhou Titan Equity Investment Partnership (Limited Partnership). Suzhou Taihong Jinghui Investment Center (Limited Partnership) is managed by its general partner Suzhou Yuhui Equity Investment Management Partnership (Limited Partnership) (蘇州煜暉股權投資管理合夥企業(有限合夥)), which is in turn managed by its general partner Jiangsu Highlight Equity Investment Management Co., Ltd. (江蘇弘暉股權投資管理有限公司), which is controlled by Mr. Stephen Hui Wang. Therefore, Suzhou Yuhui Equity Investment Management Partnership (Limited Partnership), Jiangsu Highlight Equity Investment Management Co., Ltd. and Mr. Stephen Hui Wang are deemed to be interested in the interest of Suzhou Taihong Jinghui Investment Center (Limited Partnership).

(4) Ms. Wei, being the general partner of Nanjing Yuyihui, controls Nanjing Yuyihui, which holds 4,983,293 Domestic Shares of our Company immediately after completion of the [**REDACTED**]. Dr. Li and Ms. Wei are spouses and therefore, under the SFO, Dr. Li and Ms. Wei are deemed to be interested in 4,983,293 Domestic Shares of our Company through Nanjing Yuyihui.

(5) Mr. Yang Xie (謝陽) was granted 36.36% of economic interest in Zhuhai Tongqiao Investment and 46.02% economic interest in Hangzhou Fujiang both being the Employee Incentive Platforms, and therefore, under the SFO, Mr. Yang Xie (謝陽) is deemed to be interested in 10,151,978 Domestic Shares through Zhuhai Tongqiao Investment and 5,682,939 Domestic Shares through Hangzhou Fujiang.

(6) Includes (i) 41,441,991 Domestic Shares beneficially held by Dr. Zhao, and (ii) Dr. Zhao's entitlement to receive up to 1,053,004 Domestic Shares pursuant to the options granted to him under the [**REDACTED**] Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

(7) Dr. Li is entitled to receive up to 239,427 Domestic Shares pursuant to the options granted to him under the [**REDACTED**] Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

(8) Mr. Yang Xie (謝陽) is entitled to receive up to 167,599 Domestic Shares pursuant to the options granted to him under the [**REDACTED**] Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

(9) Ms. Jie Liang (梁婕) is entitled to receive up to 179,571 Domestic Shares pursuant to the options granted to her under the [**REDACTED**] Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

(10) Mr. Hongbo Wang (王宏波) is entitled to receive up to 71,828 Domestic Shares pursuant to the options granted to him under the [**REDACTED**] Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

2. Substantial Shareholders

For the information on the persons who will, immediately following the completion of the [**REDACTED**], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, see the section headed "Substantial Shareholders" in this Document.

So far as set out above, our Directors are note aware of any persons (other than our Directors, Supervisors or chief executive) will, immediately following the completion of the [**REDACTED**], directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

3. Service Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, we have entered into a contract with each of our Directors and Supervisors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Our Directors entered into service contracts with our Company in [●]. The principal particulars of these service contracts comprise (a) a term of [three] years which is equivalent to the term of the Board; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders' approval. The service contracts can be renewed pursuant to our Articles of Association and applicable rules.

Each of our Supervisors entered into a contract with our Company in [●]. Each contract contains provisions relating to compliance with relevant laws and regulations, observation of our Articles of Association and resolution of disputes by means of arbitration.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

4. Director's and Supervisors' Remuneration

Save as disclosed in "Directors, Supervisors and Senior Management" and "Appendix I – Accountant's Report – II Notes to The Historical Financial Information – 8. Employee Benefits Expenses – (c) Benefits and Interests of Directors" for the two financial years ended December 31, 2019 and 2020, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

5. Employee Incentive Schemes

The following is a summary of the principal terms of the Employee Incentive Schemes approved and adopted by our Board on July 15, 2016, February 24, 2017, June 17, 2020, and January 18, 2021 respectively and as amend from time to time (collectively, the "**Schemes**"). The terms of the Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as the Schemes does not involve the grant of options by our Company after the [**REDACTED**]. Given the underlying Shares under the Employee Incentive Schemes had already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the awards under the Employee Incentive Schemes. No further awards will be granted after [**REDACTED**].

As of the Latest Practicable Date, the Company had established four Employee Incentive Platforms, namely Hangzhou Fujiang, Zhuhai Guichuang, Zhuhai Tongqiao Investment and Huzhou Guiqiao. The four Employee Incentive Platforms, in aggregate, held 36,370,587 Domestic Shares. For the details of the Employee Incentive Platforms, please refer to "History, Development and Corporate Structure – Employee Incentive Schemes" in this Document.

Objectives

The purpose of the Schemes is to build an incentive mechanism for the core employees of our Company, raising the competitiveness of our Company in the labour market. The Schemes also serve the purpose of attracting, stabilizing and recruiting future senior management.

Eligibility

Pursuant to the scheme documents (the "**Scheme Documents**") and the award agreements (the "**Award Agreements**"), participants of the Schemes include our Company's core employees and senior management members. The Award Agreements further provided that the following employees may not be selected as participants to the Schemes (as applicable):

- Employees who are forbidden to hold the position of director, supervisor or senior management pursuant to the PRC Company Law;
- Employees who have been convicted of crime or in violation of administrative law;
- Employees who have received disciplinary actions due to violation of our Company's management policies;
- Employees who have been listed on the discredited list (失信名單); and
- Employees who are otherwise not eligible according to the terms of our Company's Articles or as determined by the Board.

Grant of Awards

The general partner of Zhuhai Guichuang, Zhuhai Tongqiao Investment and Huzhou Guiqiao is Dr. Zhao. The general partner of Hangzhou Fujiang is Huzhou Lanshan and the general partner of Huzhou Lanshan is Dr. Zhao. Thus, in effect, all management powers and voting rights of the Employee Incentive Platforms reside with the general partner, Dr. Zhao.

All selected participants do not have any voting rights in our Company. The selected participants will be granted awards in the form of economic interest in the Employee Incentive Platforms conditional upon certain vesting conditions as specified in each Award Agreement and upon vesting, such selected participants will become a limited partner of the relevant Employee Incentive Platform. Upon becoming the limited partner of the Employee Incentive Platforms, the selected participants indirectly receive economic interest in the corresponding number of underlying Shares held by the Employee Incentive Platforms.

Administration of the Schemes

Our Board (or Dr. Zhao, in the case of Huzhou Guiqiao) retain full discretion over the following matters of the Schemes:

- the selection of participants in the Schemes, which currently include Directors, core employees and senior management members of our Group; and

- the amount of consideration to be paid for the incentive award in the form of acquisition of economic interest in the Employee Incentive Platforms as a limited partner.

Restrictions on Disposals

Pursuant to the terms of the Schemes, the selected participants may not dispose of, transfer, pledge or otherwise encumber his or her interest in the limited partnership for the repayment of debt without the consent of the general partner of the Employee Incentive Platforms.

Details of the awards granted under the Schemes

As of the Latest Practicable Date, the aggregate number of Shares underlying the awards granted to the Directors, Supervisors and senior management members; and the unvested awards under the Schemes granted to other grantees amounted to 11,628,527 Shares and 5,484,070 Shares representing 4.41% and 2.08% of our Company's total issued share capital respectively.

Save as disclosed below, there is no outstanding number of Shares underlying the unvested awards granted under the Employee Incentive Schemes for the three Employee Incentive Platforms, namely Hangzhou Fujiang, Zhuhai Tongqiao Investment and Zhuhai

Guichuang. There is an aggregate of 9,577,095 Shares underlying the remaining Employee Incentive Platform, Huzhou Guiqiao, which is reserved for grant of awards to future grantees under the Employee Incentive Schemes, and the selected participant will enter into Award Agreements with Huzhou Guiqiao and Dr. Zhao, whereby the grant price in consideration of the granting of award and the vesting conditions before the selected participants become the limited partners of Huzhou Guiqiao will be specified and determined.

Details of the Shares underlying the awards granted as of the Latest Practicable Date pursuant to the Schemes to our Directors, Supervisors and senior management members are set out below:

Name of Director, Supervisors or senior management	Relevant Employee Incentive Platforms	Date of Grant	Number of Shares underlying the awards granted under the Schemes (as of the Latest Practicable Date)	Price per Share at the time of grant *(RMB)*	Vesting Period (subject to other conditions in the Schemes)
Mr. Yang Xie (謝陽) Room 2003, Building 3 500 Zhong Shan Nan Yi Road Huangpu District Shanghai, China	Hangzhou Fujiang	July 22, 2016	7,533,185	1	• Fully vested on September 6, 2016
	Zhuhai Tongqiao Investment	February 27, 2017		0.65	• Fully vested on December 11, 2019
	Zhuhai Guichuang	August 1, 2020		1.095	• 50% of which is vested on March 25, 2021 • 50% of which is vested on May 27, 2021
Dr. Zheng Li (李崢) Room 2308, Building 2 1083 Tangqi Road Xiangzhou District Zhuhai, China	Zhuhai Tongqiao Investment	February 27, 2017	2,492,779	0.89	• Fully vested on December 11, 2019
	Zhuhai Guichuang	August 1, 2020		1.095	• 50% of which is vested on March 25, 2021 • 50% of which is vested on May 27, 2021

Name of Director, Supervisors or senior management	Relevant Employee Incentive Platforms	Date of Grant	Number of Shares underlying the awards granted under the Schemes (as of the Latest Practicable Date)	Price per Share at the time of grant *(RMB)*	Vesting Period (subject to other conditions in the Schemes)
Ms. Jie Liang (梁婕) Yingyuetai Residential Zone Hangzhou Future SCI-TECH City Yuhang District Hangzhou, China	Hangzhou Fujiang	July 22, 2016	561,498	0.60	• Fully vested on September 6, 2016
	Zhuhai Tongqiao Investment	February 27, 2017		0.86	• Fully vested on November 3, 2021
	Zhuhai Guichuang	August 1, 2020		1.095	• 50% of which is vested on March 25, 2021 • 50% of which is vested on May 27, 2021
Ms. Wang Hongbo (王宏波) No. 17 Fengshanli Tangjiawan Xiangzhou District Zhuhai, China	Zhuhai Guichuang	August 1, 2020	127,854	1.095	• 57% of which is vested on March 25, 2021 • 29% of which is vested on May 27, 2021 • 14% of which is expected to be vested after the first quarter of 2022
Dr. Ning Pan (潘寧) Room 7-2403, Wan Tong Shishang Gongguan, Yuhang District, Hangzhou, China	Zhuhai Guichuang	August 1, 2020	913,211	1.095	• Fully vested on March 25, 2021

Details of the Shares underlying the unvested awards granted as of the Latest Practicable Date pursuant to the Schemes to persons other than our Directors, Supervisors and senior management members are set out below, with a total number of 5,484,070 Shares underlying the unvested awards granted under the Schemes:

Name of Grantee	Relevant Employee Incentive Platforms	Date of Grant	Number of Shares underlying the unvested awards granted under the Schemes (as of the Latest Practicable Date)	Price per Share at the time of grant *(RMB)*	Vesting Period (subject to other conditions in the Schemes)
Ms. Li Kepei (李科蓓) 58 Huaxing Road, Shanghai, China	Zhuhai Guichuang	August 1, 2020	1,424,615	1.095	• 33% of which is vested on March 25, 2021 • 33% of which is expected to be vested after the first quarter of 2022 • 34% of which is expected to be vested after the first quarter of 2023
Mr. Wang Yi (王毅) Room 4-204, Jindingwan International, No. 88 Dingxi Road, Nanjing, Jiangsu Province, China	Zhuhai Guichuang	August 1, 2020	1,059,329	1.095	• 45% of which is vested on March 25, 2021 • 27.5% of which is expected to be vested after the first quarter of 2022 • 27.5% of which is expected to be vested after the first quarter of 2023
Ms. Zheng Kefei (鄭克非) Flat 1401, Unit 1, 6/F, Mingri Jiayuan, No. 25A Taiping Road, Haidian District, Beijing, China	Zhuhai Guichuang	August 1, 2020	365,286	1.095	• 50% of which is vested on March 25, 2021 • 25% of which is expected to be vested after the first quarter of 2022 • 25% of which is expected to be vested after the first quarter of 2023

Name of Grantee	Relevant Employee Incentive Platforms	Date of Grant	Number of Shares underlying the unvested awards granted under the Schemes (as of the Latest Practicable Date)	Price per Share at the time of grant *(RMB)*	Vesting Period (subject to other conditions in the Schemes)
Mr. Xing Zhikai (邢智凯) Room 602, No. 6, Block 65, Maanshan Yayuan, Jinxing Village, Yuhang District, Hangzhou, China	Zhuhai Guichuang	August 1, 2020	365,286	1.095	• 50% of which is vested on March 25, 2021 • 50% of which is expected to be vested after the first quarter of 2022
Mr. Jin Feilong (金飛龍) Unit 3, 8 Road, Jianggan District, Hangzhou, China	Zhuhai Guichuang	August 1, 2020	219,172	1.095	• 67% of which is vested on March 25, 2021 • 25% of which is vested on May 27, 2021 • 8% of which is expected to be vested after the first quarter of 2022
Mr. Li Kai (李凯) Flat 7, 2/F, No. 8 Southern District, No. 100 Xiyuan, Haidian District, Beijing, China	Zhuhai Guichuang	August 1, 2020	182,643	1.095	• 30% of which is vested on March 25, 2021 • 30% of which is expected to be vested after the first quarter of 2022 • 40% of which is expected to be vested after the first quarter of 2023
Ms. Xu Han (徐晗) Room 702, Unit 2, Block 7, Xiangxi Mansion, Xihu District, Hangzhou, China	Zhuhai Guichuang	August 1, 2020	182,647	1.095	• 50% of which is vested on March 25, 2021 • 50% of which is expected to be vested after the third quarter of 2021

Name of Grantee	Relevant Employee Incentive Platforms	Date of Grant	Number of Shares underlying the unvested awards granted under the Schemes (as of the Latest Practicable Date)	Price per Share at the time of grant *(RMB)*	Vesting Period (subject to other conditions in the Schemes)
Mr. Tang Bincai (湯彬彩) No. 16 Rongtong Guanyu, Technology Road, Yuhang District, Hangzhou, China	Zhuhai Guichuang	August 1, 2020	182,647	1.095	• 50% of which is vested on March 25, 2021 • 50% of which is expected to be vested after the first quarter of 2022
Mr. Li Ruipei (李瑞培) Room 25-3-402, Xicheng Shidai Jiayuan, Yuhang Road, Yuhang District, Hangzhou, China	Zhuhai Guichuang	August 1, 2020	146,111	1.095	• 50% of which is vested on March 25, 2021 • 50% of which is expected to be vested after the third quarter of 2021
Ms. Cheng Qin (程鑫) 22 Chaowang Road, Xiacheng District, Hangzhou, China	Zhuhai Guichuang	August 1, 2020	118,714	1.095	• 46% of which is vested on March 25, 2021 • 23% of which is vested on May 27, 2021 • 31% of which is expected to be vested after the first quarter of 2022
Mr. Liu Xiangcheng (劉享承) 88 Baiyuan Yuanxi Road, Chengnan Street, Tonglu Xian, Zhejiang, China	Zhuhai Guichuang	August 1, 2020	118,714	1.095	• 46% of which is vested on March 25, 2021 • 23% of which is vested on May 27, 2021 • 31% of which is expected to be vested after the first quarter of 2022

Name of Grantee	Relevant Employee Incentive Platforms	Date of Grant	Number of Shares underlying the unvested awards granted under the Schemes (as of the Latest Practicable Date)	Price per Share at the time of grant *(RMB)*	Vesting Period (subject to other conditions in the Schemes)
Ms. Zhu Qing (朱青) Room 202, Unit 2, 828 Chenhui Road, Pudong New District, Shanghai, China	Zhuhai Guichuang	August 1, 2020	109,586	1.095	• 67% of which is vested on March 25, 2021 • 17% of which is vested on May 27, 2021 • 16% of which is expected to be vested after the first quarter of 2022
Mr. Ma Suo (馬朔) 7 Chengdong Road, Fenglian Community, Yuhang Road, Yuhang District, Hangzhou, China	Zhuhai Guichuang	August 1, 2020	100,456	1.095	• 45% of which is vested on March 25, 2021 • 27.5% of which is vested on May 27, 2021 • 27.5% of which is expected to be vested after the first quarter of 2022
Mr. Zhang Yi (章毅) Room 4-2-501, Xinghuo Xiaoqu, Linping Road, Yuhang District, Hangzhou, Zhejiang Province, China	Zhuhai Guichuang	August 1, 2020	91,318	1.095	• 60% of which is vested on March 25, 2021 • 40% of which is expected to be vested after the first quarter of 2022

Name of Grantee	Relevant Employee Incentive Platforms	Date of Grant	Number of Shares underlying the unvested awards granted under the Schemes (as of the Latest Practicable Date)	Price per Share at the time of grant *(RMB)*	Vesting Period (subject to other conditions in the Schemes)
Ms. He Pan (何盼) K605, Block 16, Nanling Guifang Yuan, Nanwan, 418 Shenhui Road, Longgang District, Shenzhen, China	Zhuhai Guichuang	August 1, 2020	91,317	1.095	• 50% of which is vested on March 25, 2021 • 30% of which is vested on May 27, 2021 • 20% of which is expected to be vested after the first quarter of 2022
Ms. Chen Pingting (陳娉婷) Room 1603, Block 8, 688 Cuiwei West Road, Xiangzhou District, Zhuhai, Guangdong, China	Zhuhai Guichuang	August 1, 2020	91,318	1.095	• 60% of which is vested on March 25, 2021 • 20% of which is vested on May 27, 2021 • 20% of which is expected to be vested after the first quarter of 2022
Ms. Wen Jun (聞君) Room 203, Unit 1, Block 4, 160 Lanpu Road, Xiangzhou District, Zhuhai, Guangdong, China	Zhuhai Guichuang	August 1, 2020	82,189	1.095	• 44% of which is vested on March 25, 2021 • 33% of which is vested on May 27, 2021 • 23% of which is expected to be vested after the first quarter of 2022

Name of Grantee	Relevant Employee Incentive Platforms	Date of Grant	Number of Shares underlying the unvested awards granted under the Schemes (as of the Latest Practicable Date)	Price per Share at the time of grant *(RMB)*	Vesting Period (subject to other conditions in the Schemes)
Mr. Duan Mingyue (段明月) Xiangzhi, Zhangtao Xiang, Xixian, Henan, China	Zhuhai Guichuang	August 1, 2020	82,189	1.095	• 44% of which is vested on March 25, 2021 • 33% of which is vested on May 27, 2021 • 23% of which is expected to be vested after the first quarter of 2022
Mr. Chen Suo (陳溯) Room 2604, Unit 1, Block 14, 383 Jingming East Road, Jinwan District, Zhuhai, China	Zhuhai Guichuang	August 1, 2020	73,061	1.095	• 50% of which is vested on March 25, 2021 • 25% of which is vested on May 27, 2021 • 25% of which is expected to be vested after the first quarter of 2022
Mr. Fan Xiaochun (范孝春) Room 502, Unit 1, Block 34, Guoji Huacheng, Doumen Road, Yuecheng District, Shaoxing City, China	Zhuhai Guichuang	August 1, 2020	73,061	1.095	• 50% of which is vested on March 25, 2021 • 25% of which is vested on May 27, 2021 • 25% of which is expected to be vested after the first quarter of 2022

Name of Grantee	Relevant Employee Incentive Platforms	Date of Grant	Number of Shares underlying the unvested awards granted under the Schemes (as of the Latest Practicable Date)	Price per Share at the time of grant *(RMB)*	Vesting Period (subject to other conditions in the Schemes)
Mr. Chen Long (陳龍) Room 502, Unit 3, Block 21, Beigan Eryuan Xin'anyu, Xiaoshan District, Hangzhou, China	Zhuhai Guichuang	August 1, 2020	45,664	1.095	• 60% of which is vested on March 25, 2021 • 40% of which is expected to be vested after the first quarter of 2022
Ms. Ju Mengyang (谷夢陽) 492-1 Yuhang Road, Fenglian Community, Yuhang Road, Yuang District, Hangzhou, China	Zhuhai Guichuang	August 1, 2020	36,524	1.095	• 50% of which is vested on March 25, 2021 • 25% of which is vested on May 27, 2021 • 25% of which is expected to be vested after the first quarter of 2022
Mr. Luo Puyi (羅甫昕) 20-6, Block 3, 8 Qinglong Road, Nanan District, Chongqing, China	Zhuhai Guichuang	August 1, 2020	91,321	1.095	• 20% of which is vested on March 25, 2021 • 40% of which is expected to be vested after the first quarter of 2022 • 40% of which is expected to be vested after the first quarter of 2023

Name of Grantee	Relevant Employee Incentive Platforms	Date of Grant	Number of Shares underlying the unvested awards granted under the Schemes (as of the Latest Practicable Date)	Price per Share at the time of grant *(RMB)*	Vesting Period (subject to other conditions in the Schemes)
Ms. Lu Miao (路苗) No. 6, 3/F, Building 2, Tianchi Fudi, 83 Lianhu Road, Xian Lianhu District, China	Zhuhai Guichuang	August 1, 2020	91,321	1.095	• 20% of which is vested on March 25, 2021 • 40% of which is expected to be vested after the first quarter of 2023 • 40% of which is expected to be vested after the first quarter of 2024
Ms. Zhangqi (張琪) No. 19, Group 1 Jinxi Village, Linglong Road, Linan City, Zhejiang Province, China	Zhuhai Tongqiao Investment	August 1, 2020	25,207	1.095	• 72% of which is vested on March 11, 2021 • 28% of which is expected to be vested after the first quarter of 2022
Mr. Ouyang Zhiben (歐陽志本) Room 704, Unit 2, Block 7, Haiyue Haiyuan, Zhuyun Community, Xianlin Road, Yuhang District, Hangzhou, China	Zhuhai Tongqiao Investment	August 1, 2020	17,187	1.095	• 53% of which is fully vested on March 11, 2021 • 47% of which is expected to be fully vested after the first quarter of 2022
Ms. Li Hong (李虹) Room 502, Unit 2, Block 13, Yuhang Road, Shanxi Yuan Community, Yuhang Road, Yuhang District, Hangzhou, China	Zhuhai Tongqiao Investment	August 1, 2020	17,187	1.095	• 53% of which is fully vested on March 11, 2021 • 47% of which is expected to be fully vested after the first quarter of 2022

6. [REDACTED] Share Option Scheme

The [**REDACTED**] Share Option Scheme (the "**Scheme**") (as amended from time to time) was adopted and approved by resolutions in writing by the Board on January 18, 2021. The purpose of the Plan is to strengthen the human resources management of our Company by providing a means through which the Company may grant equity-based incentives to attract and retain skilled management, R&D, business and marketing personnel in order to raise the competitiveness of our Company. All shares to be issued under the [**REDACTED**] Share Option Scheme are Domestic Shares of our Company.

The following is a summary of the principal terms of the Scheme.

1. Summary of terms

(a) Duration

Subject to the termination provisions under the Scheme, the Scheme shall be valid and effective for the period of 10 years commencing on the adoption date; or when all options have been exercised or lapse pursuant to the Scheme, whichever is the earlier.

(b) Administration

The Scheme shall be subject to the administration of Dr. Zhao (the "**Administrator**") and the supervision of the Supervisors of our Company. The Administrator shall have the right to (i) request for Board approval regarding the implementation, amendment and termination of the Scheme; (ii) report to the Board the method of selecting participants, the actual participants selected and the number and exercise price of the options granted; (iii) the interpretation of the Scheme; and (iv) other administrative matters in relation to the Scheme.

(c) Award Agreement

Each award granted under the Scheme shall be evidenced by an award agreement between the Company and the participant, the form of which shall be approved by the Administrator.

(d) Type of Award

Subject to the Scheme, the Administrator shall be entitled to award any eligible participant to take up options in respect of such number of Shares as the Administrator may determine and at the exercise price as disclosed under the award

agreement. Any exercisable option will be deemed to be exercised when (a) the Company has received the written notice required pursuant to the Scheme; and (b) the Company has received the required payment made in accordance with the Scheme.

(e) Payment

The exercise price for the options to be granted under the Scheme is RMB2.13 per Share. The consideration to be paid, including the method of payment, shall be subject to the provisions in the Scheme. No consideration is payable upon the grant of options under the Scheme.

(f) Exercise Price Adjustment

The exercise price for the options granted under the Scheme is subject to adjustment under the following circumstances: (i) there are changes to the registered share capital of the Company due to the conversion of capital reserve to registered capital; (ii) the Company distributes dividend in cash or stock dividend; or (iii) there has been share subdivision, capital reduction or share allotment.

(g) Participants of the Scheme

Eligible participants of the Scheme include senior management members, core technician or other employee (excluding the Company's independent non-executive Director) as determined by the Board or the Administrator. The Administrator has the discretion to determine the eligibility of an employee to participate in the Scheme depending on Company's need to attract talent and reward employees who have made substantial contribution to the Company and other factors such as the change of title of the employee, resignation or injury or death of the employee.

(h) Period Between the Granting of Award and the Exercise of Award

The grantee may exercise the option between the date of granting the relevant award and the earliest date the grantee is entitled to exercise the option as specified in each award agreement.

(i) Lock-Up Period

Subject to the provisions of the Scheme, the PRC Company law, the Company's Articles of Association, and rules and regulations in relation to lock-up period in the jurisdiction where the Company's Shares are [**REDACTED**] in:

1. For grantees who are the Directors, Supervisors or senior management members of the Company, they are not allowed to transfer Shares representing more than 25% of their equity interest held in the Company

during the period of their employment, and they are not allowed to transfer the Shares held within the half year period immediately following the termination of their employment.

2. To avoid conflict of interest and insider trading, apart from the rules and regulations aforementioned, all grantees shall abide by the Company's internal regulations in relation to lock-up period after the vesting of the options.

(j) Non-transferability of Awards

Unless expressly provided in the Scheme, by applicable law and by the applicable award agreement, all awards are non-transferable and shall not be used as a form of guarantee or as a repayment of debt.

(k) Maximum Number of Options to be Granted

The maximum number of options that may be granted pursuant to the Scheme shall not exceed RMB4,788,547 equivalent of registered share capital of our Company, representing 4,788,547 Domestic Shares of the Company.

(l) Change in Control

Despite a change in control, amalgamation or separation of our Company, there shall not be any amendments to the options already granted, and the award participants may not accelerate the exercise of their options.

2. Options Granted

As of the Latest Practicable Date, share options have been granted to 22 grantees, including 3 Directors, 2 Supervisors, 2 senior management members and 15 other employees of our Group (who were granted options to subscribe for 1,460,030 Shares, 251,399 Shares, 1,304,879 Shares and 1,772,239 Shares, respectively), to subscribe for an aggregate of 4,788,547 Shares.

Below is a list of Directors, Supervisors and senior management members of our Group who are grantees of the options under the [**REDACTED**] Share Option Scheme, and the number of the underlying Shares of their respective options. No option under the [**REDACTED**] Share Option Scheme has been granted to other connected persons of our Group.

Name of Director, Supervisor or senior management member	Date of Grant	Number of Shares Underlying the Options Granted Under the [REDACTED] Share Option Scheme (as of the Latest Practicable Date)	Price per Option at the Time of Grant *(RMB)*	Vesting Period (subject to other conditions in the [REDACTED] Share Option Scheme)
Dr. Zhao 7-2 Taipu Dongyuan Xinhu Shangri La Liangzhu Subdistrict Yuhang District Hangzhou, China	June 10, 2021	1,053,004	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023
Mr. Yang Xie (謝陽) Room 2003, Building 3 500 Zhong Shan Nan Yi Road Huangpu District Shanghai, China	June 10, 2021	167,599	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023
Dr. Zheng Li (李崢) Room 2308, Building 2 1083 Tangqi Road Xiangzhou District Zhuhai, China	June 10, 2021	239,427	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023

Name of Director, Supervisor or senior management member	Date of Grant	Number of Shares Underlying the Options Granted Under the [REDACTED] Share Option Scheme (as of the Latest Practicable Date)	Price per Option at the Time of Grant *(RMB)*	Vesting Period (subject to other conditions in the [REDACTED] Share Option Scheme)
Ms. Jie Liang (梁婕) Yingyuetai Residential Zone Hangzhou Future SCI-TECH City Yuhang District Hangzhou, China	June 10, 2021	179,571	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023
Ms. Wang Hongbo (王宏波) No. 17 Fengshanli Tangjiawan Xiangzhou District Zhuhai, China	June 10, 2021	71,828	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023
Mr. Ning Pan (潘寧) Flat 7-2403, Wantong Shishang Gongguan Yuhang District Hangzhou, China	June 10, 2021	586,597	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023

Name of Director, Supervisor or senior management member	Date of Grant	Number of Shares Underlying the Options Granted Under the [REDACTED] Share Option Scheme (as of the Latest Practicable Date)	Price per Option at the Time of Grant *(RMB)*	Vesting Period (subject to other conditions in the [REDACTED] Share Option Scheme)
Mr. Alan Yuan (袁泉衛) Flat 2004 Building 3 Wantong Shishang Gongguan Yuhang District Hangzhou, China	June 10, 2021	718,282	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023

Below is a list of employees of our Group who are grantees of the options under the [**REDACTED**] Share Option Scheme, and the number of the underlying Shares of their respective options.

Name of Grantee	Date of Grant	Number of [REDACTED] Underlying the Options Granted Under the [REDACTED] Share Option Scheme (as of the Latest Practicable Date)	Price per Option at the Time of Grant *(RMB)*	Vesting Period (subject to other conditions in the [REDACTED] Share Option Scheme)
Mr. Jin Feilong (金飛龍) Unit 3, 8 Road, Jianggan District, Hangzhou, China	June 10, 2021	287,313	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023

Name of Grantee	Date of Grant	Number of [REDACTED] Underlying the Options Granted Under the [REDACTED] Share Option Scheme (as of the Latest Practicable Date)	Price per Option at the Time of Grant *(RMB)*	Vesting Period (subject to other conditions in the [REDACTED] Share Option Scheme)
Ms. Zhu Qing (朱青) Room 202, Unit 2, 828 Chenhui Road, Pudong New District, Shanghai, China	June 10, 2021	95,771	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023
Ms. Cheng Qin (程鑫) 22 Chaowang Road, Xiacheng District, Hangzhou, China	June 10, 2021	71,828	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023
Mr. Liu Xiangcheng (劉享承) 88 Baiyuan Yuanxi Road, Chengnan Street, Tonglu Xian, Zhejiang, China	June 10, 2021	95,771	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023

Name of Grantee	Date of Grant	Number of [REDACTED] Underlying the Options Granted Under the [REDACTED] Share Option Scheme (as of the Latest Practicable Date)	Price per Option at the Time of Grant *(RMB)*	Vesting Period (subject to other conditions in the [REDACTED] Share Option Scheme)
Ms. Shen Danqing (沈丹清) No. 31 Shuidui Tou, Group 15, Jixian Village, Jinbei Road, Linan City, China	June 10, 2021	47,885	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023
Ms. Zhang Qi (張琪) No. 19, Group 1 Jinxi Village, Linglong Road, Linan City, Zhejiang Province, China	June 10, 2021	47,885	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023
Mr. Ma Suo (馬朔) 7 Chengdong Road, Fenglian Community, Yuhang Road, Yuhang District, Hangzhou, China	June 10, 2021	95,771	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023

Name of Grantee	Date of Grant	Number of [REDACTED] Underlying the Options Granted Under the [REDACTED] Share Option Scheme (as of the Latest Practicable Date)	Price per Option at the Time of Grant *(RMB)*	Vesting Period (subject to other conditions in the [REDACTED] Share Option Scheme)
Mr. Fan Xiaochun (范孝春) Room 502, Unit 1, Block 34, Guoji Huacheng, Doumen Road, Yuecheng District, Shaoxing City, China	June 10, 2021	47,885	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023
Ms. Wen Jun (聞君) Room 203, Unit 1, Building 4, 160 Lanpu Road, Xiangzhou District, Zhuhai, Guangdong, China	June 10, 2021	47,885	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023
Zhou Kaixuan (周凱旋) No. 1658 Hongxing Road, Xiuzhou District, Jiaxing City, Zhejiang Province, China	June 10, 2021	167,599	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023

Name of Grantee	Date of Grant	Number of [REDACTED] Underlying the Options Granted Under the [REDACTED] Share Option Scheme (as of the Latest Practicable Date)	Price per Option at the Time of Grant *(RMB)*	Vesting Period (subject to other conditions in the [REDACTED] Share Option Scheme)
Ms. Li Kepei (李科蓓) 58 Huaxing Road, Shanghai, China	June 10, 2021	173,824	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023
Mr. Wang Yi (王毅) Room 4-204, Jindingwan International, No. 88 Dingxi Road, Nanjing, Jiangsu Province, China	June 10, 2021	173,824	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023
Cai Lianxiang (蔡連祥) 8-3-502 Zizu Renjia, Yuhang Road, Yuhang District, Hangzhou, China	June 10, 2021	143,656	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023

Name of Grantee	Date of Grant	Number of [REDACTED] Underlying the Options Granted Under the [REDACTED] Share Option Scheme (as of the Latest Practicable Date)	Price per Option at the Time of Grant *(RMB)*	Vesting Period (subject to other conditions in the [REDACTED] Share Option Scheme)
Mr. Zhang Yongshun (張永順) Room 61-302, Maanshan Yayuan, Yuhang Road, Yuhang District, Hangzhou, China	June 10, 2021	155,628	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023
Mr. Xing Zhikai (邢智凱) Room 602, No. 6, Block 65, Maanshan Yayuan, Jinxing Village, Yuhang District, Hangzhou, China	June 10, 2021	119,714	2.13	• 30% of which is expected to be vested on December 1, 2021 • 30% of which is expected to be vested on December 1, 2022 • 40% of which is expected to be vested on December 3, 2023

3. General

The Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it will not involve the grant of options by us after the [**REDACTED**].

7. Disclaimers

Saved as disclosed in this Document:

(a) none of our Directors, Supervisors or any of the parties listed in "Qualification of Experts" of this Appendix is:

(i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this Document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;

(ii) materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to our business;

(b) save in connection with the [**REDACTED**] and the [**REDACTED**], none of the parties listed in "Qualification of Experts" of this Appendix:

(i) is interested legally or beneficially in any shares in any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) none of our Directors or Supervisors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and

(d) none of our Directors or Supervisors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are [**REDACTED**] on the Hong Kong Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or our subsidiary.

Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration, administrative proceedings or claims of material importance, and, so far as we are aware, no litigation, arbitration, administrative proceedings or claims of material importance are pending or threatened against any member of our Group.

Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the [**REDACTED**] of, and permission to deal in, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Each of the Joint Sponsors will receive a fee of US$500,000 for acting as a sponsor for the [**REDACTED**].

Preliminary Expenses

Our Company did not incur any material preliminary expenses.

Qualification of Experts

The qualifications of the experts who have given opinions or advice in this Document are as follows:

Name	Qualification
Morgan Stanley Asia Limited	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) of regulated activities as defined under the SFO
CLSA Capital Markets Limited	Licensed to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) of regulated activities under the SFO
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of the laws of Hong Kong) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Grandall Law Firm (Shanghai)	PRC legal advisor
Frost & Sullivan International Limited	Independent industry consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer

Consents of Experts

Each of the experts referred to in "Qualification of Experts" in this Appendix has given and has not withdrawn its respective written consents to the issue of this Document with the inclusion of certificates, letters, opinions or reports and the references to its names included herein in the form and context in which it is respectively included.

None of the experts named above has any of our shareholding interests or rights (whether legally enforceable or not) or any of our members to subscribe for or to nominate persons to subscribe for our securities or any of our member.

Compliance Advisor

We have appointed Rainbow Capital (HK) Limited as our Compliance Advisor upon the [**REDACTED**] in compliance with Rule 3A.19 of the Hong Kong Listing Rules.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the seller and purchaser is HK$1.00 for every HK$1,000 (or part thereof) of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see "Appendix IV – Taxation and Foreign Exchange – Taxation in Hong Kong".

No Material Adverse Change

Save as disclosed in the "Summary – Recent Development and No Material Adverse Change" and "Financial Information – No Material Adverse Change" to this Document, after all due diligence was performed as appropriate as the Directors believe, our Directors confirm that, as of the date of this Document, there has been no material adverse change in our financial position or prospects since December 31, 2020 and there has been no event that materially and adversely affected the data set out in the accountant's report in Appendix I to this Document since December 31, 2020.

Binding Effect

This Document shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Miscellaneous

Save as disclosed in this Document:

(a) within the two years preceding the date of this Document: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(f) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;

(g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(h) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(i) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought;

(j) our Company has no outstanding convertible debt securities or debentures;

(k) our Company is a joint stock limited company and is subject to the PRC Company Law; and

(l) our Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules.

Restrictions on Share Repurchases

For details, see the sections headed "Appendix IV – Summary of Principal Legal and Regulatory Provisions" and "Appendix V – Summary of Articles of Association" in this Document.

Bilingual Document

The English language and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Promoters

The promoters of our Company are all of the 36 then shareholders of our Company as at January 31, 2021 before our conversion into a joint stock limited liability company. Save as disclosed in this Document, within the two years immediately preceding the date of this Document, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the [**REDACTED**] or the related transactions described in this Document.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this Document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the [**REDACTED**];

(b) the written consents referred to in "Appendix VII – Statutory and General Information – Other Information – Consents of Experts"; and

(c) a copy of each of the material contracts referred to in "Appendix VII – Statutory and General Information – Further Information about our Business – Summary of Material Contracts."

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Davis Polk & Wardwell at 18th Floor, The Hong Kong Club Building, 3A Chater Road, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this Document:

1. the Articles of Association;

2. the Accountant's Report from PricewaterhouseCoopers on the historical financial information of our Group for each of the years ended December 31, 2019 and 2020, the text of which is set forth in Appendix I to this Document;

3. the report from PricewaterhouseCoopers on the [**REDACTED**] of our Group as at December 31, 2020, the text of which is set forth in Appendix II to this Document;

4. the letter, summary of values and valuation certificates relating to the property interests of our Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix III to this document;

5. the material contracts in "Appendix VII – Statutory and General Information – Further Information about our Business – Summary of Material Contracts";

6. the written consents referred to in "Appendix VII – Statutory and General Information – Other Information – Consents of Experts";

7. the service contracts referred to in "Appendix VII – Statutory and General Information – Further Information about our Directors, Supervisors, Management and Substantial Shareholders – Service Contracts";

8. the legal opinions issued by Grandall Law Firm (Shanghai), our PRC Legal Advisor, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC law;

9. the industry report issued by Frost & Sullivan International Limited, the summary of which is set forth in the section headed "Industry Overview" in this Document;

10. a copy of the following PRC laws, together with unofficial English translations:

    (i) the PRC Company Law;

    (ii) the PRC Securities Law;

    (iii) the Mandatory Provisions;

    (iv) the Special Regulations; and

11. the [**REDACTED**] Share Option Scheme.