寧波健世科技股份有限公司
Jenscare Scientific Co., Ltd.

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

Stock Code: 9877

GLOBAL OFFERING

Joint Sponsors, Joint Representatives, Overall Coordinators,
Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

CICC 中金公司 citi

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

华泰国际 HUATAI INTERNATIONAL 農銀國際 ABC INTERNATIONAL

Joint Bookrunners and Joint Lead Managers

交銀國際 BOCOM International 富途證券 TIGER BROKERS

Joint Lead Manager

元庫證券 Silverbricks Securities

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

Jenscare Scientific Co., Ltd.
寧波健世科技股份有限公司

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

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**8,076,400 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**808,000 H Shares (subject to adjustment)**
Number of International Offer Shares	**:**	**7,268,400 H Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$28.80 per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
Stock code	**:**	**9877**

Joint Sponsors, Joint Representatives, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix VII — Documents Delivered to the Registrar of Companies and Available on Display", has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Underwriters) and our Company on or before Thursday, September 29, 2022 or such later time as may be agreed between the parties, but in any event, no later than Friday, October 7, 2022. The Offer Price will be not more than HK$28.80 and is expected to be not less than HK$26.70 per Offer Share although the Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Underwriters) and our Company may agree to a lower price. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$28.80 for each Hong Kong Offer Share together with a brokerage fee of 1.0%, a SFC transaction levy of 0.0027%, a FRC transaction levy of 0.00015% and a Hong Kong Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK$28.80.

The Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Underwriters) may, with the consent of our Company, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that stated in this prospectus (being HK$26.70 per Offer Share to HK$28.80 per Offer Share) at any time on or prior to the morning of the last date for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.jenscare.com** as soon as practicable following the decision to make such reduction, but in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. For further information, please refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

We are incorporated and a substantial majority of our business and assets are located in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong, and the fact that there are different risk factors relating to investment in PRC-incorporated companies. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong, and should take into consideration the different market nature of the H Shares. Such differences and risk factors are set out in the sections headed "Risk Factors" and "Regulatory Overview" in this prospectus and in Appendix III, Appendix IV and Appendix V to this prospectus.

Pursuant to the termination provisions contained in the Hong Kong Underwriting Agreement in respect of the Hong Kong Offer Shares, the Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Hong Kong Underwriters) have the right in certain circumstances, in their absolute discretion, to terminate the obligation of the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement at any time prior to 8:00 a.m. on the Listing Date. Further details of the terms of the termination provisions are set out in the paragraph headed "Underwriting — Hong Kong Underwriting Arrangements — Hong Kong Public Offering — Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Offer Shares may only be offered and sold (i) in the United States to Qualified Institutional Buyers in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act and (ii) outside the United States in offshore transactions in reliance on Regulation S.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.jenscare.com**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

September 23, 2022

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at www.jenscare.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online through the **White Form eIPO** service at **www.eipo.com.hk**;

(2) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

i. instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

ii. (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

Please refer to the section headed "How to Apply for Hong Kong Offer Shares" for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application must be for a minimum of 200 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

Jenscare Scientific Co., Ltd. (Stock Code: 9877)
(Maximum Offer Price of HK$28.80 per Hong Kong Offer Share)

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK$		*HK$*		*HK$*		*HK$*
200	5,818.06	4,000	116,361.04	20,000	581,805.21	160,000	4,654,441.73
400	11,636.11	5,000	145,451.31	30,000	872,707.83	180,000	5,236,246.95
600	17,454.16	6,000	174,541.57	40,000	1,163,610.43	200,000	5,818,052.16
800	23,272.20	7,000	203,631.82	50,000	1,454,513.04	240,000	6,981,662.59
1,000	29,090.26	8,000	232,722.09	60,000	1,745,415.65	280,000	8,145,273.03
1,200	34,908.31	9,000	261,812.35	70,000	2,036,318.25	320,000	9,308,883.45
1,400	40,726.37	10,000	290,902.61	80,000	2,327,220.87	360,000	10,472,493.89
1,600	46,544.41	12,000	349,083.13	90,000	2,618,123.47	404,000[(1)]	11,752,465.36
1,800	52,362.47	14,000	407,263.65	100,000	2,909,026.08		
2,000	58,180.53	16,000	465,444.17	120,000	3,490,831.29		
3,000	87,270.78	18,000	523,624.70	140,000	4,072,636.51		

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

*If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.jenscare.com**.*

Hong Kong Public Offering commences . . . . . 9:00 a.m. on Friday, September 23, 2022

Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[(2)] . . . . . 11:30 a.m. on Thursday, September 29, 2022

Application lists open[(3)] . . . . . 11:45 a.m. on Thursday, September 29, 2022

Latest time for (a) completing payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[(4)] . . . . . 12:00 noon on Thursday, September 29, 2022

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close[(3)] . . . . . 12:00 noon on Thursday, September 29, 2022

Expected Price Determination Date[(5)] . . . . . Thursday, September 29, 2022

Announcement of Offer Price, the level of applications in the Hong Kong Public Offering; the indication of level of interest in the International Offering; and the basis of allocation of the Hong Kong Offer Shares to be published on our website at **www.jenscare.com**[(6)] and the website of the Stock Exchange at **www.hkexnews.hk** on or before . . . . . Friday, October 7, 2022

The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Stock Exchange at **www.jenscare.com** and **www.hkexnews.hk**, respectively . . . . . Friday, October 7, 2022

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function from . . . . . 8:00 am. on Friday, October 7, 2022 to 12:00 midnight on Thursday, October 13, 2022

- from the allocation results telephone enquiry by calling +852 2862 8555 between . . . . . 9:00 a.m. and 6:00 p.m. on Friday, October 7, 2022, Monday, October 10, 2022, Tuesday, October 11, 2022 and Wednesday, October 12, 2022

H Share certificates in respect of wholly or partially successful applications to be dispatched/collected or deposited into CCASS on or before(7) . . . . . Friday, October 7, 2022

White Form e-Refund payment instructions/refund checks in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched/collected on or before(9) . . . . . Friday, October 7, 2022

Dealings in H Shares on the Hong Kong Stock Exchange expected to commence at 9:00 a.m. on . . . . . Monday, October 10, 2022

The application for the Hong Kong Offer Shares will commence on Friday, September 23, 2022 through Thursday, September 29, 2022, being longer than normal market practice of three and a half days. The application monies (including the brokerage fees, SFC transaction levy, FRC transaction levy and Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on Friday, October 7, 2022. Investors should be aware that the dealings in the H Shares on the Stock Exchange are expected to commence on Monday, October 10, 2022

Notes:

(1) All dates and times refer to Hong Kong local dates and times, except as otherwise stated. Details of the structure of the Global Offering, including conditions of the Hong Kong Public Offering, are set forth in the section headed "Structure of the Global Offering" in this prospectus.

(2) If you have already submitted your application through the designated website at **www.eipo.com.hk** and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close. You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications.

(3) If there is/are a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, September 29, 2022, the application lists will not open or close on that day. Please refer to the paragraph headed "How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this prospectus.

(4) Applicants who apply for the Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the paragraph headed "How to Apply for Hong Kong Offer Shares — 6. Applying through CCASS EIPO Service" in this prospectus.

(5) The Price Determination Date is expected to be on or about Thursday, September 29, 2022, and in any event, not later than Friday, October 7, 2022. If, for any reason, the Offer Price is not agreed between the Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Underwriters) and us on or before Friday, October 7, 2022, the Global Offering will not become unconditional and will lapse immediately.

(6) None of the website or any of the information contained on the website forms part of this prospectus.

(7) The H Share certificates will only become valid evidence of title provided that the Global Offering has become unconditional in all respects and neither of the Hong Kong Underwriting Agreement nor the International Underwriting Agreement is terminated in accordance with its respective terms prior to 8:00 a.m. on the Listing Date. The Listing Date is expected to be on or about Monday, October 10, 2022. Investors who trade the H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

(8) e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications, and also in respect of wholly or partially successful applications if the Offer Price is less than the price payable on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check.

(9) Applicants who have applied on **White Form eIPO** for 100,000 or more Hong Kong Offer Shares may collect any refund checks (where applicable) and/or H Share certificates in person from our H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, October 7, 2022 or such other date as notified by us as the date of dispatch/collection of Share certificates/e-refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our H Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through CCASS EIPO service should refer to the section headed "How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of H Share Certificates and Refund Monies — Personal Collection — If you apply through CCASS EIPO service" in this prospectus for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks by ordinary post at their own risk.

H Share certificates and/or refund checks for applicants who have applied for less than 100,000 Hong Kong Offer Shares and any uncollected H Share certificates and/or refund checks will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed "How to Apply for Hong Kong Offer Shares — 13. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of H Share Certificates and Refund Monies".

The above expected timetable is a summary only. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus, respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, the Company will publish an announcement as soon as practicable thereafter.

TABLE OF CONTENTS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to subscribe for or buy any security or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdiction pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

*You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their respective directors, officers, employees, partners, agents or representatives, or any other party involved in the Global Offering. Information contained on our website (**www.jenscare.com**) does not form part of this prospectus.*

TABLE OF CONTENTS

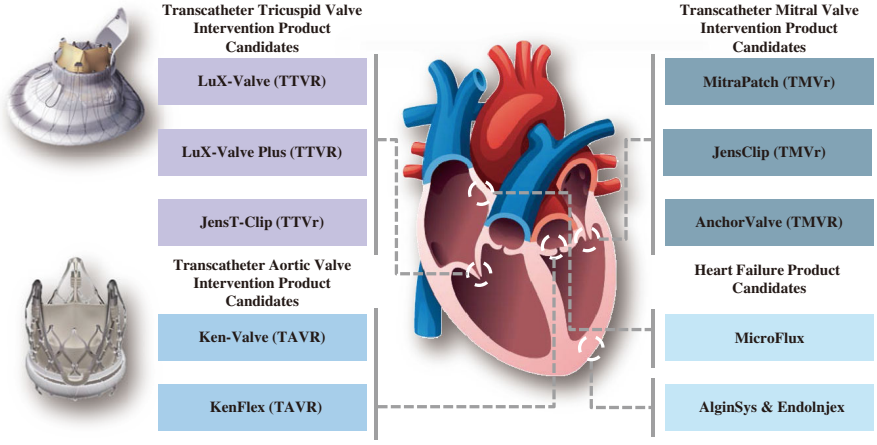
This summary aims to give you an overview of the information contained in this prospectus and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this prospectus. As this is a summary, it does not contain all the information that may be important to you and we urge you to read the entire prospectus carefully before making your investment decision. There are risks associated with any investment. ***In particular, we are a biotechnology company seeking to list on the Main Board of the 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.*** *Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.*

OVERVIEW

We are a China-based medical device company dedicated to the development of interventional products for the treatment of structural heart diseases. Our Company was established in the PRC in November 2011. Since then we have developed a series of treatment solutions targeting different types of structural heart diseases, including tricuspid valve diseases, aortic valve diseases, mitral valve diseases and heart failure. LuX-Valve, our Core Product and our proprietary first-generation transcatheter tricuspid valve replacement ("**TTVR**") system, is designed for patients with both severe tricuspid regurgitation and high surgical risk. Ken-Valve, our another Core Product, is designed for the treatment of severe aortic regurgitation (or combined with aortic stenosis), and is expected to address the needs of a larger patient pool than those transcatheter aortic valve replacement ("**TAVR**") systems that are indicated for the treatment of aortic stenosis alone. TAVR market is a relatively mature market with many commercialized products, including 25 major TAVR products approved for commercialization globally and nine TAVR products approved for commercialization in China as of the Latest Practicable Date, according to Frost & Sullivan. We are also developing eight other product candidates featuring advanced technologies, targeting different types of valvular diseases and heart failure.

WE CANNOT GUARANTEE THAT WE WILL ULTIMATELY DEVELOP OR MARKET OUR CORE PRODUCTS SUCCESSFULLY.

Primarily driven by population aging, structural heart diseases are becoming increasingly prevalent both in China and worldwide. Among all structural heart diseases, valvular heart diseases are the most prevalent. According to Frost & Sullivan, approximately 221.4 million patients worldwide, including approximately 37.5 million patients in China, suffered from valvular heart diseases in 2021. Despite the high prevalence, there were few safe and effective treatments for structural heart diseases. To capitalize on this market opportunity and to fulfill the unmet medical needs of patients with structural heart diseases, we have developed a broad product pipeline that covers various structural heart diseases.



Abbreviations: TTVR = transcatheter tricuspid valve replacement; TTVr = transcatheter tricuspid valve repair; TAVR = transcatheter aortic valve replacement; TMVr = transcatheter mitral valve repair; TMVR = transcatheter mitral valve replacement

We have adopted a self-development business model, and self-developed the key technologies used in our product candidates. The following chart summarizes the development status of our product candidates as of the Latest Practicable Date.

Product Candidates	Product Categories	Pre-Clinical	Clinical	Registration	Upcoming Milestones	Expected Com-mercialization	Commercial Rights	Competent Authority
Valvular Heart Diseases Product Candidates								
★ *LuX-Valve*	**Transcatheter tricuspid valve replacement (TTVR) system**	NMPA approval: Completed the feasibility clinical trial and the confirmatory clinical trial			• Submission for NMPA approval (2022Q4)	2023H2	Global	NMPA
		CE Marking: In the process of initiating the clinical trial FDA: Designated as the "breakthrough device"			• Completion of the subject enrollments (2023Q4)	2024H2		The Notified Body of EU FDA
★ *Ken-Valve*	**Transcatheter aortic valve replacement (TAVR) system**	NMPA approval: Completed the feasibility clinical trial, in the process of conducting the confirmatory clinical trial			• Completion of the confirmatory clinical trial (2023Q1)	2024H1	Global	NMPA
LuX-Valve Plus	Transcatheter tricuspid valve replacement (TTVR) system*	NMPA approval: Completed the feasibility clinical trial, in the process of conducting the confirmatory clinical trial			• Completion of the subject enrollments (2023Q1)	2024H1	Global	NMPA
		CE Marking: In the process of initiating the clinical trial			• Completion of the subject enrollments (2023Q4)	2024H2		The Notified Body of EU
KenFlex	Transcatheter aortic valve replacement (TAVR) system*	NMPA approval: Preparing for the feasibility clinical trial			• Initiation of the feasibility clinical trial (2022Q4)	2025H1	Global	NMPA
JensClip	Transcatheter mitral valve repair (TMVr) system	NMPA approval: In the process of conducting the feasibility clinical trial			• Completion of the subject enrollments (2022Q4)	2025H1	Global	NMPA
		CE Marking: Preparing for the feasibility clinical trial			• Initiation of the feasibility clinical trial (2023Q1)	2025H2		The Notified Body of EU
JensT-Clip	Transcatheter tricuspid valve repair (TTVr) system	NMPA approval: Animal studies stage			• Initiation of the feasibility clinical trial (2023H2)	2025H2	Global	NMPA
		CE Marking: Animal studies stage			• Initiation of the feasibility clinical trial (2023H2)	2025H2		The Notified Body of EU
MitraPatch	Transcatheter mitral valve repair (TMVr) system	NMPA approval: Preparing for the feasibility clinical trial			• Initiation of the feasibility clinical trial (2023Q2)	2025H2	Global	NMPA
		CE Marking: Preparing for the feasibility clinical trial			• Initiation of the feasibility clinical trial (2023Q2)	2025H2		The Notified Body of EU
AnchorValve	Transcatheter mitral valve replacement (TMVR) system	NMPA approval: Animal studies stage			• Initiation of the feasibility clinical trial (2023Q3)	2026H1	Global	NMPA
Heart Failure Diseases Product Candidates								
MicroFlux	Atrial septostomy stent & delivery system	NMPA approval: Preparing for the feasibility clinical trial			• Initiation of the feasibility clinical trial (2022Q4)	2025H1	Global	NMPA
AlginSys & Endolnjex	Myocardial filling hydrogel & injection system	NMPA approval: Animal studies stage			• Initiation of the feasibility clinical trial (2023Q2)	2025H2	Global	NMPA

★ Core Products PRC registration Global registration

* The product designs, structures and treatment access paths of Lux-Valve and LuX-Valve Plus (via transvascular access path) are different. Therefore, pursuant to the *Guidelines on Medical Device Registration Unit Classification*, we expect that they will be registered under separate registration certificates to be issued by the NMPA, and we intend to sell them as separate products. Similarly, we expect that Ken-Valve and KenFlex (via transvascular access path) will be registered under separate registration certificates, and we intend to sell them as separate products.

OUR PRODUCT CANDIDATES

LuX-Valve — Our Core Product

LuX-Valve, our Core Product and our proprietary first-generation TTVR system, is designed for patients with both severe tricuspid regurgitation and high surgical risk. LuX-Valve works by replacing the function of a patient's dysfunctional native tricuspid valve with a prosthetic valved stent without the need for conventional open-heart surgery. LuX-Valve is a Class III medical device under the classification criteria of the NMPA. LuX-Valve has the potential for treating severe tricuspid regurgitation, and is expected to become one of the first TTVR products approved for commercialization globally given that it was the first product candidate worldwide to complete the subject enrollments for confirmatory clinical trial, according to Frost & Sullivan. LuX-Valve was recognized as an innovative medical device by the NMPA in 2019, and is therefore eligible for an expedited approval process. In September 2020, we successfully completed the multi-center feasibility clinical trial of LuX-Valve and subsequently initiated the confirmatory clinical trial in China. In August 2021, we completed the enrollment of 120 subjects for the confirmatory clinical trial of LuX-Valve. In February 2022, we completed the six-month follow-up for the confirmatory clinical trial of LuX-Valve, and thereafter proceeded with the one-year follow-up for the confirmatory clinical trial of LuX-Valve, which had been completed as of the Latest Practicable Date. After the completion of confirmatory clinical trial, we expect to submit the trial results for NMPA approval in the fourth quarter of 2022 and obtain the NMPA approval for the commercialization of LuX-Valve in the second half of 2023. In addition, LuX-Valve was designated as a "breakthrough device" by the FDA in November 2021 under the Breakthrough Devices Program as it provides more effective treatment in life-threatening diseases, with no approved or cleared alternative existing at the time, and its availability is in the best interest of patients. After the designation, the product was entitled to an expedited process of the development, assessment, and review by the FDA. According to Frost & Sullivan, it was the first domestically-developed medical device receiving such designation in the field of heart valve disease treatment.

Tricuspid regurgitation ("**TR**") is increasingly prevalent in recent years. According to Frost & Sullivan, over 51.7 million patients worldwide, including over 9.3 million in China, suffered from TR in 2021. Driven by the aging population and the advantages of transcatheter tricuspid valve intervention ("**TTVI**") procedures, the global market for TTVI products is expected to grow from US$10.0 million in 2021 to US$11.3 billion in 2030, and the market for TTVI products in China is expected to reach RMB20.3 billion in 2030. For more details related to market size and growth drivers in China, see "Industry Overview — Tricuspid Valve Disease — TTVI Market — China Market" in this prospectus.

The treatment of tricuspid regurgitation mainly includes three approaches, namely, medication, conventional surgery and interventional therapy. For medication, it relieves symptoms but does not address the fundamental mechanism of the disease; for conventional surgery, it is highly invasive and risky, with high mortality and complication rates in the high-risk population; and for interventional treatment, namely, TTVI (including both TTVr and TTVR), it has been widely applied in clinical practice in recent years due to its minimal invasiveness, less pain and quicker recovery.

As of the Latest Practicable Date, there was no approved TTVR product globally. There were eight TTVR product candidates under clinical trials globally as of the same date, of which (i) three product candidates entered into the confirmatory clinical trial stage and (ii) five product candidates only completed, or were still in the process of completing, early feasibility studies. As of the Latest Practicable Date, LuX-Valve and LuX-Valve Plus were the only TTVR product candidates known to be under clinical trials in China, and LuX-Valve is expected to become one of the first TTVR products approved for commercialization globally given that it was the first product candidate worldwide to complete the subject enrollments for the confirmatory clinical trial, according to Frost & Sullivan. The following table sets out the competitive landscape of TTVR product candidates under clinical trials globally:

Company Name	Product[1]	Expanding Mechanism	Pericardium Material	Design Features	Access	Phase	First Posted	Indication
Jenscare Scientific	LuX-Valve	SE	BP	Radial force-independent; leaflet-grasping clips; ventricular septal anchor	Transatrial	Confirmatory clinical trial[2]	2020.06.18	TR
	LuX-Valve Plus	SE	BP	Radial force-independent; leaflet-grasping clips; ventricular septal anchor; multi-angle adjustable and steerable	Transjugular	Confirmatory clinical trial	2021.11.29	TR
Edwards Lifesciences	EVOQUE	SE	BP	Intra-annular sealing skirt and anchors	Transfemoral	Confirmatory clinical trial[3]	2020.07.22	TR
Cardiovalve	Cardiovalve	N/A	BP	Leaflet grasping and atrial flange delivery	Transfemoral	Early feasibility study	2019.09.24	TR
NaviGate Cardiac Structures	GATE System	SE	Equine Pericardial	Atrial winglets, ventricular graspers	Transjugular/ Transatrial	Early feasibility study	2019.11.22	TR
Medtronic	Intrepid	SE	BP	Integrates self-expanding, dual-stent technology with a replacement tissue heart valve	Transfemoral	Early feasibility study	2020.06.16	TR
Trisol Medical	Trisol Valve	SE	PP ventricular skirt and BP leaflet	Axial force; retrievable, repositionable	Transjugular	Early feasibility study	2021.05.27	TR
TRiCares	Topaz	SE	BP	Self-expanding bovine pericardial valve mounted on nitinol stent frame	Transfemoral	Early feasibility study	2021.11.18	TR

Notes: SE = Self-expanding; BP=Bovine pericardium; PP=Porcine pericardium

(1) Only including products for complete replacement use, and excluding products for only valve-in-valve use.

(2) In August 2021, the enrollment of subjects for the confirmatory clinical trial of LuX-Valve was completed. In February 2022, the six-month follow-up for the confirmatory clinical trial was completed. The one-year follow-up for the confirmatory clinical trial had been completed as of the Latest Practicable Date.

(3) As of the Latest Practicable Date, this confirmatory clinical trial was in the process of enrolling subjects.

Source: ClinicalTrials, Literature Review, Company Websites, Frost & Sullivan Analysis

As of the Latest Practicable Date, there were three TTVr products approved globally, namely, Cardioband, Pascal and TriClip; and there was one TTVr product candidate under confirmatory clinical trials globally. The following table sets out the competitive landscape of TTVr products globally:

Transcatheter Tricuspid Valve Repair				
Company Name	**Product**	**Approvals Obtained**	**Approval Time**	**Indication**
Edwards Lifesciences	Cardioband[(1)]	CE Marking	2018	TR
Edwards Lifesciences	Pascal[(1)]	CE Marking	2020	TR
Abbott	TriClip[(1)]	CE Marking	2020	TR

Source: CE, Company Websites, Frost & Sullivan Analysis

Note:

(1) The product received CE Marking and can be commercialized in the European Union. As of the Latest Practicable Date, the price range of these three products was around US$22,000 to US$31,000 per set, according to Frost & Sullivan.

Compared with TTVr, TTVR has a relatively broader scope of application given that it has less restriction on patients' native valve conditions with a larger potential target patient group. In addition, as of the Latest Practicable Date, the TTVr products were only commercialized under CE Marking. As a result, we believe our TTVR product candidates that will be commercialized in China would have less direct competition with the TTVr products that are currently approved under CE Marking. Given the large unmet patient needs, it is expected that the first movers in the TTVR industry can quickly capture the large and underpenetrated* market, both in China and globally, once their products are approved for commercialization in the relevant jurisdictions. To promote our TTVR product candidates, in particular our Core Product, LuX-Valve, which is expected to be launched in the second half of 2023, we plan to introduce our product candidates to hospitals in China through academic marketing, including regular interaction with physicians, offering training programs, and leveraging our network with KOLs. For details, see "Business — Sales and Marketing — Our Marketing Model" in this prospectus. In terms of pricing strategies of LuX-Valve, we plan to conduct extensive market research with KOLs, hospitals, physicians and patients as well as regulatory bodies before pricing, and will take into account various factors such as feedback collected from these parties, our production costs, the estimated demand for our products, and the clinical value we bring to patients. As LuX-Valve is expected to be launched in China in the second half of 2023, we intend to determine the price with reference to that of the then launched comparable products in China, if any. The pricing in overseas markets may vary according to the specific conditions in each territory including, among others, the pricing of multinational competitors in the same markets, and we will conduct extensive market research on the overseas markets where we plan to sell the product to determine the appropriate price for each such market in due course.

* According to Frost & Sullivan, the number of tricuspid regurgitation patients globally increased from 47.6 million in 2017 to 51.7 million in 2021, and is expected to increase further to 60.7 million in 2030. In China, the number of tricuspid regurgitation patients increased from 8.8 million in 2017 to 9.3 million in 2021, and is estimated to increase further to 10.6 million in 2030. Despite the high prevalence of tricuspid regurgitation, currently there is no mature and effective treatment for tricuspid regurgitation, and as of the Latest Practicable Date, there was no approved TTVR product globally, leaving a large market underpenetrated.

When determining the prices for LuX-Valve, we will also consider the potential impact of governmental insurance coverage. As of the Latest Practicable Date, there was no commercialized TTVR product in the world, and LuX-Valve is expected to become one of the first commercialized TTVR products in the world, and the first commercialized TTVR product in China, according to Frost & Sullivan. Therefore, we are of the view that LuX-Valve would not be included into the governmental medical insurance reimbursement list (either in China or in other jurisdictions where we plan to commercialize LuX-Valve) immediately upon its commercialization. As further advised by Frost & Sullivan, based on its understanding as of the Latest Practicable Date, the likelihood that LuX-Valve will be included into the governmental medical insurance reimbursement list within a few years after its commercialization is relatively low. However, to the extent that we elect to apply for the inclusion of LuX-Valve into the governmental medical insurance reimbursement list in the future, or the product was otherwise so included, we might face downward pricing pressure for the product, and might need to adjust our pricing strategy accordingly. For more details, see "Risk Factors — Risks Relating to Our Product Candidates — Risks Relating to the Commercialization of Our Product Candidates — Even if we are able to commercialize any of our product candidates, our future pricing strategy and downward pricing of our future products may have a material adverse effect on our business and results of operations" in this prospectus.

After taking into account all the factors mentioned above, we currently estimate the retail price of LuX-Valve, upon commercialization, will be set at round RMB220,000 to RMB300,000. If LuX-Valve is included in the governmental medical insurance reimbursement list in China, we might need to lower its retail price by approximately 5% to 15%. Since LuX-Valve is expected to become one of the first TTVR products approved for commercialization globally, we believe we will enjoy more flexibility in pricing strategy. However, there is no assurance that the actual selling price will be so favorable compared with comparable products, if any, that our existing or potential competitors will not outcompete us in regard of pricing. For more details, see "Risk Factors — Risks Relating to Our Product Candidates — Risks Relating to the Commercialization of Our Product Candidates — We might not be able to price our products competitively as compared to similar products in the market or other alternative treatment options, and our products might fail to achieve broad market acceptance" in this prospectus.

Ken-Valve — Our Core Product

We have also developed a series of innovative TAVR product candidates, targeting severe aortic regurgitation. Ken-Valve, our Core Product and our proprietary first-generation TAVR system, is designed for the treatment of severe aortic regurgitation (or combined with aortic stenosis), and is expected to address the needs of a larger patient pool than those TAVR systems that are indicated for the treatment of aortic stenosis alone. Ken-Valve is a Class III medical device under the classification criteria of the NMPA. According to Frost & Sullivan, as of the Latest Practicable Date, J-Valve manufactured by Jiecheng Medical and Trilogy manufactured by JenaValve Technology were the only two commercialized TAVR products that can be indicated for the treatment of severe AR, and Ken-Valve was the only TAVR product candidate with such indication that had progressed to the confirmatory clinical trial stage. In March 2021, we successfully completed the multi-center feasibility clinical trial of Ken-Valve and subsequently initiated the confirmatory clinical trial, for which all subject enrollments were completed in March 2022. After the completion of confirmatory clinical trial, we expect to obtain the NMPA approval for the commercialization of Ken-Valve in the first half of 2024.

As of the Latest Practicable Date, we had four issued patents in relation to Ken-Valve, all of which were issued in China. One of such patents, which is a utility model patent in relation to the design of the structure of Ken-Valve's leakproof ring as well as the way that the leakproof ring is linked to the stent, will expire in December 2023. Our Directors are of the view, and the Joint Sponsors concur, that such expiration would not have a material adverse impact on the development and/or commercialization of Ken-Valve. For more details about the factors that our Directors and the Joint Sponsors took into consideration before reaching such conclusion, see "— Intellectual Property" in this section and "Business — Intellectual Property Rights" in this prospectus.

The treatment of aortic regurgitation mainly includes three approaches, namely, medication, conventional surgery and interventional therapy. There is no specific evidence showing that medication therapy is effective, and it is only helpful for relieving symptoms. For conventional surgery like SAVR*, some patients are not eligible due to high surgical risk. As a promising alternative to SAVR, TAVR is an advanced catheter-based cardiovascular interventional technique that implants a prosthetic valve to replace the malfunctioning valve. TAVR causes less trauma and has a shorter postoperative recovery period, and is increasingly being performed on low to intermediate surgical risk patients.

Driven by the advantages of TAVR procedures and the aging population, the global market size for TAVR products is expected to increase from US$6,085.2 million in 2021 to US$15,892.0 million in 2030; and the market size for TAVR products in China is expected to increase from RMB911.5 million in 2021 to RMB11,359.7 million in 2030, according to Frost & Sullivan. For more details related to market size and the growth drivers in China, see "Industry Overview — Aortic Valve Disease — TAVR Market — China Market" in this prospectus.

* surgical aortic valve replacement, a treatment of severe aortic stenosis through open-chest surgeries

According to Frost & Sullivan, as of the Latest Practicable Date, there were 25 major TAVR products approved for commercialization globally and there were nine TAVR products approved for commercialization in China, including VenusA-Valve and VenusA-Plus of Venus Medtech, J-Valve of Jiecheng Medical, VitaFlow and VitaFlow Liberty of MicroPort Cardioflow Medtech, TaurusOne and TaurusElite of Peijia Medical, SAPIEN 3 of Edwards Lifesciences, and Evolut Pro of Medtronic, among which only J-Valve had aortic regurgitation ("**AR**") as an indication. The following table sets out the competitive landscape of TAVR products commercialized in China.

Company Name	Product	Access/ Approach	NMPA Approval Time	Price (RMB)(1) around	Indication
Venus Medtech	VenusA-Valve	Transfemoral	2017.04	248,000	AS
	VenusA-Plus	Transfemoral	2020.11	224,500	AS
Jiecheng Medical	J-Valve	Transapical	2017.04	260,000	AS/AR
MicroPort CardioFlow Medtech	VitaFlow	Transfemoral	2019.07	193,000	AS
	VitaFlow Liberty	Transfemoral	2021.08	215,000	AS
Edwards Lifesciences	SAPIEN3	Transfemoral	2020.06	298,000	AS
Peijia Medical	TaurusOne	Transfemoral	2021.04	200,000	AS
	TaurusElite	Transfemoral	2021.06	210,000	AS
Medtronic	Evolut Pro	Transfemoral	2021.12	298,000	AS

Source: NMPA, Literature Review, Company Websites, Government Websites, Frost & Sullivan Analysis

Note:

(1) The pricing information for VenusA-Valve, VenusA-Plus, J-Valve, VitaFlow, SAPIEN3, TaurusOne and Evolut Pro set forth herein are provided by Frost & Sullivan, based on the public wholesale tender prices of the relevant products in China as of the Latest Practicable Date. The prices of such products may be subject to changes, over which we do not have control.

We believe upon the commercialization of Ken-Valve (targeting AR or combined with AS), it is less likely that we would face fierce competition with J-Valve (targeting both AR and AS). Firstly, there are huge unmet medical needs for effective therapies for AR, and a large number of patients are in significant needs of safe and effective TAVR products that can be indicated for the treatment of AR, thereby leaving ample market opportunities for multiple industry players to thrive in the market without having to fiercely compete against each other. Secondly, Ken-Valve uses bovine pericardium for its valve tissue, while J-Valve uses porcine materials, namely, the porcine aortic leaflet. Generally, bovine materials provide better durability and hemodynamic performance as compared to porcine materials. Bovine pericardium contains twice as much collagen as porcine pericardium contains and provides a larger effective orifice area. Therefore, the utilization of bovine pericardium can reduce the damage to the valve caused by the blood flow. In addition, compared with porcine pericardium, bovine pericardium is generally thicker, has greater durability and is less likely to incur complications. Furthermore, the porcine aortic leaflet is made from the porcine aortic valve, and has to be manually amounted on top of

the stent. Compared with porcine aortic leaflet, the bovine pericardium is made from the bovine pericardial tissue, which can be cut arbitrarily with more flexibility during bioengineering design. Thirdly, we currently estimate the retail price of Ken-Valve, upon commercialization, will be set at round RMB120,000 to RMB200,000. Therefore, as compared to J-Valve, we believe Ken-Valve enjoys a competitive price. We believe that at this price range, Ken-Valve would be a competitive product as compared to the other products on the market, and we expect that such pricing strategy can help us achieve expeditious commercial adoption for Ken-Valve.

As of the Latest Practicable Date, there were 14 TAVR product candidates under feasibility clinical trials or confirmatory clinical trials globally. The following table sets out all the TAVR product candidates under clinical trials* globally.

Company Name	Product	Access/approach	Phase	Indication	Trial locations
Vascular Innovations	HYDRA	Transfemoral	Confirmatory clinical trial	AS	Global
Silara Medtech	Silara-Valve	Transapical	Confirmatory clinical trial	AS	China
KingstronBio	PRO style	Transfemoral	Confirmatory clinical trial	AS	China
NewMed Medical	Prizvalve	Transfemoral	Confirmatory clinical trial	AS	China
Jenscare Scientific	Ken-Valve	Transapical	Confirmatory clinical trial	AR (or combined with AS)	China
Balance Medical	Renatus	Transfemoral	Confirmatory clinical trial	AS	China
Edwards Lifesciences	SAPIEN X4	Transfemoral	Confirmatory clinical trial	AS	US
Biotronik	BIOVALVE	Transfemoral	Feasibility clinical trial	AS	EU
HLT Medical	Meridian Valve	Transfemoral	Feasibility clinical trial	AS	Canada
Lepu Scientech	SinoCrown	Transfemoral	Feasibility clinical trial	AS	China
Peijia Medical	Taurus NXT	Transfemoral	Feasibility clinical trial	AS	China
Healing Medical	Hanchor valve	Transfemoral	Feasibility clinical trial	AS/AR	China
Venus Medtech	Venus-PowerX	Transfemoral	Feasibility clinical trial	AS	China
	VenusVitae	Transfemoral	Feasibility clinical trial	AS	Global

Source: ClinicalTrials, Literature Review, Company Websites, Frost & Sullivan Analysis

* For purposes of this table, only including confirmatory clinical trials and feasibility clinical trials, but excluding early feasibility studies; only including products for complete replacement use, and excluding products for only valve-in-valve use.

For all the above products and product candidates, not many TAVR procedures are performed on AR patients, compared with those performed on severe aortic stenosis ("**AS**") patients, since TAVR requires a special product design to treat AR. The physiological structures for AR patients are different from those of AS patients, as AR patients usually have aortic root dilatation. Therefore, the treatments of AS patients and AR patients are using different operation procedures and mechanisms. As a result, a TAVR product that is indicated for the treatment of severe AS can not easily expand its indication to AR. Furthermore, even if a TAVR product is intending to expand its indication for the treatment of AR, it is a lengthy process and would take a company multiple years to complete the clinical process, according to Frost & Sullivan. Therefore, there are huge unmet medical needs for effective therapies for AR.

As of the Latest Practicable Date, among all the TAVR products approved in the market worldwide, only two TAVR products included AR as an indication. The following chart summarizes all the TAVR products reaching commercialization stage that include AR as an indication.

Product	Manufacturer	FDA Approval	CE Marking	NMPA Approval	Expanding Mechanism	Valve Material	Vascular Approach	Indications	Design Features
J-Valve	Jiecheng Medical	/	/	2017	Self-expanding	Porcine Aortic Leaflet	Transapical	AS/AR	Porcine aortic valve attached to a nitinol stent with 3 U-shaped graspers encircling the stent by three sutures
Trilogy*	JenaValve Technology	/	2021	/	Self-expanding	Porcine Pericardium	Transfemoral	AS/AR	Composed of a self-expanding nitinol stent with a porcine pericardial tissue valve; the stent is anchored and clamped to the native leaflet to stabilize

Source: FDA, CE, NMPA, Literature Review, Frost & Sullivan Analysis

* In January 2022, Peijia Medical obtained an exclusive license from JenaValve Technology to develop and commercialize Trilogy in the Greater China region.

As of the Latest Practicable Date, among all the 14 TAVR product candidates under confirmatory clinical trials or feasibility clinical trials, only two of them, namely, Ken-Valve of Jenscare Scientific and Hanchor valve of Healing Medical, included AR as an indication, in which Ken-Valve was the only one that has entered into the confirmatory clinical trial stage. The following chart summarizes all the TAVR product candidates reaching clinical trial stage that include AR as an indication.

Product	Manufacturer	NMPA Approval	Expanding Mechanism	Valve Material	Vascular Approach	Indications	Design Features
Ken-Valve	Jenscare Scientific	Confirmatory clinical trial (China only)	Self-expanding	Bovine Pericardium	Transapical	AR (or AR combined with AS)	Bovine pericardium; One-piece positioning clamp design that allows precise positioning of the prosthetic valve to the native annulus, and ensures co-axiality; leakproof self-adaptive ring to reduce paravalvular leakage; single-point marker guidance
Hanchor valve	Healing Medical	Feasibility clinical trial (China only)	Balloon-expanding	N/A	Transfemoral	AS/AR	Anchoring structure; Balloon-expanding

Source: Literature Review, Company Websites, Frost & Sullivan Analysis

We believe that our TAVR product candidates would have less direct competition with the other commercialized TAVR products in China, because of the significant differences in the indications (and the target patient groups) between our TAVR product candidates and the other commercialized TAVR products in China. To commercialize our TAVR product candidates, for instance, Ken-Valve, we plan to introduce our product candidates to hospitals in China through academic marketing, including regular interaction with physicians, offering training programs, and leveraging our network with KOLs. For details, see "Business — Sales and Marketing — Our Marketing Model" in this prospectus. In terms of pricing strategies of Ken-Valve, we plan to conduct extensive market research with KOLs, hospitals, physicians and patients as well as regulatory bodies before pricing, and will take into account various factors such as feedback collected from these parties, our production costs, the differences in safety and efficacy profiles between our products and competing products, the estimated demand for our products, patients' affordability, and the clinical value we bring to the patients. In order to quickly penetrate the market, we will focus on the unmet and differentiated needs of AR patients. Our pricing strategy for our LuX-Valve in China and overseas, including the factors we consider and the potential impact of governmental insurance coverage, is equally applicable to our Ken-Valve, except that the latter, upon

commercialization, may face more pricing pressure because there are more competing TAVR products on the market. As a result, we will have to conduct extensive analysis of the estimated demand for our product, the prices of competing products and local market potentials before determining the appropriate pricing for the product. In particular, Ken-Valve is expected to be registered and marketed in China in the first half of 2024, by which time J-Valve, the transapical TAVR product manufactured by Jiecheng Medical that can target both AR and AS, would have been commercialized for around 7 years in China. As a result, we may need to make substantial investments in hospital penetration and physician training in order to gain market acceptance upon Ken-Valve's commercialization. We currently estimate the retail price of Ken-Valve, upon commercialization, will be set at round RMB120,000 to RMB200,000. We believe that at this price range, Ken-Valve would be a competitive product as compared to the other products on the market, and we expect that such pricing strategy can help us achieve expeditious commercial adoption for Ken-Valve. Despite the aforementioned marketing and pricing strategies, there is no assurance that our commercialization of Ken-Valve will be successful as anticipated, given that J-Valve from Jiecheng Medical would have been commercialized for around seven years by the time of the expected commercialization of Ken-Valve in 2024. For details of the risks associated with the commercialization of Ken-Valve with respect to competition it may face, see "Risk Factors — Risks Relating to Our Product Candidates — Risks Relating to the Commercialization of Our Product Candidates — Our product candidates may not be well received by physicians and hospitals, and may face fierce competition against other products upon their commercialization" in this prospectus.

Product Candidates for the Treatment of Mitral Valve Diseases

Capitalizing on our existing technological expertise, we have also developed a series of product candidates for the treatment of mitral valve diseases. JensClip, our proprietary TMVr system and an easy-to-use clip-based TMVr system featuring an advanced locking mechanism, entered the feasibility clinical trial in August 2022. MitraPatch, our another TMVr system, will enter the feasibility clinical trial in the second quarter of 2023. In addition, we have also been developing AnchorValve, a TMVR system, to further enhance our mitral valve product offerings. We believe that the variety of product offerings provides physicians with the flexibility to choose the most suitable treatment approach for their patients.

Product Candidates for the Treatment of Heart Failure

We have also developed a number of innovative medical devices for the treatment of heart failure. As part of our strategy to build an integrated platform offering treatment solutions for different types of structural heart diseases, we acquired Ningbo Diochange in September 2020 to expand our heart failure business unit. For the treatment of heart failure with preserved or mildly reduced ejection fraction, we are developing MicroFlux, our proprietary atrial septal stent and delivery system, and currently expect to initiate the feasibility clinical trial of the product candidate in the fourth quarter of 2022. In addition, for the treatment of heart failure with reduced ejection fraction, we have been developing AlginSys and EndoInjex, our myocardial filling hydrogel product candidate and its injection device, which can enhance the strength of contraction of the heart muscle, therefore can address the treatment needs of patients who do not respond well to pharmacotherapy.

OUR COMPETITIVE STRENGTHS

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

- One of the manufacturers with clinically approved technologies in the tricuspid valve replacement device market;
- Broad product portfolio targeting various structural heart diseases;
- An integrated platform with the capability to translate strategic concepts into real-world product candidates;
- Readiness for rapid penetration into hospitals in China, supported by established reputation among industry-leading KOLs, PIs, and hospitals; and
- Experienced, dedicated and visionary senior management supported by well-known investors.

OUR STRATEGIES

Leveraging on our strengths, we plan to implement the following strategies to achieve our mission:

- Expedite the development and commercialization of our product candidates and solidify our market position;
- Specialize in structural heart diseases and further enrich our comprehensive product offering;
- Build upon our R&D capabilities and seek strategic collaborations to expand our product portfolio; and
- Expand our footprint to become an industry leader.

RESEARCH AND DEVELOPMENT

Our research and development team self-develops interventional medical device products focusing on the treatment of structural heart diseases. As of the Latest Practicable Date, our research and development team consisted of a total of 77 members. As of the Latest Practicable Date, our product pipeline included ten product candidates. In 2020, 2021 and the six months ended June 30, 2022, we incurred research and development expenses of RMB170.6 million, RMB265.3 million and RMB84.5 million, respectively, among which RMB149.8 million, RMB150.1 million and RMB31.6 million was attributable to our Core Products. Our research and development expenses increased significantly in 2021, primarily due to (i) an increase in share-based compensation expenses of RMB55.5 million as we continued granting share options under our share-based compensation plan for our key research and development personnel in 2021 in recognition of their contributions to our product and technology development; (ii) an increase in staff costs of RMB21.5 million as a result of increases in salaries and the number of research and development personnel; and (iii) an increase in costs of raw materials and

consumables used of RMB13.3 million due to the clinical progress of our Core Products. In particular, in 2021, we were in the process of conducting the confirmatory clinical trial of LuX-Valve and the feasibility clinical trial and confirmatory clinical trial of Ken-Valve and incurred more costs of raw materials and consumables used in this regard. Our research and development expenses for the six months ended June 30, 2022 decreased significantly from the six months ended June 30, 2021, mainly due to a significant decrease in share-based compensation expenses incurred for research and development personnel, offsetting increases in staff costs, costs of raw materials and consumables used and third-party contracting costs in the course of our continuous research and development efforts. For details, see "Financial Information — Description of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Research and Development Expenses" in this prospectus. We intend to expand and improve our product portfolio by strengthening our research and development of new products, expanding our product pipeline and improving our existing product candidates. Although we believe that we are able to comply with the regulatory review process efficiently and introduce new products in a timely manner, the time required from developing to commercializing a new product may be affected by factors beyond our control, such as clinical trial results and government approvals.

INTELLECTUAL PROPERTY

We have built an extensive 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 143 issued patents and 160 patent applications in more than 10 countries or regions, including China, the United States, Europe, Brazil, and Canada.

As of the Latest Practicable Date, all of our material patents and patent applications were self-owned, and our material patents and pending patent applications for our Core Products included:

- 13 issued in relation to LuX-Valve, among which ten were issued in China, one was issued in Russia (with the expected patent expiry date in 2037), one was issued in Canada (with the expected patent expiry date in 2037), and one was issued in South Africa (with the expected patent expiry date in 2037). For the ten issued patents in China, five have the expected patent expiry date in 2029; three have the expected patent expiry date in 2036; one has the patent expiry date in 2037; and one has the patent expiry date in 2039. In addition, LuX-Valve had seven pending patent applications, of which one application was made in each of China, Brazil, India, Indonesia, the European Union, the U.S., and Vietnam; and

- four issued patents in relation to Ken-Valve, all of which were issued in China, with expected patent expiry dates in 2023, 2029, 2033 and 2035, respectively. For the utility model patent (CN201320813283.2) that will expire in December 2023, the expiration would not have a material impact on the development and/or commercialization of Ken-Valve because (i) the development of TAVR product candidates is a lengthy process; even if our competitors could copy the relevant design of Ken-Valve after the foregoing utility model patent expires, it would still take them multiple years to bring their product candidates from pre-clinical stage to commercialization and (ii) Ken-Valve is a highly innovative product and the production of Ken-Valve has high entry barriers. In addition, our Directors are of the view, after consulting with our legal adviser as to PRC intellectual property laws, that the expiration of the patent will not have a material adverse impact on our commercialization of Ken-Valve. For details of our patent portfolio for Ken-Valve, including the specific utility model patent (CN201320813283.2) that will expire in December 2023 and a discussion thereon, see "Business — Intellectual Property Rights" in this prospectus.

As of the Latest Practicable Date, we were not involved in any proceedings or claims in respect of infringement of any intellectual property rights, in which we may be a claimant or a respondent. Our Directors confirmed that they were not aware of any instances of infringement of any third parties' intellectual property rights by us during the Track Record Period and up to the Latest Practicable Date. For additional details with regard to other types of intellectual property and measures to safeguard our intellectual property rights, see "Business — Intellectual Property Rights" in this prospectus. For details of risks related to intellectual property rights, see "Risk Factors — Risks Relating to Our Product Candidates — Risks Relating to Our Intellectual Property Rights" in this prospectus.

COLLABORATION WITH THIRD PARTIES

Collaboration with Clinical Trial Institutions

The NMPA maintains a catalog of hospitals that it has registered as clinical trial centers, from which we select a number of leading hospitals to conduct our clinical trials. The factors we commonly consider when selecting institutions include their credentials, expertise, infrastructure, equipment and patient demographics. We also meet with potential investigators to discuss the purpose and requirements of our clinical trial. After comprehensive evaluation, we and the institution generally enter into an agreement setting out the clinical trial's purpose, timeline, procedures, methods and risks. We then work together with the principal investigators to get an opinion from the institution's ethics committee. The clinical trials must be conducted in accordance with the protocol approved by the ethics committee. Any amendments to the protocol must be re-evaluated and approved by the ethics committee. Pursuant to the legally-binding agreements with these participating clinical trial institutions, the institutions are required to conduct the clinical trials strictly in accordance with the protocol, to collect data, and to issue trial reports at the end of each clinical trial. The lead institution will prepare formal reports based on the trial reports submitted by all participating institutions. In return for the institutions' services, we make scheduled payments as specified in the agreements. Under the agreements, we generally own all the intellectual property in relation to the clinical trial while the participating institutions may publish or otherwise use the clinical trial results for academic activities with our prior approval.

Relationships with CROs and SMOs

We collaborate with reputable CROs and SMOs for the support of our clinical trials. When selecting CROs and SMOs, we consider a number of factors, including their expertise, experience and reputation. The CROs and SMOs must comply with all applicable laws and regulations as well as follow our protocols to ensure that all clinical trial results are accurate and authentic. Under the legally-binding agreements with our CROs or SMOs, we are responsible for the trial preparation, subject enrollment, trial implementation and management, while the CROs or SMOs take responsibility for record keeping and report preparation to guarantee the compliance of the clinical trial process with applicable regulations or standards. For more details, see "Business — Research and Development — Relationships with CROs and SMOs" in this prospectus.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period and up to the Latest Practicable Date, we had no commercialized product and therefore had no customers. During the Track Record Period, our suppliers mainly included suppliers of raw materials for the production of sample products under development for the purpose of clinical trials.

Additionally, we have procured and expect to continue to procure property rental services from a connected person, Ningbo Linfeng. For further details, see "Business — Our Suppliers and Raw Materials" and "Connected Transactions — Exempt Continuing Connected Transactions — Master Lease Agreement" in this prospectus. We have established relationships with qualified suppliers for raw materials who we believe have sufficient capacity to meet our demands. Nevertheless, we believe that adequate alternative sources for such supplies exist.

For the years ended December 31, 2020 and 2021 and the six months ended June 30, 2022, purchases from our five largest suppliers in each year/period during the Track Record Period in aggregate represented 25.8%, 13.5% and 25.8%, respectively, of our total purchases for the same year/period, and purchases from our single largest supplier in each year/period during the Track Record Period represented 6.4%, 4.5% and 7.4%, respectively, of our total purchases for the same year/period.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The tables below include, for the years/periods indicated, selected financial data derived from our consolidated statements of profit or loss and other comprehensive income, the details of which are set forth in Appendix I to this prospectus, and these should be read in conjunction with the financial statements in Appendix I to this prospectus, including the related notes.

Our Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year Ended December 31,		Six Months Ended June 30,	
	2020	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income and gains	3,070	8,910	5,464	38,346
Research and development expenses	(170,629)	(265,336)	(184,607)	(84,541)
Administrative expenses	(131,476)	(238,506)	(189,978)	(40,534)
Other expenses	(44)	(6,954)	(85)	(299)
Finance costs	(594)	(130)	(58)	(50)
Share of profits and losses of an associate	–	1,343	627	13,549
Loss before tax	**(299,673)**	**(500,673)**	**(368,637)**	**(73,529)**
Income tax expenses	–	–	–	–
Loss and total comprehensive loss for the year/period	**(299,673)**	**(500,673)**	**(368,637)**	**(73,529)**

We were not profitable and incurred operating losses during the Track Record Period. In 2020, 2021 and the six months ended June 30, 2022, we recorded net losses of RMB299.7 million, RMB500.7 million and RMB73.5 million, respectively. Substantially all of our operating losses were resulted from our research and development expenses and administrative expenses (including share-based compensation expenses). In 2020, 2021 and the six months ended June 30, 2022, we recorded share-based compensation expenses of RMB252.1 million, RMB366.5 million and RMB44.8 million, respectively. We recorded significant amounts of share-based compensation expenses in 2020 and 2021, primarily due to granting share options under our share-based compensation plan during the same years. We believe the adoption of the share-based compensation plan is of significant importance to our ability to attract and retain key administrative, research and development personnel, and expect to continue to incur share-based compensation expenses going forward. For more details, see "Financial Information — Description of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Research and Development Expenses" and "— Administrative Expenses" in this prospectus.

Selected Items of Our Consolidated Statements of Financial Position

	As of December 31,		As of June 30,
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	17,657	512,554	549,403
Total current assets	355,186	828,805	759,749
Total assets	372,843	1,341,359	1,309,152
Total current liabilities	18,356	49,700	46,097
Total non-current liabilities	1,704	1,068	616
Net current assets	336,830	779,105	713,652
Total liabilities	20,060	50,768	46,713
Net assets	352,783	1,290,591	1,262,439
Share capital	19,617	409,091	409,091
Reserves	333,166	888,001	860,419
Shares held for share compensation plan	–	(6,345)	(6,239)
Equity attributable to owners of the parent	352,783	1,290,747	1,263,271
Non-controlling interests	–	(156)	(832)
Total equity	352,783	1,290,591	1,262,439

Our net current assets increased significantly from RMB336.8 million as of December 31, 2020 to RMB779.1 million as of December 31, 2021, primarily due to an increase in cash and bank balances as a result of the Series C financing in May 2021. Our net current assets decreased from RMB779.1 million as of December 31, 2021 to RMB713.7 million as of June 30, 2022, primarily due to a decrease in cash and bank balances mainly as a result of cash outflows in relation to our expanded research and development activities and daily operations.

Our net assets increased from RMB352.8 million as of December 31, 2020 to RMB1,290.6 million as of December 31, 2021, primarily driven by (i) capital contribution from shareholders of RMB1,078.3 million due to completion of Series C financing in May 2021; (ii) loss and total comprehensive loss for the year of RMB500.7 million; and (iii) share-based compensation of RMB366.5 million. Our net assets decreased from RMB1,290.6 million as of December 31, 2021 to RMB1,262.4 million as of June 30, 2022, primarily driven by (i) loss and total comprehensive loss for the period of RMB73.5 million; and (ii) share-based compensation of RMB44.8 million.

Summary Consolidated Statements of Cash Flows

	Year Ended December 31,		Six Months Ended June 30,	
	2020	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net cash flows used in operating activities	(46,853)	(141,894)	(51,963)	(58,018)
Net cash flows from/(used in) investing activities	6,619	(475,073)	(470,882)	(372,006)
Net cash flows from/(used in) financing activities	383,514	1,075,326	1,061,569	(431)
Net increase/(decrease) in cash and cash equivalents	343,280	458,359	538,724	(430,455)
Cash and cash equivalents at beginning of year/period	5,787	349,067	349,067	800,590
Effect of foreign exchange rate changes, net	–	(6,836)	984	25,538
Cash and cash equivalents at end of year/period	349,067	800,590	888,775	395,673

We had net operating cash outflows of RMB46.9 million, RMB141.9 million and RMB58.0 million in 2020, 2021 and the six months ended June 30, 2022, respectively. Such net operating cash outflows were primarily due to the significant research and development expenses and administrative expenses we incurred during the Track Record Period without generating any revenue. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As our business develops and expands, we expect to generate more net cash from our operating activities, through sales revenue of the future commercialized products.

The Directors are of the opinion that, taking into account the financial resources available to our Group, including cash and bank balances, internally generated funds and the estimated net proceeds from the Global Offering, we will have sufficient working capital to cover at least 125% of our costs and expenses, including research and development expenses, administrative expenses, and other operating costs, for at least the next 12 months from the date of this prospectus.

Our cash burn rate refers to our average monthly (i) net cash used in operating activities; (ii) capital expenditures; and (iii) lease payments. By taking into account our cash and bank balances as of June 30, 2022, and assuming that our average cash burn rate going forward would be approximately 2.1 times the level in 2021, even without taking into account the estimated net proceeds from the Global Offering, we will be able to maintain our financial viability for approximately 26.2 months or, if we also take into account the estimated net proceeds (assuming an Offer Price per Offer Share of HK$27.75, being the mid-point of the indicative price range of HK$26.70 to HK$28.80) from the Global Offering, for approximately 30.8 months. We will continue to monitor our working capital closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months. Our Directors and our management team will continue to monitor our working capital, cash flows, and our business development status. In the event our business operations experience any material and adverse impact, we will proactively manage our cash flows and control our costs and expenses, for example, by reducing our marketing efforts; on the other hand, in the event we identify any additional promising research and development projects, or identify any suitable target for investment or acquisition, we may adjust our financing plans, to take advantage of such opportunities. We may also diversify our source of funding to further support the development of our product candidates going forward.

Key Financial Ratio

The table below sets forth the key financial ratio of our Group as of the dates indicated:

	As of December 31,		As of June 30,
	2020	2021	2022
Current ratio[(1)]	19.3	16.7	16.5

Note:

(1) Current ratio represents current assets divided by current liabilities as of the same date.

SUMMARY OF MATERIAL 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 the section headed "Risk Factors" in this prospectus. Some of the major risks we face include: (i) we have incurred significant operating losses since our inception, and expect to continue to incur operating losses for the foreseeable future. As a result, you may lose substantially all your investments in us given the high risks involved in the medical device business; (ii) our future growth depends substantially on the successful development of our product candidates to commercialization. We may be unable to successfully complete clinical development, obtain regulatory approval and commercialize our product candidates, or experience significant delays in doing so; (iii) our product candidates may not be well received by physicians and hospitals, and may face fierce competition against other products upon their commercialization. For example, Ken-Valve, our TAVR product candidate, may face fierce competition upon its commercialization, since there had been already a number of commercialized TAVR products in the China market as of the Latest Practicable Date (e.g., J-Valve, VenusA-Valve, TaurusOne), and we expect that there will be additional TAVR products approved for commercialization in China prior to, or substantially at the same time as, Ken-Valve; (iv) we might not be able to price our products competitively as compared to similar products in the market or other alternative treatment options, and our products might fail to achieve broad market acceptance; (v) if we are unable to obtain and maintain patent protection for our 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; (vi) the research, development and commercialization of our product candidates are heavily regulated in all material aspects, and changes in regulatory requirements may adversely affect our business; (vii) the manufacture of our product candidates is a highly exacting and complex process and subject to strict quality controls. Our business could suffer if our product candidates are not produced in compliance with all the applicable quality standards; (viii) if third parties claim that we infringe upon their intellectual property rights, such proceedings could be costly and time consuming and could prevent or delay us from developing or commercializing our product candidates; and (ix) 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, especially taking into account that all of our existing Shareholders are subject to statutory lock-up arrangements for 12 months after the Listing, and Offer Shares to be purchased by the Cornerstone Investor will also be subject to a lock-up period of six months from the Listing Date. As a result, only 0.53% of our issued Shares, or 1.67% of our H Shares in issuance upon Listing (assuming an Offer Price of HK$26.70, being the low-end of the proposed range of the Offer Price and without taking into account the Over-allotment Option) will not be subject to any lock-up arrangements.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Financial Performance after the Track Record Period

Since the end of the Track Record Period, we have continuously developed our business, but we expect to record further net losses, primarily because we expect to continue to incur significant research and development expenses to fund our ongoing and future clinical trials, as well as the pre-clinical studies for our product candidates. We expect to record significant net losses for the year ending December 31, 2022, primarily due to (i) the significant research and development expenses; and (ii) considerable administrative expenses primarily due to increased staff costs and listing expenses in relation to the Listing and the Global Offering. Additionally, we expect to continue to incur significant expenses and operating losses in the future as we further the clinical development and/or pre-clinical studies of our product pipeline, expand our team and grow our business. We expect that our financial performance will fluctuate from period to period due to the status of the development of our product candidates, the regulatory approval process and commercialization of our product candidates.

Impact of the COVID-19 Outbreak

Since late 2019, the outbreak of a novel strain of coronavirus causing coronavirus disease 2019 (COVID-19) has materially and adversely affected the global economy. As of the Latest Practicable Date, the spread of COVID-19 continued to affect many countries and regions in the world, including mainland China.

Our Directors believe the recent regional outbreaks of COVID-19 pandemic in China since early 2022 has not had any material negative impact on our business, primarily due to the following reasons:

- **Clinical trials.** We have not experienced any material delay in the patient enrollment, data collection and data analyses processes for our clinical trials. We have followed the regulatory guidance related to prevention of COVID-19 to mitigate any impact the COVID-19 outbreak may have on our ongoing clinical trials.

- **Operations.** We are in normal operations in accordance with applicable laws and regulations. To prevent any spread of COVID-19 in our offices and production facilities, we have implemented preventive measures. We will continue to implement our remedial measures and may implement additional measures as necessary to ease the impact of the COVID-19 outbreak on our operations.

- **Supply chain.** We currently do not expect our supply chain will be materially and negatively impacted by COVID-19. Our major suppliers are all in normal operations. As of 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.

The above analyses are made by our management based on currently available information concerning COVID-19. Although we expect the situation to continue to improve with the sustained implementation of the disease prevention and containment policies in China and the development of vaccines, it is uncertain whether the COVID-19 outbreak can continue to be largely contained in China. If the situation of the pandemic deteriorates in China or in any other countries or regions where we or any of our major suppliers are located in, it may have a material adverse effect on our results of operations, financial position or prospects.

For more details, see "Risk Factors — Risks Relating to Our Operations — Our business, results of operations and financial position could be adversely affected by the ongoing COVID-19 pandemic" in this prospectus. We will continue to monitor and evaluate any impact of the COVID-19 outbreak on us and adjust our precautionary measures according to the latest developments of the outbreak.

Completion of the First European Implantation of LuX-Valve Plus

In July 2022, the first European implantation of our LuX-Valve Plus was successfully performed at the University Hospital of Bordeaux in France. After the procedure, the subject recovered well and the severity of the valve regurgitation was substantially reduced. Subsequently, another implementation of our LuX-Valve Plus was also successfully performed in Germany in September 2022, and we expect that more procedures will be further performed in countries including the U.S., France and Spain in the near future. We expect that the said procedures, in addition to those that have been successfully performed at St. Paul's Hospital in Canada, will facilitate the product's overseas registration and commercialization as part of our global strategies.

Completion of the Feasibility Clinical Trial of Lux-Valve Plus in China

In August 2022, we completed the enrollment of 15 subjects for the feasibility clinical trial of Lux-Valve Plus in China, and then completed the one-month follow-up in September 2022. We are currently conducting the confirmatory clinical trial of the product in China.

No Material Adverse Change

Our Directors confirmed that up to the date of this prospectus, other than as stated above, there had been no material adverse change in our financial, or operational or prospects since June 30, 2022, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report in Appendix I to this prospectus.

PRE-IPO INVESTMENTS

The Pre-IPO Investments included: (i) Series A Financing; (ii) Equity transfers in 2019; (iii) Equity transfers in 2020; (iv) Series B Financing; (v) the Concurrent Equity Transfers; (vi) Equity transfers in 2021; and (vii) Series C Financing. We raised a total of approximately RMB1,504.10 million through the Series A Financing, Series B Financing and Series C Financing. Our Pre-IPO Investors will be subject to lock-up requirements at the time of the Global Offering pursuant to the PRC Company Law. Generally, under these lock-up requirements, each Pre-IPO Investor will not, at any time during the period commencing on the Listing Date and ending on a date which is 12 months from the Listing Date, offer, pledge, sell, transfer or otherwise dispose of their Shares. Upon completion of the Global Offering and assuming the Over-allotment Option is not exercised, approximately 99.47% of our Shares held by

our existing Shareholders, including our Pre-IPO Investors and Cornerstone Investor, will be subject to lock-up undertakings or requirements (assuming an Offer Price of HK$26.70, being the low-end of the proposed range of the Offer Price). As a result, a listing on the Hong Kong Stock Exchange 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 Global Offering, or that the market price of the H Shares will rise following the Global Offering. For details, see "History, Development and Corporate Structure — Pre-IPO Investments" and "History, Development and Corporate Structure — Capitalization of our Company" in this prospectus.

Our Pre-IPO Investors consist of private equity and venture capital funds and investment holding companies, some with specific focus on the healthcare industry. One of our Pre-IPO Investors, Zhuhai Gao Ling, is a sophisticated investor pursuant to Guidance Letter HKEX-GL92-18 issued by the Stock Exchange. Upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised, Zhuhai Gao Ling will hold approximately 4.46% of the total share capital of our Company. For details, see "History, Development and Corporate Structure — Pre-IPO Investments — Information About Our Pre-IPO Investors" in this prospectus.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Lv is able to exercise approximately 36.75% voting rights in our Company through (i) his personal capacity as to approximately 9.60%; (ii) Ningbo Sangdi as to approximately 7.56%; (iii) Ningbo Mukang as to approximately 6.33%; (iv) Ningbo Kefeng as to approximately 3.18%; and (v) Hainan Maidi as to approximately 10.08%. Mr. Lv controls the general partner of each of Ningbo Sangdi, Ningbo Mukang, Ningbo Kefeng and Hainan Maidi, namely, Ningbo Dixiang. Ningbo Dixiang is entitled to exercise the voting power held by each of Ningbo Sangdi, Ningbo Mukang, Ningbo Kefeng and Hainan Maidi in our Company pursuant to their respective partnership agreements. Ms. Li is able to exercise approximately 14.78% voting rights in our Company through (a) Shanghai Shidi as to 9.62%; and (b) Ningbo Linfeng as to 5.16%. Pursuant to a concert party agreement dated March 16, 2021, Mr. Lv and Ms. Li confirm that they have been acting in concert in the management and operation of our Group since January 1, 2018, and as such, the Concert Parties will be entitled to exercise voting rights of approximately 50.53% in our Company and being our Controlling Shareholders immediately upon completion of the Global Offering assuming that the Over-allotment Option is not exercised.

For further details of the concert party arrangement, see "History, Development and Corporate Structure — Concert Party Arrangement" in this prospectus. For details of the information on Hainan Hualing, Hainan Maidi and Ningbo Sangdi, see "History, Development and Corporate Structure — Employee Incentive Platforms" in this prospectus.

CONTINUING CONNECTED TRANSACTIONS

We have entered into transactions which will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon Listing. Further particulars about such transactions together with the application for a waiver from strict compliance with the relevant requirements under Rule 14A.105 of the Listing Rules are set out in the section headed "Connected Transactions" in this prospectus.

DIVIDEND

No dividend (nil) has been paid or declared by our Company during the Track Record Period. After completion of the Global Offering, our shareholders will be entitled to receive dividends declared by us. Any future declarations and payments of dividends may or may not reflect the historical declarations and payments of dividends. The determination of whether to pay a dividend and in which amount is based on our results of operations, cash flow, financial condition, capital requirements and other factors the Board may deem relevant. Any dividend distribution will also be subject to the approval of the Shareholders in the Shareholder's meeting.

As advised by our PRC Legal Adviser, under the PRC law and the constitutional documents of our Company and our PRC operating subsidiaries, dividends may be paid only out of distributable profits, which refer to after-tax profits less any recovery of accumulated losses and required allocations to statutory and other reserves. As further advised by our PRC Legal Adviser, taking into account the aforesaid, we may not have sufficient or any distributable profits to make dividend distributions to Shareholders in a given year, even if we become profitable, as we will only be able to declare or pay dividends out of our distributable profits until (i) the accumulated losses are covered by our after-tax profits and (ii) sufficient statutory and other reserves are drawn in accordance with the relevant laws, regulations and the constitutional documents of our Company and our PRC operating subsidiaries.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the H Shares to be issued by us pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the H Shares to be converted from a total of 123,514,232 Unlisted Shares.

GLOBAL OFFERING STATISTICS[(1)]

	Based on the Offer Price of HK$26.70 per Offer Share	**Based on the Offer Price of HK$28.80 per Offer Share**
Market capitalization of our Shares[(2)]	HK$11,138.4 million	HK$12,014.4 million
Unaudited pro forma adjusted consolidated net tangible assets per Share[(3)]	HK$3.91	HK$3.95

Notes:

(1) All statistics in this table are on the assumption that the Over-allotment Option are not exercised.

(2) The calculation of market capitalization is based on 417,167,290 Shares expected to be in issue immediately after completion of the Global Offering.

(3) The pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Offer Share is calculated after making the adjustments referred to in "Financial Information — Unaudited Pro Forma Statement of Adjusted Net Tangible Assets" and on the basis that 417,167,290 Shares were in issue assuming the Global Offering has been completed on June 30, 2022.

APPLICATION FOR THE OFFER SHARES

The application for the Offer Shares will commence on Friday, September 23, 2022 through Thursday, September 29, 2022, being longer than normal market practice of three and a half days. The application monies (including the brokerage fees, SFC transaction levy, FRC transaction levy and Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on Friday, October 7, 2022. Investors should be aware that the dealings in the H Shares on the Stock Exchange are expected to commence on Monday, October 10, 2022.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$154.4 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no exercise of the Over-allotment Option and an Offer Price of HK$27.75 per Offer Share, being the mid-point of the indicative price range of HK$26.70 to HK$28.80. We intend to use the net proceeds from the Global Offering for the following purposes:

- approximately 65.0%, or approximately HK$100.3 million, will be allocated to the research and development, manufacturing and commercialization of our Core Products, namely, LuX-Valve and Ken-Valve;

  - ➢ approximately 33.3%, or approximately HK$51.4 million, will be used for the ongoing research and development activities, further clinical studies, preparation for registration filings, and planned commercial launch of LuX-Valve;

  - ➢ approximately 31.7%, or approximately HK$48.9 million, will be used for the ongoing research and development activities, further clinical studies, preparation for registration filings, and planned commercial launch of Ken-Valve;

- approximately 25.0%, or approximately HK$38.6 million, will be allocated to the research and development, clinical trials and product registration of other product candidates in our pipeline, including LuX-Valve Plus, KenFlex and mitral valve products; and

- approximately 10.0%, or approximately HK$15.4 million, will be used for our working capital and general corporate purposes.

For details, see "Future Plans and Use of Proceeds" in this prospectus.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately RMB61.2 million (approximately HK$69.7 million) (assuming an Offer Price of HK$27.75 per Offer Share, being the mid-point of the indicative price range of HK$26.70 to HK$28.80, and that the Over-allotment Option is not exercised), including (i) underwriting-related expenses, including underwriting commission and other expenses of approximately RMB9.8 million (HK$11.2 million) and (ii) non-underwriting-related expenses of approximately RMB51.4 million (HK$58.5 million), comprising (a) fees and expenses of legal advisers and Reporting Accountants of approximately RMB28.3 million (HK$32.2 million) and (b) other fees and expenses of approximately RMB23.1 million (HK$26.3 million). As of June 30, 2022, we incurred a total of RMB34.9 million (HK$39.9 million) in listing expenses, among which RMB32.5 million were recognized in our consolidated statement of profit or loss and other comprehensive income, and RMB2.4 million were deducted from equity.

We estimate that additional listing expenses of approximately RMB26.3 million (approximately HK$29.8 million) (including underwriting commissions of approximately RMB6.9 million (HK$7.8 million), assuming the Over-allotment Option is not exercised and an Offer Price of HK$27.75 per Offer Share, being the mid-point of the indicative price range of HK$26.70 to HK$28.80, will be incurred by our Company, approximately RMB15.6 million (approximately HK$17.7 million) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB10.7 million (approximately HK$12.1 million) of which will be deducted from equity upon Listing. Our listing expenses as a percentage of gross proceeds is 31.10%, assuming an Offer Price of HK$27.75 per Offer Share, being the mid-point of the indicative price range of HK$26.70 to HK$28.80, and that the Over-allotment Option is not exercised. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

CERTAIN WAIVER FROM COMPLIANCE WITH THE LISTING RULES

We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 8.08(1) of the Listing Rules to reduce the minimum public float of our Company to the higher of (a) 17.32%; and (b) such percentage of H Shares to be held by the public upon any exercise of the Over-allotment Option, of the enlarged issued share capital of the Company. For more details, see "Waivers from Strict Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver in respect of Public Float Requirements" in this prospectus.

THE A SHARE LISTING

We may conduct the offering and listing of A shares at an appropriate time after the Global Offering, and have submitted our registration application for pre-A share listing tutoring which was accepted by the Ningbo Supervisory Commission (寧波證監局) of the CSRC in July 2022. As of the Latest Practicable Date, we have not determined the size and scope of the contemplated A share offering and have not made any application to any recognized stock exchange in the PRC for approval for the listing of any A shares. There is no assurance we will conduct an A share offering in the future.

In this prospectus, the following expressions shall have the meanings set out below unless the context otherwise requires.

"Accountants' Report"	the accountants' report of our Company, the text of which is set out in Appendix I to this prospectus
"affiliate(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Application Lists"	the application lists for the Hong Kong Public Offering
"Articles" or "Articles of Association"	our articles of association, as conditionally adopted on May 21, 2021 and will come into effect upon Listing (as amended, supplemented or otherwise modified from time to time), a summary of which is set out in Appendix V to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board" or "Board of Directors"	our board of Directors
"Board of Supervisors"	our board of Supervisors
"Breakthrough Devices Program"	a program designed by the FDA to expedite the review, development, assessment and review of certain medical devices
"Business Day"	a day that is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compound annual growth rate
"Capital Market Intermediaries" or "Capital Market Intermediary(ies)"	the capital market intermediaries participating in the Global Offering, namely China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Asia Limited (in relation to Hong Kong Public Offering), Citigroup Global Markets Limited (in relation to the International Offering), Huatai Financial Holdings (Hong Kong) Limited, ABCI Capital Limited, ABCI Securities Company Limited, BOCOM International Securities Limited, Futu Securities International (Hong Kong) Limited, Tiger Brokers (HK) Global Limited, Silverbricks Securities Company Limited

"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 a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant, which may be an individual, 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
"China" or the "PRC"	the People's Republic of China excluding, for the purposes of this prospectus, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"CNIPA"	China National Intellectual Property Administration (國家知識產權局)
"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" or "our Company"	Jenscare Scientific Co., Ltd. (寧波健世科技股份有限公司), a joint stock company incorporated in the PRC with limited liability on March 23, 2021, or, where the context requires (as the case may be), its predecessor Ningbo Jenscare Biotechnology Co., Ltd. (寧波健世生物科技有限公司), a limited liability company established in the PRC on November 8, 2011

"Concert Parties"	refer to Mr. Lv and Ms. Li and "Concert Party" means any one of them
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and in this context, refer to the Concert Parties, Mr. Lv and Ms. Li, for further details of which, see "Relationship with our Controlling Shareholders" in this prospectus
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company or any one of them
"Domestic Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted Shares which are currently not listed or traded in any stock exchange
"Domestic Shareholder(s)"	holder(s) of Domestic Share(s)
"EIT"	enterprise income tax
"EIT Law"	The PRC Enterprise Income Tax Law
"ESOP Platforms"	Hainan Hualing, Hainan Maidi and Ningbo Sangdi, the employee incentive platforms
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong
"FRC"	the Financial Reporting Council of Hong Kong
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
"Frost & Sullivan Report"	the industry report commissioned by us and independently prepared by Frost & Sullivan, summary of which is set forth in the section headed "Industry Overview" in this prospectus

"General Rules of CCASS"	General Rules of CCASS published by the Stock Exchange and as amended from time to time
"GFA"	gross floor area
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** application form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Green Path"	the Special Procedures for Examination and Approval of Innovative Medical Devices (創新醫療器械特別審查程序) in China. For details, see "Regulatory Overview — Laws and Regulations Relating to Medical Devices" in this prospectus
"Group", "our Group", "our", "we", or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"H Share(s)"	overseas listed foreign invested ordinary share(s) in the ordinary share capital of our Company, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and for which an application has been made for the granting of listing and permission to deal in on the Stock Exchange
"Hainan Hualing"	Hainan Hualing Investment L.P. (Limited Partnership) (海南華翎投資合夥企業(有限合夥)), one of the ESOP Platforms established in the PRC which is controlled by Mr. PAN Fei as the sole general partner
"Hainan Maidi"	Hainan Maidi Enterprise Management L.P. (Limited Partnership) (海南脈迪企業管理合夥企業(有限合夥)) (formerly known as Ningbo Maidi Enterprise Management L.P. (Limited Partnership) (寧波脈迪企業管理合夥企業(有限合夥)), one of the ESOP Platforms established in the PRC which is indirectly controlled by Mr. Lv who controls its sole general partner

"HKSCC"	the 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 the HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 808,000 H Shares initially being offered by us for subscription pursuant to the Hong Kong Public Offering, subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus
"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong (subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus) at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the Application Forms
"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
"Hong Kong Underwriters"	the underwriters listed in the section headed "Underwriting — Hong Kong Underwriters", being the underwriters of the Hong Kong Public Offering
"Hong Kong Underwriting Agreement"	the underwriting agreement dated Thursday, September 22, 2022 relating to the Hong Kong Public Offering and entered into by our Company, our Controlling Shareholders, the Joint Representatives, the Joint Global Coordinators and the Hong Kong Underwriters
"IIT Law"	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》)
"Independent Third Party" or "Independent Third Parties"	a person or entity which, to the best of our Directors' knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules

"International Offer Shares"	the 7,268,400 H Shares initially being offered by us for subscription under the International Offering, together, where relevant, with any additional Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option, and subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus
"International Offering"	the conditional placing by the International Underwriters of the International Offer Shares at the Offer Price outside the United States in offshore transactions in reliance on Regulation S, and to persons within the United States who are QIBs in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the group of international underwriters who are expected to enter into an International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering expected to be entered into on or around Thursday, September 29, 2022 by, among others, our Company, our Controlling Shareholders, the Joint Representatives, the Overall Coordinators, the Capital Market Intermediaries and the International Underwriters
"ISMICS"	International Society for Minimally Invasive Cardiothoracic Surgery, an organization formed to organize and centralize the various surgical centers concerned with patient outcomes, techniques
"Jenscare Hainan"	Jenscare (Hainan) Venture Capital Co., Ltd. (健世(海南)創業投資有限公司), formerly known as Jenscare (Hainan) Investment Co., Ltd. (健世(海南)投資有限公司), a limited liability company established under the laws of PRC on January 15, 2021, being an wholly-owned subsidiary of our Company
"Joint Bookrunners"	the joint bookrunners as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" of this prospectus
"Joint Global Coordinators"	the joint global coordinators as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" of this prospectus

"Joint Lead Managers"	the joint lead managers as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" of this prospectus
"Joint Sponsors" or "Joint Representatives"	China International Capital Corporation Hong Kong Securities Limited and Citigroup Global Markets Asia Limited
"Latest Practicable Date"	September 13, 2022, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	listing of the H Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about Monday, October 10, 2022, on which the H Shares will be listed and dealings in the H Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the 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 (國務院證券委員會) and the former State Commission for Restructuring the Economic Systems (國家經濟體制改革委員會) on August 27, 1994
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)

"Mr. Lv"	Mr. LV Shiwen (呂世文), the chairman of the Board, an executive Director, the chief executive officer and the chief technology officer of our Company, and one of our Controlling Shareholders upon Listing
"Mr. Wu"	Mr. WU Jianhui (鄔建輝), the spouse of Ms. Li
"Ms. Li"	Ms. LI Hui (李輝), one of our Controlling Shareholders upon Listing
"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)
"Ningbo Diochange"	Ningbo Diochange Medical Technology Co., Ltd. (寧波迪創醫療科技有限公司), a limited liability company established under the laws of PRC on January 15, 2014, being an wholly-owned subsidiary of our Company
"Ningbo Dixiang"	Ningbo Dixiang Venture Capital Co., Ltd. (寧波迪翔創業投資有限公司), formerly known as Ningbo Dixiang Medical Technology Co., Ltd. (寧波迪翔醫療科技有限公司), a limited liability company established under the laws of PRC on October 16, 2014 and is owned as to 98% and 2% by Mr. Lv and Mr. Ye Xuli, respectively. Mr. Ye Xuli is a nephew of Mr. Lv
"Ningbo Kefeng"	Ningbo Kefeng Investment Management L.P. (Limited Partnership) (寧波鈳澧投資管理合夥企業(有限合夥)), a limited partnership established in the PRC which is indirectly controlled by Mr. Lv who controls its sole general partner
"Ningbo Linfeng"	Ningbo Linfeng Biotechnology Co., Ltd. (寧波麟澧生物科技有限公司), a limited company established in the PRC which is a non-wholly owned subsidiary of Shanghai Shidi. As of the Latest Practicable Date, Ningbo Linfeng is held by Shanghai Shidi, Ms. WANG Tingxiang (王婷香), Mr. LI Yao (李堯), Mr. XIE Changqing (謝長慶), Mr. LOU Junjian (樓君建), Ms. XIE Youpei (謝優佩) and Mr. YUAN Jiang (元江) as to 65%, 20%, 5%, 2.5%, 2.5%, 2.5% and 2.5%, respectively. Save as to Ms. XIE Youpei who is our non-executive Director and Ms. WANG Tingxiang who is the mother-in-law of Ms. Li, the other individual shareholders of Ningbo Linfeng are Independent Third Parties.

"Ningbo Mukang"	Ningbo Mukang Venture Capital Partnership (Limited Partnership) (寧波沐康創業投資合夥企業(有限合夥)), formerly known as Ningbo Mukang Investment Management Partnership (Limited Partnership) (寧波沐康投資管理合夥企業(有限合夥)), a limited partnership established in the PRC which is indirectly controlled by Mr. Lv who controls its sole general partner
"Ningbo Sangdi"	Ningbo Sangdi Investment Management L.P. (Limited Partnership) (寧波桑迪投資管理合夥企業(有限合夥)), one of the ESOP Platforms established in the PRC which is indirectly controlled by Mr. Lv who controls its sole general partner
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"Offer Price"	the final price per Offer Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering as described in the section headed "Structure of the Global Offering" in this Prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option to be granted by us to the International Underwriters, exercisable by the Joint Representatives and the Overall Coordinators on behalf of the International Underwriters under the International Underwriting Agreement, to require us to allot and issue up to 1,211,400 additional H Shares at the Offer Price, representing up to 15% of the total number of Offer Shares initially available under the Global Offering to cover over-allocations in the International Offering, if any, further details of which are described in the section headed "Structure of the Global Offering — The International Offering — Over-allotment Option" in this prospectus

"Overall Coordinators"	China International Capital Corporation Hong Kong Securities Limited and Citigroup Global Markets Asia Limited
"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Tenth National People's Congress on October 27, 2005 and effective on January 1, 2006, which was lasted amended and became effective on October 26, 2018, as amended, supplemented or otherwise modified from time to time
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Adviser"	Commerce & Finance Law Offices
"Pre-IPO Investment"	the investment in our Company undertaken by the Pre-IPO Investor, the details of which are set out in the section headed "History, Development and Corporate Structure" in this prospectus
"Price Determination Date"	the date on which the Offer Price is to be determined, or such later time as the Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Underwriters) and our Company may agree, but in any event no later than Friday, October 7, 2022
"Qualified Institutional Buyers" or "QIBs"	qualified institutional buyers 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 (中華人民共和國外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)

"SAMR"	The State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局), formerly known as the SAIC
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Shanghai Shidi"	Shanghai Shidi Industrial Development Co., Ltd. (上海仕地實業發展有限公司), formerly known as Shanghai Shidi Investment Management Co., Ltd. (上海仕地投資管理有限公司), a limited company established in the PRC which is wholly owned by Ms. Li
"Shanghai Xuanmai"	Shanghai Xuanmai Medical Technology Co., Ltd. (上海炫脈醫療科技有限公司), a limited company established in the PRC and a non-wholly owned subsidiary of our Company. Shanghai Xuanmai is owned as to 55%, 30% and 15% by our Company, Mr. LV Xiao (呂驍) and Ms. YUAN Dan (袁丹), respectively. Mr. LV Xiao and Ms. YUAN Dan are Independent Third Parties
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"sophisticated investor"	has the meaning given to it under Guidance Letter HKEX-GL92-18 issued by the Stock Exchange
"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, as amended from time to time
"Stabilizing Manager"	China International Capital Corporation Hong Kong Securities Limited

"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 Board of Supervisors
"SZSE"	the Shenzhen Stock Exchange
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs, as published by the SFC (as amended, supplemented or otherwise modified from time to time)
"Track Record Period"	the years ended December 31, 2020 and 2021 and the six months ended June 30, 2022
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"Unlisted Foreign Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid for in currency other than RMB by foreign investors and are not listed on any stock exchange
"Unlisted Share(s)"	Domestic Shares and Unlisted Foreign Shares
"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"USPTO"	United States Patent and Trademark Office
"VAT"	value-added tax

"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of the **White Form eIPO** Service Provider, at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this prospectus in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.

For the purpose of this prospectus, references to "provinces" of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

Certain amounts and percentage figures included in this prospectus have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

In this prospectus, in addition to terms defined elsewhere and unless the context otherwise requires, the following technical terms have the following meanings. These terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"all-cause mortality"	all of the deaths that occur in a population, regardless of the cause, which is measured in clinical trials and used as an indicator of the safety or hazard of an intervention
"annuloplasty"	a procedure to tighten or reinforce the ring (annulus) around a valve in the heart
"aortic annulus"	a fibrous ring at the aortic orifice to the front and right of the atrioventricular aortic valve
"aortic regurgitation" or "AR"	a medical condition where the aortic valve is not able to close completely, causing a backflow of blood from the aorta into the left ventricle during diastole
"aortic stenosis" or "AS"	the narrowing of the aortic valve that obstructs blood flow from the left ventricle to the ascending aorta during systole
"aortic valve"	a valve in the human heart between the left ventricle and the aorta
"arrhythmia"	cardiac arrhythmia or heart arrhythmia, a problem with the rate or rhythm of heartbeat; refers to a group of conditions in which the heartbeat is irregular, too fast, too slow or with an irregular pattern
"atrial septum" or "interatrial septum" or "atrial septal"	the wall between the left and right atria of the heart
"atrioventricular block"	a partial or complete interruption or delay of impulse transmission from the atria to ventricles, which will give rise to slow heart rate
"bench testing"	testing of a device against specifications in a simulated environment
"bundle branch block"	a heart conduction disorder caused by a disruption of one or both bundles of nerves that electrically stimulate the heart muscle

"CAE"	computer-aided engineering, a term used to describe the procedure of the entire product engineering process, from design and virtual testing with sophisticated analytical algorithms to the planning of manufacturing
"cardiac cycles"	the complete sequence of events in the heart from the beginning of one beat to the beginning of the following beat
"cardiology"	a branch of medicine that deals with the disorders of the heart as well as some parts of the circulatory system. The field includes medical diagnosis and treatment of congenital heart defects, coronary artery diseases, heart failure, valvular heart diseases and electrophysiology
"cardiomyopathy"	a group of diseases caused by various etiologies, which lead to myocardium pathological changes, and then lead to cardiac hypertrophy, dilation, fibrosis and other pathological changes
"CE Marking"	an administrative marking that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area (EEA)
"complication"	an unfavorable evolution of a disease, health condition or medical treatment
"confirmatory clinical trial"	a controlled clinical trial of a medical device product designed to demonstrate statistically significant clinical efficacy and safety of such product as used in human patients (in conjunction with the performance of a therapeutic procedure), for regulatory approval of such product
"coronary sinus"	a venous channel that is derived from the sinus venosus
"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
"DCS"	delivery catheter system, an integral delivery catheter which generally includes a tip, a sheath tube, a catheter, wires, valve connectors, and a motorized handle, and is a component of our several products, used to deliver and release the PAV or PTV to the target position

"digital subtraction angiography" or "DSA"	a fluoroscopy technique used in interventional radiology to clearly visualize blood vessels in a bony or dense soft tissue environment
"early feasibility study" or "EFS"	a limited clinical investigation of a device early in development. It typically enrolls a small number of subjects, is used to evaluate the device design concept with respect to initial clinical safety and device functionality, and may guide device modifications. A device can enter into early feasibility studies even before its design has been finalized
"ejection fraction"	a measurement of blood that is pumped out by the left ventricle of the heart and is expressed in percentage
"endocarditis"	an inflammatory disease caused by the direct invasion of the inner lining of the heart (the endocardium) by pathogenic microorganisms
"ethics committee"	a committee composed of medical, pharmacy and other background personnel whose responsibility is to ensure that the rights and safety of subjects are protected by independently reviewing, consenting to, and following up on the review of trial protocols and related documents, and obtaining and documenting the methods and materials used for informed consent of subjects. The composition and all activities of this committee should not be interfered with or influenced by the organization and conduct of clinical trials
"FDA"	the United States Food and Drug Administration, a federal agency of the Department of Health and Human Services
"feasibility clinical trial"	a clinical trial of a medical device product designed to preliminarily demonstrate the safety of such product as used in human patients (in conjunction with the performance of a therapeutic procedure)
"Fr"	the abbreviation of French scale or French gauge system
"full analysis set" or "FAS"	full analysis set, which refers to the patient set used for the primary analysis according to the "Intent To Treat" principle, which includes all subjects who received treatment and underwent baseline efficacy evaluation

"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
"heart disease" or "cardiovascular disease"	a collection of diseases and conditions that describes heart abnormalities, including coronary heart disease, arrhythmia, heart failure and structural heart disease
"heart failure"	sometimes known as congestive heart failure describing, the condition in which the heart's ability to pump blood is below the normal levels
"HFpEF"	heart failure with preserved ejection fraction, a condition which occurs when the lower left chamber (left ventricle) is not able to fill properly with blood during the diastolic (filling) phase and the amount of blood pumped out to the body is less than normal
"HFrEF"	heart failure with reduced ejection fraction, a condition which occurs when the heart muscle is not able to contract adequately and, therefore, expels less oxygen-rich blood into the body
"interventricular septal" or "ventricular septum"	the stout wall separating the ventricles, the lower chambers of the heart, from one another
"KOLs"	acronym for Key Opinion Leaders; refer to renowned physicians that influence their peers' medical practice
"LS"	loading system, a component of our several products, used to compress the PAV or PTV to a suitable diameter for loading
"mitral regurgitation" or "MR"	a condition where the mitral valve is not able to close completely, causing a backflow of blood from the left ventricle into the left atrium during ventricular systole
"mitral stenosis"	the thickening and stiffening of the mitral valve leaflets and the narrowing of their opening obstructing the flow of blood from the left atrium to the left ventricle
"mitral valve"	the valve that lets blood flow from one chamber of the heart, the left atrium, to another called the left ventricle
"mmHg"	millimeter of mercury, a unit of measure for pressure

"myocardial infarction"	commonly known as a heart attack, which occurs when blood flow decreases or stops to a part of the heart, causing damage to the heart muscle
"myocardium"	the muscular center layer of the heart between the outer layer and the inner layer
"nitinol" or "nickel titanium"	nickel titanium, a metal alloy of nickel and titanium, where the two elements are present in roughly equal atomic percentages
"NYHA classification"	a rating system developed by the New York Heart Association. It provides a simple way of classifying the extent of heart failure, and classifies patients into four categories from Class I to Class IV (except for cases where no NYHA class is listed or can be determined) during physical activity in ascending order of severity of symptoms and/or limitations
"orifice area"	the area of the orifice of heart valves, which is one of the measures for evaluating the severity of heart valve stenosis
"paravalvular leak" or "PVL"	a complication associated with the implantation of a prosthetic heart valve using a surgical or transcatheter approach; it refers to blood flowing through a channel between the structure of the implanted valve and cardiac tissue as a result of a lack of appropriate sealing
"PAV"	prosthetic aortic valve, the artificial valve of our TAVR products
"permanent pacemaker implantation"	a common procedure where a pacemaker (which is an electronic device that prevents one's heart from beating too slowly) is inserted just under the skin in the chest with wires attached to the heart
"PET"	polyethylene terephthalate
"pH"	the negative logarithm of the hydrogen ion concentration, [H+], a measure of the degree to which a solution is acidic or alkaline
"PPS"	per protocol set, the subset of subjects who complied with the protocol sufficiently to ensure that these data would be likely to exhibit the effects of treatment according to the underlying scientific model

"prolapse"	a condition in which organs fall down or slip out of place
"PTV"	prosthetic tricuspid valve, a component of our several products, including a trileaflet prosthetic valve made of bovine pericardial tissue
"regurgitation"	reverse flow of blood caused by insufficient valve closure due to functional or organic diseases of the heart valve
"rheumatic fever"	an inflammatory disease that can develop when strep throat or scarlet fever is not properly treated
"right inferior pulmonary vein"	the vein returning oxygenated blood from the inferior lobe of the right lung to the left atrium; tributaries include the superior vein and the common basal vein from the right inferior lobe
"right superior pulmonary vein"	the vein returning oxygenated blood from the superior and middle lobes of the right lung to the left atrium
"SAVR"	surgical aortic valve replacement, a treatment of severe aortic stenosis through open-chest surgeries
"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
"standard operating procedures"	a set of step-by-step instructions compiled by an organization to help workers carry out routine operations, which aim to achieve efficiency, quality output and uniformity of performance, while reducing miscommunication and failure to comply with industry regulations
"structural heart diseases"	any structural abnormalities of the heart and any diseases related to the structure of heart and great vessels, except for coronary artery diseases and cardiac electrical diseases. Structural heart diseases in a narrow definition refer to the pathophysiological changes of the heart caused by structural changes of the heart, including valvular heart diseases, congenital heart diseases and cardiomyopathy, among others

"TAVR"	transcatheter aortic heart valve implantation, a catheter-based technique to implant a new aortic valve in a minimally invasive procedure that does not involve open-chest surgery
"TCT"	Transcatheter Cardiovascular Therapeutics, the annual scientific symposium of CRF and the world's premier educational meeting specializing in interventional cardiovascular medicine
"TEE"	trans-oesophageal echocardiography, an essential ultrasonographic technique for rapid bedside tomographic evaluation of the cardiovascular system
"thrombus"	colloquially called a blood clot, the final product of the blood coagulation step in hemostasis
"TMVr"	transcatheter mitral valve repair, a catheter-based technique to repair the mitral valve in an interventional procedure that does not involve open-chest surgery
"TMVR"	transcatheter mitral valve replacement, a catheter-based technique to implant a new mitral valve in an interventional procedure that does not involve open-chest surgery
"TMV"	transcatheter mitral valve
"TMVI"	transcatheter mitral valve intervention, an alternative therapeutic for the high-risk patients with severe symptomatic MR; such treatment method includes both TMVr and TMVR
"trans-aortic valve pressure gradient"	one of the measures for evaluating the severity of aortic stenosis
"trans-aortic valve velocity"	one of the measures for evaluating the severity of aortic stenosis
"transapical"	an access approach used in interventional procedures, with the apical as the entry point of the repair device
"transatrial approach"	intervention procedures performed through the atrium
"transcatheter tricuspid valve intervention" or "TTVI"	a minimally invasive treatment for severe, symptomatic tricuspid regurgitation patients who are unfit for surgery; such treatment method includes both TTVR and TTVr

"transvascular access"	intervention procedures performed across the wall of a blood vessel (or similar vessel)
"tricuspid regurgitation" or "TR"	a disorder in which the tricuspid valve is not able to close completely, causing blood to flow backward from the right lower ventricle to the right upper atrium during systole
"tricuspid stenosis" or "TS"	a narrowing of the tricuspid valve opening that restricts blood flow between the upper (atrium) and lower (ventricle) part of the right side of the heart
"tricuspid valve"	the valve on the right dorsal side of the mammalian heart, between the right atrium and the right ventricle, the function of which is to prevent backflow of blood from the right ventricle into the right atriums
"TTVr"	transcatheter tricuspid valve repair, a catheter-based technique to repair the tricuspid valve in an interventional procedure that does not involve open-chest surgery
"TTVR"	transcatheter tricuspid valve replacement, a catheter-based technique to implant a new tricuspid valve in an interventional procedure that does not involve open-chest surgery
"TVT"	transcatheter valve therapeutics
"transvalvular valve pressure gradient"	one of the measures for evaluating the severity of transvalvular stenosis
"valvular heart diseases"	the failure or dysfunction of one or more of the four heart valves, where the valves become too narrow and hardened to open fully, or are unable to close completely

This prospectus contains certain forward-looking statements relating to our plans, objectives, beliefs, expectations, predictions and intentions, which are not historical facts and may not represent our overall performance for the periods of time to which such statements relate. 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 other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing the Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies and plans to achieve these strategies;
- our ability to complete the development and obtain the relevant requisite regulatory approvals of our product candidates;
- our ability to commercialize our approved products in a timely manner;
- our future debt levels and capital needs;
- changes to the political and regulatory environment in the industry and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- changes in competitive conditions and our ability to compete under these conditions;
- future developments, trends and conditions in the industry and markets in which we operate;
- general economic, political and business conditions in the markets in which we operate;
- effects of the global financial markets and economic crisis;
- our financial conditions and performance;
- our dividend policy; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

Additional factors that could cause actual performance or achievement to differ materially including but not limited to those discussed in "Risk Factors" and elsewhere in this prospectus. In some cases, we use the words "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the "Business" and "Financial Information" sections of this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

We caution you not to place undue reliance on these forward-looking statements which are based on current plans and estimates, and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Statements of or references to our intentions or those of any of our Directors are made as of the date of this prospectus. Any such intentions may change in light of future developments.

Accordingly, you should not place undue reliance on any forward-looking statements in this prospectus. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

An investment in our H Shares involves significant risks. You should carefully consider all of the information in this prospectus, 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 invest in our H Shares. We are a Biotech Company under Chapter 18A of the Listing Rules. Investors may lose all of their investments in us given the nature of the biotech industry. 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 Shares could decline, and you may lose all or part of your investment. 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 prospectus.

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 financial position and need for additional capital; (ii) risks relating to our product candidates, comprising (a) risks relating to the development of our product candidates; (b) risks relating to the commercialization of our product candidates; (c) risks relating to extensive government regulations; (d) risks relating to manufacture and supply of our product candidates; and (e) risks relating to our intellectual property rights; (iii) risks relating to our operations; (iv) risks relating to doing business in China; and (v) risks relating to the Global Offering.

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 FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We have incurred significant operating losses since our inception, and expect to continue to incur operating losses for the foreseeable future. As a result, you may lose substantially all your investments in us given the high risks involved in the medical device business.

We are a development-stage biotechnology company. Investment in medical device development is highly speculative because it entails substantial upfront capital expenditures and significant risks that a product candidate may fail to complete clinical trials, gain regulatory approval or become commercially viable. As a result, you may lose substantially all of your investments in our Company given the nature of the biotechnology industry. We have incurred significant expenses related to the research and development of our product candidates in the past. In 2020, 2021 and the six months ended June 30, 2022, our research and development expenses amounted to RMB170.6 million, RMB265.3 million and RMB84.5 million, respectively. In addition, we also incurred administrative expenses associated with our operations. As a result, we have incurred operating losses amounted to RMB299.7 million, RMB500.7 million and RMB73.5 million in 2020, 2021 and the six months ended June 30, 2022, respectively.

We expect to continue to incur operating losses in the foreseeable future, and such operating losses may even increase as we continue to conduct preclinical and clinical trials for our product candidates, seek regulatory approvals for our product candidates, manufacture our product candidates for clinical trials, commercialize our future approved products, attract and retain qualified personnel, maintain, protect and expand our intellectual property portfolio, and comply with laws, regulations and rules applicable to our biotechnology business and our status as a public company in Hong Kong, among others.

Typically, it takes many years to develop a new medical device from the time it is initially designed to when it is available for commercial sales. To become and remain profitable, we must be successful in a range of challenging activities, including completing the clinical trials for our product candidates, obtaining regulatory approvals from the NMPA and other competent regulatory bodies, and commercializing our future approved products to achieve market acceptance. As a result, we are unable to predict when, or whether, we will be able to achieve or maintain profitability. In addition, we may encounter unforeseen difficulties, complications, delays, expenses and other unknown situations, all of which may result in our failure in some or all of our development efforts. For example, if the clinical trial results of our product candidates are not satisfactory, we may be unable to successfully launch our product candidates as expected. Even if we do succeed in all of the above endeavors, we may not be able to generate revenues that are sufficient enough to achieve profitability. Our failure to become and remain profitable may impact investors' perception of the potential value of our Group and could impair our ability to maintain and enhance our research and development efforts, continue our operations, raise capital or expand our business.

We had net cash outflows from our operating activities during the Track Record Period and we will need to obtain additional financing to fund our operations.

Since our inception, we have invested a significant portion of our financial resources in the development of our product candidates. We had net cash outflows from our operating activities of RMB46.9 million, RMB141.9 million and RMB58.0 million in 2020, 2021 and the six months ended June 30, 2022, respectively. Whether we can generate profit from our operating activities largely depends on the successful commercialization of our future product candidates, and we cannot assure you that we will be able to generate positive cash flows in the future.

We expect to continue to spend substantial amounts of capital on conducting research and development activities, advancing the clinical development of our product candidates and commercializing our future approved products. However, our existing capital resources may not be sufficient for us to complete all of our planned development and commercialization of our current product candidates for the anticipated indications and to initiate and conduct additional product development programs. Accordingly, we will need further funding through public or private offerings, debt financing, governmental subsidies, collaboration with third parties and/or other sources. We cannot assure you that we will be able to secure sufficient financial resources to support our operations. Our future funding requirements will depend on many factors, including:

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

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

- the cost of filing, prosecuting, defending and enforcing any patent claims, trade secret and other intellectual property rights;
- the cost and timing of development and completion of commercial-scale internal or outsourced, if any, manufacturing activities;
- selling and marketing costs associated with our existing or future product candidates that may be approved, including the cost and timing of building up and expanding our marketing and sales team;
- cash requirements of any future acquisitions and/or the development of other product candidates;
- the terms and timing of any potential future collaborations or other arrangements that we may establish in the future; and/or
- our headcount growth and associated costs.

We cannot assure you that we will have sufficient financing from other sources to fund our operations. Even if we resort to other financing activities, we may not able to obtain the financing on terms acceptable to us, or at all, including financing costs and other commercial terms. If we are unable to raise capital when needed or on acceptable terms, we would be forced to delay, reduce or eliminate our research and development programs or future commercialization efforts.

We have historically received government grants for our R&D activities and we may not 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. In 2020, 2021 and the six months ended June 30, 2022, we recognized government grants as other income and gains of RMB1.4 million, RMB0.6 million and RMB8.8 million, respectively. For further details of our government grants, see "Financial Information — Description of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Other Income and Gains" in this prospectus. Our eligibility for government grants depends 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, the policies according to which we historically received government grants may be halted by the relevant government entities at their sole discretion. There is no assurance that we will continue to receive such government grants or receive similar level of government grants, or at all, in the future.

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 equity offerings, debt financings, collaborations and licensing arrangements. If we raise additional capital through the issuance of equity or convertible debt securities, your ownership interest may be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our 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 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.

Any future increase in finance costs for funding may affect our expansion in business and growth prospects.

During the Track Record Period and up to the Latest Practicable Date, we mainly relied on capital contributions by our shareholders as the major sources of liquidity. However, in order to conduct our research and development activities and realize the commercialization of our product candidates, as well as to support our future expansion plans following the Global Offering, we may consider other funding sources including bank and other borrowings as we believe appropriate to finance our business. We plan to strategically prioritize our endeavor to fund the ongoing research and development of our Core Products and reduce funding for other products and merger & acquisition plans which are not imminently crucial to our development plan. As such, our currently available internal liquidity sources and the estimated net proceeds from the Global Offering may not sufficiently fund the research and development of our non-Core Products through their commercialization. To the extent that bank borrowings may become one of the major funding sources for our business expansion in the future, we may incur substantial amount of finance costs. In addition, any increase in interest rates on our outstanding borrowings will increase our finance costs and reduce our interest spread. As a result, a higher level of interest-bearing liabilities could have a material adverse effect on our expansion in business and growth prospects.

Share-based compensation expenses may adversely affect our financial performance and also potentially dilute our shareholding.

We adopted employee incentive plan for the benefit of our employees as remuneration for their services provided to us to incentivize and reward the eligible persons who have contributed to the success of our Company. In 2020, 2021 and the six months ended June 30, 2022, we incurred share-based compensation expenses of RMB252.1 million, RMB366.5 million and RMB44.8 million, respectively. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and other employees, and we may continue to grant share-based compensation to key personnel and other employees in the future. As a result, we may continue to incur or even increase the expenses associated with share-based compensation, which may have an adverse effect on our financial performance. We may re-evaluate some of the key terms applicable to the grants under our currently effective share incentive plans and any subsequently adopted share incentive plans from time to time. If we choose to do so, we may experience substantial change in our share-based compensation charges in the reporting periods following the Listing. In addition, issuance of additional shares in relation to such share-based compensation may also dilute the shareholding percentage of our existing Shareholders.

Our results of operations, financial conditions, and prospects may be adversely affected by fair value changes and credit risk associated with our financial assets at fair value through profit or loss.

During the Track Record Period, we purchased wealth management products with floating rates, which were recorded as financial assets at fair value through profit or loss as set out in the Accountants' Report in Appendix I to this prospectus. The fair value of such financial assets is estimated by discounting the future contractual cash flows at the market interest rate available to our Group for similar financial instruments. The estimation of our financial assets at fair value through profit or loss primarily uses unobservable inputs, such as the expected rate of return of the wealth management products. This requires our management to make estimates about expected future cash flows, credit risk, volatility and discount rates, and hence they are subject to uncertainty. As a result, such treatment of carrying amounts of our financial assets measured at fair value through profit or loss may cause significant volatility in or materially and adversely affect our period-to-period earnings, financial condition and results of operations.

We may face risk regarding investment in an associate, and the share of results of an associate may adversely affect our financial performance.

In May 2021, pursuant to an equity transfer agreement entered into by and between Starway, AUT-VII HK Holdings Limited and our Company, we acquired from AUT-VII HK Holdings Limited approximately 24.98% equity interests in Starway. As a result of the acquisition, Starway became our associate. As of December 31, 2021 and June 30, 2022, we recorded investment in an associate of RMB467.6 million and RMB481.1 million, respectively, due to the initial investment costs in Starway adjusted by post-acquisition profit or loss. However, our investment in an associate may not guarantee a share of profits, and any loss incurred by such associate shall be apportioned among our Group and other shareholders of the associate. If the associate does not perform as expected or does not generate sufficient revenue in any financial year, our return of investment in an associate, financial performance and financial position, could be materially and adversely affected.

There can be no assurance that the investment in Starway will achieve the results intended and we may be subject to liquidity risk. Our investments in an associate are not as liquid as other investment products as there is no cash flow until dividends are received even if such associate reported profits under the equity accounting. Furthermore, the possibility to promptly sell one or more of our interests in the associate in response to changing economic, financial and investment conditions is uncertain. The market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond our control. We cannot predict whether we will be able to sell any of our interests in such associate for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. Therefore, the illiquidity nature of our investment in an associate may significantly limit our ability to respond to adverse changes in the performance of such associate. In addition, if there is no share of results or dividends from the associate, we will also be subjected to liquidity risk and our financial condition or result or operations could be materially affected.

Going forward, from time to time, we may evaluate various investment opportunities, including investment in other associates or joint ventures in relation to associates. Any future investment in an associate may entail numerous risks, such as increased cash requirements and additional indebtedness or contingent or unforeseen liabilities.

RISKS RELATING TO OUR PRODUCT CANDIDATES

Risks Relating to the Development of Our Product Candidates

Our future growth depends substantially on the successful development of our product candidates to commercialization. We may be unable to successfully complete clinical development, obtain regulatory approval and commercialize our product candidates, or experience significant delays in doing so.

Our business substantially depends on our ability to complete the development of our product candidates, obtain the relevant requisite regulatory approvals and successfully commercialize our future approved products in a timely manner. We have devoted significant efforts and financial resources in the development of our product candidates. As of the Latest Practicable Date, we had developed ten product candidates in various development stages. The successful development and commercialization 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;
- timely product testing, validation and regulatory review;
- receipt of regulatory approvals;
- establishing commercial manufacturing capabilities, either by building facilities ourselves or making arrangements with third-party contract manufacturers;
- the ability of our CROs and other third party contractors to conduct or assist in conducting our clinical trials safely and efficiently and in accordance with our specified trial protocols;
- the performance by any other third-party research organizations 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;
- establishing and strengthening additional entry barriers to ensure the competitiveness of our products and our company, and to prevent our competitors from easily copying the design of our products, even after the intellectual property protection and/or regulatory exclusivity expires;
- ensuring we do not infringe, misappropriate or otherwise violate the patent, trade secret or other intellectual property rights of third parties;
- obtaining required marketing authorizations and launching commercial sales in China and other targeted markets, if and when approved;

- obtaining favorable governmental and private medical reimbursement for our product candidates, if and when approved;
- appropriately pricing our product candidates and timely collecting payments;
- efficiently and cost-effectively building up our marketing platform and distribution channels; 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 our product candidates, to successfully commercialize our future approved products, and/or to maintain our competitive advantages and avoid facing overly-intensive competition, and we may not be able to generate sufficient revenues and cash flows to continue our operations.

The initial or interim results of clinical trials may not be predictive of the final clinical trial results and may be subject to adjustments.

With respect to our Core Products, namely, LuX-Valve and Ken-Valve, we have successfully completed feasibility clinical trials in China in September 2020 and March 2021, respectively. Some of the data and results of clinical trials are not exactly the same with the raw data observed from the clinical trials, because as set forth in the protocols of the clinical trials and in line with industry practice, the data generated from certain patients may be excluded. In addition, some of such data and results of clinical trials are subject to physicians' subjective judgment and interpretation, examples of which include whether certain adverse events occurred to the trial subjects during the follow-up period were cardiogenic or not. As a result, when preparing the final report of such confirmatory clinical trial, it is possible that the hospitals or other medical institutions participating in the confirmatory clinical trial may need to make additional adjustments to the clinical data depending on their judgements, and may make other necessary adjustments following the relevant rules promulgated by the NMPA or other regulatory authorities. We cannot assure you that the interim clinical trial results disclosed in this prospectus will be the same as those in the final clinical trial report. As such, you are cautioned not to place undue reliance on the interim data presented herein.

If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results in a timely manner or at all, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.

During the clinical trial process, failure can occur at any time. The results of preclinical studies and feasibility clinical trials of our product candidates may not be predictive of the results of confirmatory clinical trials. Product candidates in confirmatory clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and/or feasibility clinical trials. Clinical trials or procedures may experience significant setbacks even after earlier trials have shown promising results. In some instances, there can be significant variability in safety and/or efficacy results between different trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the physical conditions of the patient

populations and the rate of dropout among clinical trial participants. Clinical trials of our product candidates may produce negative or inconclusive results. Even if our future clinical trial results show favorable efficacy, not all patients may benefit. For certain of our product candidates, it is likely that they may not suit the conditions of certain patients, and severe adverse events and complications may occur for some patients after the treatment procedure. If we decide or are required by regulators to conduct additional clinical trials or other testing of our product candidates beyond those that we currently contemplate or abandon our product development programs, or if we are unable to successfully complete clinical trials of our product candidates or other testing, or if the results of these trials or tests are not positive or are only modestly positive or if they raise safety concerns, we may (i) be subject to substantial liabilities; (ii) be delayed in or even prevented from obtaining regulatory approval for our product candidates; (iii) obtain approval for indications that are not as broad as intended; (iv) have the product removed from the market after obtaining regulatory approval; (v) be subject to additional post-marketing testing requirements; (vi) be subject to restrictions on how the product is distributed or used; or (vii) be unable to obtain reimbursement for use of the product.

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

The timely completion of clinical trials in line with their protocols depends on, among other things, our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. We may experience difficulties or delays in patient enrollment in our clinical trials for a variety of reasons, including the size and nature of the patient population, the patient eligibility criteria defined in the protocol, the accessibility of trial sites for the patients, our ability to recruit clinical trial site investigators with sufficient competence and relevant experience, and the patients' perceptions as to the potential advantages and side effects of the product candidates being studied in relation to other available products, product candidates or therapies.

Other clinical trials for product candidates that are in the same therapeutic areas as our product candidates will likely compete with our trials, which 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 projected clinical trials. If we experience delays in the completion of, or even termination of, any clinical trial of our product candidates, our ability to obtain requisite regulatory approvals and then commercialize our product candidates will be materially and adversely affected.

To maintain our presence in the market, we have to be able to develop new products that are competitive in the market, which we may fail to do in a timely manner or at all.

The market for structural heart disease treatment solution is characterized by technological changes, frequent new product introductions, and evolving industry standards. Our product candidates could become technologically obsolete or more susceptible to competition without timely introduction of new and improved technologies. We expect the structural heart disease treatment solution market to evolve towards newer and more advanced products, some of which we do not currently produce. Our success therefore depends on our ability to accurately anticipate industry trends and continuously

identify, develop and market new and advanced products in a timely manner that meet our customers' demand. Because product designs can change with market conditions and hospitals' and physicians' preferences, identifying and developing new products in a timely manner can be difficult. Our research and development efforts may not lead to new products that will be commercially successful. Even if we develop new or improved products, we may encounter delays in obtaining regulatory clearance, restrictions imposed on approved indications, entrenched patterns of clinical practice, uncertainty over third-party reimbursement, or other factors. In addition, it takes much time and efforts for the new product to gain acceptance after we launch it in the market. We may not be able to successfully market our new products or our end customers may not be receptive to our new products.

The success of our new product offerings will depend on several factors, including our ability to (i) properly identify and anticipate industry trends and market demand; (ii) complete product development process successfully in a timely manner; (iii) optimize our procurement and manufacturing processes to predict and control costs; (iv) manufacture and deliver new products in a timely manner; (v) minimize the time and costs required to obtain required regulatory approvals; (vi) efficiently and cost-effectively building up our marketing platform and distribution channels; (vii) price our products at both competitive and commercially justifiable levels; (viii) increase end-customer awareness and acceptance of our new products; and (ix) compete effectively with other medical device developers, manufacturers and marketers. If there is insufficient demand for our new products once they are introduced to the market, our business, financial condition, results of operations and prospects could be materially adversely affected.

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

In order to maintain our competitiveness, we must keep pace with new technologies and methodologies. We must continue to invest significant amounts of human and capital resources to develop or acquire technologies that will allow us to enhance the scope and quality of our clinical trials. 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. We cannot assure you that we will be able to identify new technological opportunities, enhance or adapt to new technologies and methodologies, develop and bring new or enhanced products to market, obtain sufficient intellectual property protection for such new or enhanced products, obtain the necessary regulatory approvals in a timely and cost-effective manner, or achieve market acceptance if such products are launched. Any failure to do so could harm our business and prospects.

Our employees, collaborators, service providers, independent contractors, principal investigators, consultants, vendors, CROs and SMOs may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could result in delay or failure to develop our products.

We are exposed to the risk that our employees, collaborators, independent contractors, principal investigators, consultants, vendors, CROs and SMOs may engage in fraudulent or other illegal activity with respect to our business. Misconduct by these individuals and institutions could include intentional, reckless and/or negligent conduct or unauthorized activity that violates the regulations of the NMPA and other regulatory authorities, including those laws requiring the reporting of true, complete and accurate information and data to such regulatory authorities, or data privacy, security, fraud and abuse and other healthcare laws and regulations in the PRC and other relevant jurisdictions. We typically conduct the key

manufacturing steps in-house, except that we engage third party service providers for sterilization and injection molding. These third party service providers may engage in conducts that do not comply with relevant laws or regulations or abide by industrial standards.

Misconduct by these parties could involve the creation of fraudulent data in our preclinical studies or clinical trials. Their improper activities could also involve individually identifiable information, including, without limitation, the improper use of information obtained in the course of clinical trials, or illegal misappropriation of medical devices.

We may not be able to identify and deter employees' and third parties' misconduct, and the precautions we take to detect and prevent these activities 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 be in compliance with such 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 severely delay our research and development programs, or result in failure to obtain regulatory approval for our product candidates. The regulatory authorities may also impose civil, criminal and administrative penalties, damages and monetary fines on us, which could materially and adversely affect our reputation and business operation.

We may be unable to develop our product candidates as anticipated if the third parties with which we contract for clinical trials do not perform in an acceptable manner or if these third parties do not successfully carry out their contractual duties or meet expected deadlines.

We rely on third parties, including clinical trial institutions, hospitals, CROs and SMOs, to assist us in designing, implementing and monitoring our clinical trials. We rely on these parties for execution of our pre-clinical studies and clinical trials, and control only certain aspects of their activities. If any of these parties terminates its agreements with us, we may not be able to enter into arrangements with alternative third parties on commercially reasonable terms, or at all, and the development of the product candidates covered by those agreements could be substantially delayed. In addition, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocols, legal and regulatory requirements and scientific standards, and our reliance on these third parties does not relieve us of our regulatory responsibilities. However, these third parties may not successfully carry out their contractual obligations, meet expected deadlines or follow regulatory requirements, including clinical and manufacturing guidelines and protocols. Moreover, if any of these parties fail to perform their obligations under our agreements with them in the manner specified in those agreements, the NMPA and/or other comparable regulatory authorities may not accept the data generated by those studies or relevant regulatory authorities may require us to perform additional clinical trials before approving our marketing applications, 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.

Risks Relating to the Commercialization of Our Product Candidates

Our product candidates may not be well received by physicians and hospitals, and may face fierce competition against other products upon their commercialization.

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 follow-up visit post operations. 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 and cost effectiveness of our product candidates as compared to our competitors' products, and train physicians and hospitals in the proper application of our product candidates.

As we currently do not have any commercialized products, physicians require more time to learn to use our products (upon commercialization) proficiently, which may affect our ability to sell our products. If physicians are not properly trained, they may misuse or ineffectively use our product candidates, which may also result in unsatisfactory patient treatment outcomes, patient injury, negative publicity or lawsuits against us. Encouraging physicians to dedicate their time and energy necessary for adequate training is challenging. For example, Ken-Valve, our TAVR product candidate, may face fierce competition upon its commercialization, since there had been already a number of commercialized TAVR products in the China market as of the Latest Practicable Date (e.g., J-Valve, VenusA-Valve, TaurusOne), and we expect that there will be additional TAVR products approved for commercialization in China prior to, or substantially at the same time as, Ken-Valve. As a result, we may need to make substantial investments in hospital penetration and physician training in order to gain market acceptance upon Ken-Valve's commercialization. Furthermore, we also rely on trained physicians to advocate the benefits of our future approved products in the marketplace following their completion of training. If we are not able to enhance our product awareness and receive recognition from physicians, our products may not be widely accepted by them, and we may not be able to effectively market our product candidates upon commercialization.

We might not be able to price our products competitively as compared to similar products in the market or other alternative treatment options, and our products might fail to achieve broad market acceptance.

The commercial success of our product candidates depends upon the degree of market acceptance they can achieve, particularly among hospitals and physicians. For example, as a treatment recently developed and introduced to the market, interventional medical device may fail to receive broad acceptance from patients or physicians as anticipated. In addition, the retail prices of the our product candidates (including the Core Products) upon commercialization may be significantly higher than those of other existing treatment options. As an alternative treatment method, patients may opt for traditional surgical treatment over interventional medical device, given its established market acceptance, comparatively lower price and coverage by governmental and private medical insurance. Therefore, we might not be able to price our products competitively as compared to similar products in the market or other alternative treatment options. In addition, the degree of market acceptance of our product candidates, if approved for commercial sale, will depend on a number of factors, including:

- the clinical indications for which our product candidates are approved;
- physicians, hospitals, diseases treatment centers and patients considering our product candidates (upon commercialization) as a safe and effective treatment;
- the potential and perceived advantages and disadvantages of our product candidates (upon commercialization) and relevant treatments compared to alternative products and treatments;
- 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 product candidates (upon commercialization) 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.

We have relatively limited experience in sales and marketing activities, and we may not be able to build, expand or integrate our in-house sales and marketing force successfully.

We have relatively limited experience in launching and commercializing our product candidates. In addition, we have limited experience in building a commercial team, conducting a comprehensive market analysis, or managing distributors and sales force for our product candidates. As a result, our ability to successfully market our future approved products may involve more inherent risks, take longer and cost more than it would if we were a company with sufficient experience launching such products and product candidates.

The success of our sales and marketing efforts also depends on our ability to attract, motivate and retain qualified and professional sales and marketing team who has, among other things, sufficient expertise in the structural heart disease medical device market and are able to communicate effectively with medical professionals. We have to compete with other medical device and pharmaceutical companies to recruit, hire, train and retain marketing and sales personnel.

Collaborative arrangements are also one option for us to market our future approved products. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or if we are able to do so, that they will have effective sales forces. Any revenue we receive will depend upon the efforts of such third parties. We would have limited control over the marketing and sales efforts of such third parties, and our revenue from product sales may be lower than if we had commercialized our future approved products ourselves. We also face competition in our search for third parties to assist us with the sales and marketing efforts for our future approved products. We cannot assure you 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 future approved products. As a result, our revenue and profitability could be materially and adversely affected.

Even if we are able to commercialize any of our product candidates, our future pricing strategy and downward pricing of our future products may have a material adverse effect on our business and results of operations.

In line with market practice, we expect to price our product candidates (upon commercialization) by taking into consideration a variety of factors, including pricing guidance set by the government authorities, bargaining power and preferences of hospitals, prices of similar products offered by our competitors, our operating costs and the continuous upgrades of existing products, among others, and some of which are beyond our control.

If the PRC government issues pricing guidance for our product candidates (upon commercialization), it may negatively affect the price at which we can sell our future approved products and therefore have a material adverse effect on our business and results of operations. We may also face downward pricing pressure if our future approved products are included in the medical insurance reimbursement list, even if such inclusion in the medical insurance reimbursement list is expected to increase the sales volume of our future approved products. As of the Latest Practicable Date, we were of the view that inclusion of LuX-Valve and Ken-Valve into the governmental medical insurance reimbursement list was still remote, as they were still in the clinical stage.

Hospitals may gain more bargaining power depending on the availability of alternative products, demands of patients and the preferences of physicians. If hospitals seek to lower retail prices of our product candidates (upon commercialization), our future profitability may be adversely affected. Furthermore, along with our increasing efforts to promote our product candidates, as well as our competitors' continuous development of similar product candidates, awareness of these products is expected to increase. More competing products may become available, which will offer alternatives for hospitals and patients to choose.

Furthermore, along with our increasing efforts to promote our product candidates, as well as our competitors' continuous development of similar product candidates, awareness of these products is expected to increase. More competing products may become available, which will offer alternatives for hospitals and patients to choose.

In addition, with the development of technologies and increasing competition in the industry, we may experience reduced pricing from our product candidates (upon commercialization), particularly along with the launch of new products that can replace or further improve the safety and efficacy profile of our product candidates (upon commercialization), while the manufacturing and material costs may remain constant or increase. If we are unable to successfully introduce more advanced and/or more profitable new products to the market, or if we fail to effectively control our operating and manufacturing costs, our business, financial condition and results of operations could be materially and adversely affected.

Even if we are able to commercialize any product candidates, our sales may be affected by the level of medical insurance reimbursement patients receive for treatments using our products.

The availability of governmental and private health insurance in China for treatments using our products will influence our ability to sell our products. China has a complex medical insurance system that is currently undergoing reform. The governmental insurance coverage or reimbursement level in China for new procedures and the medical devices used in such procedures 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 addition, the PRC government may change, reduce or eliminate the governmental insurance coverage then available for treatments using our products. For details, see "Regulatory Overview — Laws and Regulations Relating to Medical Devices — National Medical Insurance Program" in this prospectus.

We cannot assure you that our product candidates (upon commercialization), including our Core Products, will be included in the medical insurance reimbursement list at all times, if at all. As of the Latest Practicable Date, we were of the view that inclusion of our products, such as LuX-Valve and Ken-Valve, into the governmental medical insurance reimbursement list was still remote, as they were still in clinical stage. To the extent that our products are not included in the medical insurance reimbursement list or if any such insurance schemes are changed or canceled resulting in any removal of our products from medical insurance catalogue, patients may choose, and hospitals may recommend alternative treatment methods, which would reduce demand for our products, and our sales may be adversely impacted or not able to achieve our expected levels, which may lead to a material and adverse effect on our business, results of operations and financial condition.

In addition, insurance companies in China tend to reimburse patients 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 guarantee that insurance companies will continue to adopt this favorable policy in the future.

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

The actual market size of our Core Products may be smaller than we anticipate, which could render them ultimately unprofitable even if commercialized.

Our spending on our Core Products, namely LuX-Valve and Ken-Valve, for the specific indications of TR and AR (or combined with AS), respectively, may not yield any commercially viable products, since the market opportunities for them may be smaller than we anticipate. The total addressable market opportunity for our Core Products will depend not only on, among other things, acceptance by the medical community and patient access, pricing and reimbursement, but also the number of patients amenable to receiving treatment in general, and being treated by our products specifically. For example, the markets for our Core Products may be lower than anticipated since the target patient pool of our Core Products is mostly elderly or seriously ill people, therefore, not all of them would be receptive to receiving treatment as the mortality rate of elderly people who have TR or AR is high, regardless of the treatment methods. As such, the target markets for our Core Products may not consist of as many treatable patients as we expect, which could have a material adverse effect on the profitability of our Core Products even if commercialized.

There is no guarantee that we will effectively manage and succeed in expanding and deepening hospital penetration.

To penetrate into China's structural heart disease medical device market and enhance our brand recognition among hospitals, we adopt an academic promotion approach, by which we are dedicated to growing our brand recognition and establishing collaboration with leading principal investigators, KOLs,

physicians and hospitals in China and overseas. We regularly meet with KOLs to discuss our product candidates, conduct product demonstrations and provide training. Furthermore, we host meetings for key participants in our industry with respect to our research and development efforts and product pipeline. We have also taken an active role in sponsoring key industry conferences. Despite these efforts, however, we may still not be able to expand and deepen our hospital penetration effectively and diversely, and our sales volume and business prospects could therefore be materially and adversely affected.

The success of our hospital penetration strategy also depends on our ability to attract, motivate and retain qualified and professional employees who have, among other things, the sufficient expertise in the structural heart disease medical device markets and are able to communicate effectively with medical professionals. We may be however unable to attract, motivate and retain a sufficient number of qualified sales personnel to support our hospital penetration strategy.

Risks Relating to Extensive Government Regulations

The research, development and commercialization of our product candidates are heavily regulated in all material aspects, and changes in regulatory requirements may adversely affect our business.

All jurisdictions in which we conduct our research, development and commercialization activities regulate these activities in great depth and details. We intend to focus our activities in China and other major targeted markets. These areas all have comprehensive 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 make 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, 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 regulatory approval processes are lengthy, expensive and inherently unpredictable, and we may not be able to obtain, or experience delays in obtaining, required regulatory approvals.

We currently intend to market a substantial portion of our product candidates in China in the foreseeable future. We are required to obtain the NMPA's or its local counterpart's approval before we can market our product candidates in China. As the PRC government has been increasing the level of regulatory control over the medical device industry in recent years, the regulatory approval process tends to take a longer time to complete than before. Significant time, effort and expense are required to bring our product candidates to market in compliance with the regulatory process, and we cannot assure you that any of our product candidates will be approved for sale.

Before obtaining regulatory approvals for the commercial sale of any product candidates for a target indication, we must demonstrate in preclinical studies and well-controlled clinical trials, that the

product candidate is safe and effective for use for that target indication and that the manufacturing facilities, processes and controls are adequate. We are also required to report any serious or potentially serious incidents involving our product candidates to the NMPA or the local counterparts. 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. The NMPA may also slow down, suspend or cease review of our applications and any of these could prolong the registration process of our product candidates. Even if regulatory approval or clearance of our product candidates is granted, the approval or clearance could limit the uses for which our product candidates may be labeled and promoted, which may in turn limit the market for our product candidates.

Furthermore, results of the regulatory approval process are unpredictable. We could fail to receive regulatory approval for product candidates for many reasons, including: (i) failure to begin or complete clinical trials; (ii) failure to demonstrate that a product candidate is safe and effective; (iii) failure to deliver clinical trial results to meet the level of statistical significance required for approval; (iv) data integrity issues related to our clinical trials; (v) government authority's disagreement with our interpretation of data from preclinical studies or clinical trials; (vi) 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; (vii) 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; (viii) failure to conduct a clinical trial in accordance with regulatory requirements or our clinical trial protocols; (ix) 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; and/or (x) rejection by the relevant authorities to approve pending applications or supplements to approved applications filed by us or suspension, revocation or withdrawal of approvals.

We are also required to obtain various governmental approvals in the relevant jurisdictions before we sell our product candidates in international markets. Regulatory authorities outside of China, such as the Notified Body of the EU, also have requirements for approval of medical devices for commercial sale with which we must comply prior to marketing in those areas. Foreign regulations may vary from jurisdiction to jurisdiction and may be different from PRC regulations and NMPA requirements, and therefore could delay or prevent the introduction of our product candidates in those areas. For example, certain jurisdictions such as the EU may have more stringent requirements on clinical trials and clinical data than those of the NMPA, and clinical trials conducted in one jurisdiction may not be accepted by regulatory authorities in other jurisdictions. Approval processes vary among jurisdictions and can involve additional product testing and validation and additional administrative review periods, and obtaining regulatory approval in one jurisdiction does not mean that regulatory approval will be obtained in any other jurisdiction. Additional time, efforts and expenses may be required to bring our product candidates to international markets in compliance with different regulatory processes.

The process to obtain regulatory approval for 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 and/or comparable regulatory authorities. Regulatory approvals for any of our product candidates may also be withdrawn.

Undesirable adverse events related to our product candidates 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 such as disciplinary actions and other liabilities.

Some of our product candidates are still considered as emerging and relatively novel therapeutics, such as TTVR in relation to one of our Core Products, LuX-Valve. Undesirable side effects caused by our product candidates could (i) cause us or regulatory authorities to interrupt, delay or halt clinical trials; (ii) affect patient recruitment or the ability of enrolled patients to complete the trial; (iii) adversely impact our ability to obtain regulatory approval in China and other jurisdictions including result in a more restrictive label on our product candidates, and/or (iv) subject us to substantial damages and 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 product candidates are identified after we receive regulatory approval for such product candidates, 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 product candidates;
- 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, profitability and prospects may suffer.

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 future approved products will be subject to ongoing regulatory obligations and continued regulatory review even if we receive regulatory approval for our product candidates, 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 including withdrawal of approvals of our future approved products.

Our future approved products will be subject to ongoing or additional 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 and other jurisdictions where the product candidates are approved. As such, we 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.

Any approvals that we receive for our product candidates may be subject to other conditions which may require potentially costly post-marketing testing and surveillance to monitor the safety and efficacy of our product candidates. Such limitations and conditions could adversely affect the commercial potential of our future approved 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 or additional regulatory requirements or if problems occur after the product reaches the market. Later discovery of previously unknown problems with our 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 future approved products, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- fines, 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 product candidates; and/or
- injunctions or the imposition of civil, administrative 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 and other regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label uses, and any person or entity that is found to have improperly promoted off-label uses may be subject to significant liability. The policies of the NMPA 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.

Changes in regulatory requirements and guidance may adversely affect our business, and we may need to amend clinical trial protocols submitted to applicable regulatory authorities to reflect these changes.

In China and some other jurisdictions, a number of legislative, regulatory and guidance changes and proposed changes regarding healthcare could prevent or delay regulatory approval of our product candidates, affect our manufacturing costs and raw material costs, restrict or regulate post-approval activities and affect our ability to profitably sell any of 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. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to commercialize our future approved products, generate revenue and attain profitability.

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. For example, Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) was amended on February 9, 2021 and came into effect on June 1, 2021; the Administrative Measures for the Registration of Medical Devices (《醫療器械註冊管理辦法》) was replaced by the Measures for the Administration of Registration and Filing of Medical Devices (《醫療器械註冊與備案管理辦法》) with an effective date on October 1, 2021. The new Good Clinical Practice for Medical Devices (《醫療器械臨床試驗質量管理規範》) was promulgated by the NMPA and the National Health Commission on March 24, 2022 and came into effect on May 1, 2022. The impact of these more specific requirements and whether it will adversely affect our clinical trials or the registration of our product candidates with the NMPA is yet to be observed. On July 19, 2019, the General Office of the State Council issued the Circular 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》) (the "**2019 Reform Plan**"), 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. For more details, see "Regulatory Overview — Laws and Regulations Relating to Medical Devices — Two Invoice System" in this prospectus. Furthermore, since 2007, China started to adopt a centralized procurement regime in an effort to regulate prices of medical devices through group procurement at the provincial level. The 2019 Reform Plan proposed to explore the classification of high-value medical consumables in accordance with the principles of volume-based procurement, volume-price linkage, and promotion of market competition, and to conduct centralized procurement. As of the Latest Practicable Date, a number of categories of high-value medical consumables had been included under the "volume-based procurement" regime. For more details, see "Regulatory Overview — Laws and Regulations Relating to Medical Devices — Procurement of Medical Devices" in this prospectus. If our products are included in such regime in the future, we may not be

successful in the public tender processes for centralized procurement, and lower bidding prices of our competitors and volume-based discounts and/or lower ex-factory prices offered by our competitors may undermine our market position and in turn adversely impact our sales performance, which could result in a material and adverse effect on our business, financial condition and results of operations.

Risks Relating to Manufacture and Supply of Our Product Candidates

The manufacture of our product candidates is a highly exacting and complex process and subject to strict quality controls. Our business could suffer if our product candidates are not produced in compliance with all the applicable quality standards.

Quality is extremely important due to the serious and costly consequences of a product failure. Because of the nature of our product candidates, their manufacturing process is highly complex and subject to strict quality controls. We have established a quality control and assurance system and adopted standardized operating procedures in order to prevent quality issues with respect to our product candidates and operation processes. For further details of our quality control and assurance system, see "Business — Quality Management" in this prospectus.

Despite our quality control and assurance system and procedures, we cannot eliminate the risk of product defects or failure. Problems can arise during the manufacturing process for a number of reasons, including equipment malfunction, failure to follow protocols and procedures, defects or other issues in raw material, or human error. Furthermore, if contaminants are discovered in our product candidates or in our manufacturing facility, we may need to close our manufacturing facilities for an extended period of time to investigate and remedy the contamination. In addition, stability failures and other issues relating to the manufacture of our product candidates could occur in the future. Although closely managed, disruptions can also occur during the implementation of new equipment and systems to replace aging equipment, as well as during production line transfers and expansions.

Failure of our product candidates to meet the requirements of the NMPA or other applicable regulatory authorities or our internal quality standard could result in patient injury or death, product recalls, safety alerts or withdrawals, license revocation or regulatory fines, product liabilities claims or other negative effects that could seriously harm our reputation, business and results of operations.

We may face damage to, destruction of or interruption of production at our facilities.

Currently, our in-house production is limited to producing, assembling and testing sample products under development for the purpose of clinical trials. Our production facilities are located on our leased properties, with a total GFA of approximately 6,206.6 sq.m. in China. 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. Any interruption in manufacturing operations at our manufacturing facilities could result in our inability to satisfy the demands of our clinical trials or future commercialization. There can be no assurance that our existing manufacturing facilities will produce products in sufficient volumes in the event of any significant change in market demand. In such event, we may have to engage third parties to produce a portion of such products. Consequently, we are exposed to the risks of increased pricing for our sub-contracted production and that the third parties may not manufacture products meeting our specifications or in sufficient volumes to meet market demand. As a result, our sales volumes and margins for the relevant products could be materially and adversely affected.

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. If we are unable to do so, or if the process to do so is delayed, or if the cost of this scale up is not economically feasible for us or we cannot find a third-party supplier, we may not be able to supply our future approved products in a sufficient quantity to meet future demand, which would limit our development and commercialization activities and our opportunities for growth.

To scale up our production capacity, we plan to expand our manufacturing facilities. The expansion may require prior review by regulatory authorities and/or approval of the manufacturing process and procedures in accordance with applicable requirements. This review may be costly and time-consuming and the expansion may also be subject to pre-approval inspection. In the event we fail to increase our production capacity, we may not capture the expected growth in demand for our future approved products, or to successfully commercialize new products, each of which could materially and adversely affect our business prospects.

We may be exposed to potential product liability claims, and our insurance coverage may be inadequate to protect us from all the liabilities we may incur.

Our current product candidates are classified as Class III medical devices. Such classifications represent a high risk to the human body and requires a high level of supervision to ensure safety and effectiveness. We may be subject to product liability claims if our product candidates have quality issues, including latent defects that can only be identified at a later stage. Complex medical devices, such as our Core Products and other product candidates, may sometimes experience problems resulting from the use of the products, including the way physicians use such products, which could require review and corrective action by the manufacturer. Component failures, manufacturing errors or design defects could result in danger or injuries to patients. Any serious failures or defects could subject us to product liabilities. The occurrence of any product liability claim against us arising from our product candidates may damage our brand name and may have a material adverse effect on our business, results of operations and prospects.

In addition, we face an inherent risk of product liability as a result of any future commercialization of our product candidates in China and globally. For example, we may be sued if our product candidates are perceived to cause injury or are found to be otherwise unsuitable during manufacturing. Any such product liability claims may include allegations of defects in design, defects in manufacturing, a failure to warn of dangers inherent in the medical device product, negligence or strict liability. Further, we cannot ensure that physicians will follow our instructions on the proper usage of our product candidates accurately. If our product candidates are used incorrectly by physicians, injury may result, which could give rise to product liability claims against us. If we cannot successfully defend ourselves against, obtain indemnification from our collaborators for product liability claims, or acquire sufficient product liability insurance at an acceptable cost, we may incur substantial liabilities or be required to limit commercialization of our product candidates.

If we fail to expand our commercial manufacturing capacity after we launch our future approved products, or if our manufacture capacity fails to meet the market demand, our business prospects could be materially and adversely affected.

Currently our in-house production is limited to producing, assembling and testing sample products under development for the purpose of clinical trials. With the potential launches of our product

candidates in the near future and further product launches expected from our pipeline, we intend to primarily utilize in-house manufacturing capabilities as business need arises. Companies manufacturing medical devices in China are required to obtain permits and licenses issued by various government authorities, including but not limited to the medical device production permit (醫療器械生產許可證) and the medical device operation permit (醫療器械經營許可證) if such manufacturing companies store and sell medical devices in places other than their domiciles and the places of production of medical devices. Such permits, licenses and certificates are subject to periodic reviews and renewals by the relevant government authorities, and the standards of such reviews and renewals may change from time to time. There can be no assurance that the relevant authorities will approve our applications in the future. Any failure by us to obtain, maintain or renew the necessary permits, licenses and certificates could disrupt our business, which in turn may have a material adverse effect on our business and operating results.

Other than the risks relating to application of requisite licenses and permits, we could also face other risks in implementing our commercial manufacturing plan, including construction delays, failure to adopt new manufacturing techniques, implement effective quality control, recruit a sufficient number of qualified staff to support the increase in production capacity, or engage qualified subcontractors with sufficient manufacturing capacity in a cost-effective manner and on terms acceptable to us. Given the complexity of our product candidates, competition for qualified manufacturing staff is intense. New manufacturing staff are generally required to undergo several months of training before they can commence work on our production lines. In addition, in the event of any significant increase in market demand, we may have to engage contract manufacturing organizations or external subcontractors to help produce our future approved products, and even if we could engage third parties to produce a portion of our future approved products, we would be exposed to the risks that the third parties may not manufacture products meeting our specifications or in sufficient volumes to meet market demand. In addition, we may also face changes in regulatory requirements in relation to engaging external subcontractors for manufacturing. For example, in March 2022, the NMPA published the Guidelines for the Preparation of Quality Agreement for Commissioned Production of Medical Devices (《醫療器械委託生產質量協議編製指南》), which proposed a number of more stringent requirements in relation to engaging external subcontractors for the manufacturing of medical devices. For more details, see "Regulatory Overview — Laws and Regulations Relating to Medical Devices — Commissioned Production of Medical Devices" in this prospectus. It might be more difficult, or costly, for us to increase the manufacturing capacity of our products by engaging external subcontractors. Therefore, we cannot assure you that we will be able to increase our commercial manufacturing capacity, develop advanced manufacturing techniques, process controls in the manner we contemplate, recruit a sufficient number of qualified manufacturing staff, or engage qualified subcontractors with sufficient production capacity, or at all. In the event of any aforementioned failure, we may not be able to capture the expected growth in demand for our future approved products, which could materially and adversely affect our business prospects. Moreover, our plans to increase our commercial manufacturing capacity require significant capital investment, and the actual costs of our commercial manufacturing plan may exceed our original estimates, which could materially and adversely affect the realization of expected return on our expenditures.

We rely on a limited number of suppliers, and may not be able to secure a stable supply of qualified raw materials at all times or at all.

We rely on a limited number of third-party suppliers to supply key raw materials used in the research, development and manufacturing of our product candidates for reasons of quality assurance, cost effectiveness, availability, or constraints resulting from regulatory requirements. We cannot assure you that we will be able to secure a stable supply of qualified raw materials at all times going forward, even

though we believe we have built up stable relationships with our existing suppliers. We cannot assure you that we will be able to identify an alternative qualified supplier in a timely manner or at all, in the event any of our existing suppliers terminate their contracts with us or are no longer qualified.

Further, the custom clearance procedures for importing raw materials, including scaffolds and some sheaths, could be lengthy and thus could adversely affect the timely supply of such raw materials. If we encounter lengthy custom clearance procedures to import certain of our raw materials, we may experience delays in the supply of our raw materials and interruption in our product candidates development process.

Some of suppliers are located outside China, therefore trade or regulatory embargoes imposed by foreign countries or China could result in delays or shortages of our raw materials. If we are forced to purchase raw materials from domestic suppliers whose prices are higher than those offered by foreign suppliers, our costs will increase and our business could be harmed. Furthermore, general economic conditions could also adversely affect the financial viability of our suppliers, resulting in their inability to provide materials and components used in the manufacture of our products. 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. 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 existing supply contracts could have a material adverse effect on us.

An increase in the market price of our raw materials and components may adversely affect our financial position and results of operations.

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 financial position. During the Track Record Period, our raw materials were generally available and sufficient for our demands, and their price from our suppliers was generally stable. However, we cannot assure you that such situation will continue in the future. The prices of our 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 financial position and, more generally, our business, financial conditions, results of operation and prospects.

Failure to manage our inventory effectively would materially and adversely affect our financial condition and results of operations.

To manage our development progress appropriately and operate our business successfully, we need to manage our inventory for our product candidates effectively to ensure immediate delivery for clinical trial use when required. Our inventory consists of raw materials and consumables used for our product candidates' development. We regularly monitor our inventory to reduce the risk of overstocking and damages. In particular, as our product candidates are highly exacting and complex medical devices, the inventories of our product candidates are exposed to risks associated with damages from outside environment such as accidental drop and squeeze and temperature fluctuations. Although we have

adopted an inventory control system to regularly check and record the relevant statistics of our inventory of product candidates such as storage temperature, we cannot assure you that such inventory will not be damaged or impaired, as our storage may encounter unforeseeable events including fires, floods, earthquakes, power outages, fuel shortages, mechanical breakdowns and other man-made or natural calamities. If our inventory of product candidates is damaged or impaired, our progress of clinical trials may be delayed, which in turn will have an adverse effect on our business and results of operation.

Risks Relating to Our Intellectual Property Rights

If we are unable to obtain and maintain patent protection for our 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 a large part on our ability to protect our proprietary technology and product candidates from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We seek to protect the technology and product candidates that we consider commercially important by filing patent applications in the PRC and other countries, 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. We may also fail to identify patentable aspects of our research and development 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 research and development output in time to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements with our employees, consultants, contractors and other third parties who have access to confidential or patentable aspects of our research and development output, 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. For instance, in China and other jurisdictions, patent applications for inventions 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》) (the "**Patent Law**"), patent applications for inventions are generally 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 product candidates, 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 products 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, the USPTO 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 or product candidates and compete directly with us without payment to us. Moreover, we may have to participate in interference proceedings declared by the USPTO 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 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 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. For example, one of our patents in relation to Ken-Valve will expire in December 2023 in China (which patent is in relation to the design of the structure of Ken-Valve's leakproof ring as well as the way that the leakproof ring is linked to the stent), and upon the expiration of utility model, our competitors may be able to copy the design of the leakproof ring of Ken-Valve, and as a result we may face fiercer competition. In addition, Ken-Valve is expected to be registered and marketed in China in the first half of 2024, by which time such utility model patent would have already expired. Therefore, our

competitors can use such patent in their product design even before the commercialization of Ken-Valve. Consequently, our business, financial condition and results of operations may be materially and adversely affected. We may face competition for any future 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 product candidates are expected to expire on various dates as described in "Business — Intellectual Property Rights" in this prospectus. 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 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.

If third parties claim that we infringe upon their intellectual property rights, such proceedings could be costly and time consuming and could prevent or delay us from developing or commercializing our product candidates.

The medical device industry is litigious with respect to patents and other intellectual property rights. Companies operating in our industry routinely seek patent protection for their product designs, and many of our principal competitors have large patent portfolios. Companies in the medical device industry have used intellectual property litigation to gain a competitive advantage. Whether a product infringes a patent involves an analysis of complex legal and factual issues, the determination of which is often uncertain. We may 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. We face the risk of claims that we have infringed on third parties' intellectual property rights in the countries where we operate, principally China. In addition, a number of our employees have previously worked for one or more of our competitors. There can be no assurance that such employees have not used, or will not use in the future, their previous employers' proprietary know-how or trade secrets in their work for us, which could result in litigation against us. Prior to developing major new products, we evaluate existing intellectual property rights. However, our competitors may also have filed for patent protection which is not as yet a matter of public knowledge or claim trademark rights that have not been revealed through our searches of relevant public records. Our efforts to identify and avoid infringing on third parties' intellectual property rights may not always be successful. Third parties may assert that we are using technology in violation of their patent or other proprietary rights. Any claims of patent or other intellectual property infringement, even those without merit, could:

- be expensive and time consuming to defend;
- result in us being required to pay significant damages to third parties;

- cause us to cease making or selling products that incorporate the challenged intellectual property;
- require us to redesign, reengineer or rebrand our product candidates, if feasible;
- require us to enter into royalty or licensing agreements in order to obtain the right to use a third party's intellectual property, which agreements may not be available on terms acceptable to us or at all;
- divert the attention of our management;
- result in hospitals and physicians terminating, deferring or limiting their purchase of the affected products until resolution of the litigation;
- reduce the resources available for our development activities or any future sales, marketing or distribution activities; or
- result in securities analysts or investors perceive these results to be negative, which could have a substantial adverse effect on the market price of our Shares.

In addition, new patents obtained by our competitors could threaten a product's continued life in the market even after it has already been introduced.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time consuming and unsuccessful and may delay us from developing or commercializing our product candidates.

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 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 product candidates. Such a loss of patent protection could have a material adverse impact on our business.

Obtaining and maintaining our patent protection depends on compliance with various procedures, document submission, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance 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 similar changes in the laws of other 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 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, contract manufacturers, advisors and other third parties. We also enter into employment agreements with our employees that include undertakings regarding assignment of inventions and discoveries. However, non-disclosure agreements with employees, contractors and other parties may not adequately prevent disclosures of our trade secrets and other proprietary information. 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, some 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 may have 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 our research and development activities to execute agreements assigning all intellectual property rights to us, we may be unsuccessful in enforcing 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.

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

We currently hold issued trademark registrations and have pending trademark applications, any of which may be the subject of a governmental or third-party objection, which could prevent the registration or maintenance 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 product candidates 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, or engaging in conduct that constitutes unfair competition, defamation or other violation of our rights, our business could be materially adversely affected.

Our trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors or other third parties may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and

our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR OPERATIONS

Our business, results of operations and financial position could be adversely affected by the ongoing COVID-19 pandemic.

Our business operation has also been, and may continue to be, negatively affected by the COVID-19 outbreak. For example, many hospitals in China allocated significant resources to contain COVID-19, and patients suffering from other diseases generally avoided going to hospitals in order to avoid infection. As a result, the development progress of our product candidates was delayed due to our inability to enroll a sufficient number of patients for clinical trials in a timely manner. For details of the relevant impact on us, see "Summary — Recent Developments and No Material Adverse Change" in this prospectus.

While many of the restrictions on movements within China have been relaxed, there is great uncertainty around the future of the COVID-19 outbreak and how it will impact our operations. In particular, we cannot accurately forecast the potential impact of additional outbreaks as government restrictions are relaxed, further shelter-in-place or other government restrictions implemented in response to such outbreaks, or the impact on the ability of our suppliers and other business partners to remain in business as a result of the ongoing pandemic or such additional outbreaks. With the uncertainties surrounding the COVID-19 outbreak until a cure and vaccine has been discovered, the threat to our business disruption and the related financial impact remains. In addition, during the Track Record Period, we purchased certain raw materials for our product candidates from certain overseas suppliers and we may run into delayed delivery or shortage of raw materials as a result of COVID-19.

Our future success depends on our ability to retain key executives and to attract, hire, retain and motivate other qualified and highly skilled personnel.

We are highly dependent on Mr. Lv, our chairman and CEO, and other management members to help us successfully set and implement our business strategies. We do not maintain key person insurance for our management members. If any of them leaves us for any reason including starting their own business that competes with our business, our business, results of operations and prospects may be materially and adversely affected.

The success of our business also relies on our ability to attract, hire, retain and motivate qualified scientific, technical, clinical, manufacturing, and sales and marketing personnel, as well as other consultants and advisors, including scientific and clinical advisors, who assist us in formulating our development and commercialization strategies. Although we have entered into employment agreements and consulting agreements with each of our executives, employees, consultants and advisors, they may terminate their agreements with us at any time. The loss of the services of any of them could impede the achievement of our research, development and commercialization objectives.

Furthermore, replacing executive officers, key employees and 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 face difficulties for hiring and retaining talents and highly skilled personnel from time to time as our competitors may offer more attractive salary package, higher positions and better training opportunities to such talents. Therefore, 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 hiring of research and development and clinical personnel from universities, research institutions, government entities and other organizations. As a result, we may incur additional expenses and devote significant time to recruit and train new personnel, which could severely disrupt our business and growth. For example, our internal training for manufacturing personnel can last for up to several months depending on the position and the experience of the particular recruit, in which case there can be a lag between the time we initiate recruiting for such personnel and their commencement of work. This lag could potentially interfere with our progress for research and development of our product candidates. In addition, 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 may encounter difficulties in managing our growth and expanding our operations successfully.

As we seek to advance our product candidates through clinical trials and commercialization, we plan to continue to expand our development, manufacturing, marketing and sales capabilities. Particularly, our growth strategies include (i) expediting the development and commercialization of our product candidates and entrenching our market position, (ii) specializing in structural heart diseases and further enriching our broad product offering, (iii) building upon our R&D capabilities and expanding our product portfolios, and (iv) expanding our footprint to become an industry leader. For more details, see "Business — Our Strategies" in this prospectus. The success of our growth strategy will depend on, among other things, our ability to continue to innovate and develop advanced technologies in the highly competitive medical device market in China, maintain our efficient operating model, attract and retain skilled personnel who have the specialized skills needed to design, develop and manufacture medical devices, obtain and maintain regulatory approvals and effectively market our future approved products using our network of distributors and our own sales and marketing team. However, we have limited operational, administrative and financial resources, which may be inadequate to sustain the growth we seek to achieve. In particular, in order to implement our growth strategy, we will need to increase our investment in, among other things, our research and development, manufacturing facilities, marketing and other areas of operations. If we are unable to manage our growth and expansion effectively, our business may be adversely affected.

We may face intense competition in the medical device business.

The development and commercialization of new medical devices is highly competitive. We face competition from other major companies focusing on the development of structural heart medical devices worldwide. A number of companies in the global or China markets currently market and sell structural heart medical devices, or are pursuing the development of such products for which we are developing our product candidates. Potential competitors also include government agencies, academic institutions and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

Our business opportunities could be reduced or eliminated if our competitors develop and commercialize products that are more effective, have fewer severe adverse events, are less expensive or are more convenient than our product candidates. Our competitors in the global market may also apply for marketing approvals in China or other countries for medical device products with the same intended use as our product candidates. The capacity of the relevant authorities, such as the NMPA, to concurrently review multiple marketing applications for the same type of innovative medical device may be limited, therefore such authorities' schedule to review our product candidates may be delayed when our product candidates are under the authorities' concurrent review with our competitors' products, and the registration process of our product may be prolonged. In addition, our competitors may obtain approvals from the NMPA or other comparable regulatory authorities more rapidly than we do.

Acquisitions or strategic partnerships may increase our capital requirements, dilute our shareholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

To enhance our growth, we may acquire businesses, products, technologies or know-how or enter into strategic partnerships that we believe would benefit us in terms of product development, technology advancement or distribution network, among others. Any completed, in-process or potential acquisition or strategic partnership such as our acquisitions of Ningbo Diochange and 24.98% equity interest in Starway may entail numerous risks, including:

- increased operating expenses, including research and development expenses due to an increased number of product candidates, administrative expenses as well as selling and distribution expenses, which result in an increased cash requirements;
- the assumption of additional indebtedness or contingents;
- 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;
- 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; and/or
- deficiencies in internal controls, data adequacy and integrity, product quality and regulatory compliance, and product liabilities in the acquired business we discover after such acquisition, which may subject us to penalties, lawsuits or other liabilities.

Further, any difficulties in the integration of acquired businesses, product or technologies or unexpected penalties, lawsuits or liabilities in connection with such businesses, product or technologies could have a material adverse effect on our reputation, business, financial condition and results of operation. 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.

If we fail to successfully integrate our recently acquired subsidiary or any future targets into our operations, our post-acquisition performance and business prospects may be adversely affected.

In September 2020, we conducted the Reorganization to expand our heart failure business unit. However, we may not be able to integrate Ningbo Diochange and any future targets to achieve the expected synergies with our existing operations and to fulfill the contemplated purposes of the 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 may be beyond our control. Also, the synergies from our acquisition of current or future acquisitions may be offset by costs incurred in the acquisition, increases in other expenses, operating losses or other problems in the business. As a result, there can be no assurance that these synergies will be achieved.

If we fail to maintain effective internal controls, we may not be able to accurately report our financial results or prevent fraud, and our business, financial condition, results of operation and reputation could be materially and adversely affected.

We will become a public company upon completion of the Global Offering, and our internal controls will be essential to the integrity of our business and financial results. Our public reporting obligations are expected to place a strain on our management, operational and financial resources and systems in the foreseeable future. In order to address our internal controls issues and to generally enhance our internal controls and compliance environment, we have taken various measures to improve our internal controls and procedures including establishing a compliance program, adopting new policies, and providing extensive and ongoing training on our controls, procedures and policies to our employees. In addition, in preparation for the Global Offering, we have implemented other measures to further enhance our internal controls, and plan to take steps to further improve our internal controls. If we encounter difficulties in improving our internal controls and management information systems, we may incur additional costs and management time in meeting our improvement goals. We cannot assure you that the measures taken to improve our internal controls will be effective. If we fail to maintain effective internal controls in the future, our business, financial condition, results of operation and reputation may be materially and adversely affected.

If we become subject to litigation, 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 (after commercialization of our product candidates), 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, product candidates or future approved 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.

Healthcare providers, physicians and others play a primary role in the recommendation and prescription of any products for which we obtain regulatory approval. Our operations are subject to various applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China, including, without limitation, criminal law of the PRC, Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) and the Measures for the Administration of Registration and Filing of Medical Devices (《醫療器械註冊與備案管理辦法》). These laws may impact, among other things, our proposed sales, marketing and education programs. Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including penalties, fines and/or exclusion or suspension from governmental healthcare programs and debarment from contracting with the PRC government.

Neither the PRC government nor the PRC courts have provided definitive guidance on the applicability of fraud and abuse laws to our business. Law enforcement authorities are increasingly focused on enforcing these laws, and some of our practices may be challenged under these laws. Efforts to ensure that our business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. Governmental authorities could conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations. In addition, we are subject to equivalents of each of the healthcare laws described above in other jurisdictions, among others, some of which may be broader in scope and may apply to healthcare services reimbursed by any source, not just governmental payors, including private insurers. There are ambiguities as to what is required to comply with these requirements, and if we fail to comply with an applicable law requirement, we could be subject to penalties.

If any of the physicians or other providers or entities with whom we do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs, which may also adversely affect our business.

If we fail to comply with applicable anti-bribery laws, our reputation may be harmed and we could be subject to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations. We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees or other third parties.

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 plan to sell our future approved 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 distributors in selling our future approved products or impose restrictions on sales and marketing activities, which could in turn increase our costs, and eventually could have a material adverse impact on our business, financial condition and results of operations.

If we or our CROs or SMOs 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 chemical materials and special equipment. Our operations also produce hazardous waste. We have entered into hazardous waste disposal agreements 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.

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.

Our internal information technology systems or other infrastructures may fail or suffer security breaches.

Despite the implementation of security measures, our internal information technology 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 research and development 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 Group 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.

We have limited insurance coverage which may not adequately cover all the risks and hazards associated with our operations.

We operate in the medical device industry, which involves numerous operating risks and occupational hazards. We maintained certain insurance policies as of the Latest Practicable Date. For example, we maintain product liability insurance covering our clinical trials. For more details of our insurance policies, see "Business — Insurance" in this prospectus. We cannot assure you that the existing insurance coverage is sufficient to compensate for actual losses suffered or incurred. To the extent that such losses or payments are not insured or the insured amount is not adequate, our business, results of operations and financial condition may be materially and adversely affected by such losses and associated liabilities. For details of the specific risks of inadequate insurance coverage in the event of product liability claims, see "— Risks Relating to Our Product Candidates — Risks Relating to Manufacture and Supply of Our Product Candidates — We may be exposed to potential product liability claims, and our insurance coverage may be inadequate to protect us from all the liabilities we may incur" in this section.

Our business significantly depends on our reputation and, once any of our product candidates are commercialized, customer perception of us, and any negative publicity on us, our shareholders, directors, officers, employees, KOLs, suppliers, or other parties we cooperate with, or related to our industry, may materially adversely affect our business, financial condition and results of operations.

Our reputation and, after commercialization of our product candidates, customer perception of our brand are critical to our business. Maintaining and enhancing our reputation and recognition depend primarily on the safety and efficacy of our future approved products, as well as continued promotion efforts. Our promotion efforts may be expensive and ineffective. In addition, our reputation and customer perception of our Company could suffer in events that:

- our future approved products fail to gain acceptance by patients, doctors and hospitals;
- our future approved products are defective or malfunction;
- lawsuits or regulatory investigations are instituted against us or relating to our future approved products or industry;
- we provide poor or ineffective customer service; or
- we are subject to product liability claims.

If we are unable to maintain and further enhance our reputation and recognition, our ability to attract and retain customers may be impeded and our business prospects may be materially adversely affected. Any negative incident or negative publicity concerning us, our Shareholders, Directors, officers, employees, KOLs, suppliers, or other parties we cooperate with, regardless of its veracity, could harm our image and diminish the trust from our future customers and the market, which could in turn result in decreased sales of our product candidates after commercialization and materially and adversely affect our business. 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.

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 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 medical devices 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.

We are headquartered in Ningbo, China and have 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, and 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.

Our operations are primarily 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. Since 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 four 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.

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.

There are risks relating to our failure to complete property leasing registrations for our lease properties.

As of the Latest Practicable Date, we leased several properties in Ningbo, Shanghai and Beijing with an aggregate GFA of approximately 9,762.01 sq.m. Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered and filed with relevant administrative authorities. As of the Latest Practicable Date, seven of our lease agreements were not registered with the relevant authorities. According to our PRC Legal Adviser, the failure to complete such registration process does not affect the validity of the relevant property lease agreements, and a maximum penalty of RMB10,000 may be imposed for the non-registration of each lease agreement. We cannot assure we will not be subject to any penalties arising from the non-registration of lease agreements and any disputes arising out of our leased properties in the future.

Fluctuations in exchange rates of the renminbi could result in foreign currency exchange losses.

The proceeds from the Global Offering will be received in HKD. As a result, any appreciation of RMB against USD, HKD or any other foreign currencies may result in the decrease in the value of our proceeds from the Global Offering. The exchange rate of RMB against HKD is affected by, among other things, the policies of the PRC Government and changes in China's and international political and economic conditions, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between RMB, USD, HKD or other currencies in the future. In addition, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in RMB exchange rates and achieve policies goals. There remains significant international pressure on the PRC Government to adopt a more flexible currency policy, which, together with domestic policy considerations, could result in a significant appreciation of RMB against USD, HKD or other foreign currencies.

In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

You may experience difficulties in effecting service of legal process, enforcing judgments or bringing original actions in China against us and our management based on Hong Kong or other foreign laws.

We are incorporated under the laws of the PRC with limited liability, and all of our assets are located in the PRC. In addition, all of our Directors and our senior management personnel reside within the PRC, and substantially all of their assets are located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon us or most of our Directors, Supervisors and senior management personnel. Furthermore, the PRC does not have treaties providing for the reciprocal enforcement of judgments of courts with the UK or many other countries. As a result, recognition and enforcement in China of a court judgment obtained in other jurisdictions may be difficult or impossible.

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. In addition, the Arrangement has expressly provided for "enforceable final judgement," "specific legal relationship" and "written form." A final judgement that does not comply with the Arrangement may not be recognized and enforced in a PRC court.

On January 18, 2019, the Supreme People's Court of the PRC and the government of the 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 (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**2019 Arrangement**"). Under the 2019 Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the 2019 Arrangement. Although the 2019 Arrangement has been signed, the outcome and effectiveness of any action brought under the 2019 Arrangement may still be uncertain. We cannot assure you that an effective judgment that complies with the 2019 Arrangement can be recognized and enforced in a PRC court.

The medical device industry in China is rapidly evolving, and we may be unable to maintain or enhance our market share in this industry for a variety of reasons.

The medical device industry in China is rapidly evolving due to economic growth in China, changes in government policies and funding levels and other factors discussed in this prospectus. Many of our competing companies have significantly greater financial resources and expertise and experience in research and development, preclinical testing, conducting clinical trials, obtaining regulatory approvals, manufacturing and marketing than we do, and are more capable than us to respond and adapt to the market changes in a timely and effective manner. 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, management and marketing personnel, establishing clinical trial sites and patient registration for clinical trials, as well as acquiring technologies complementary to, or necessary for, our programs. Our inability to compete effectively, or to adequately respond and adapt to changes in market conditions in a timely manner could cause a decline in our growth rates, reduce our revenues, harm our ability to maintain our leading position in the market in China, or to achieve our targeted market share in future periods. If we cannot maintain our market position, our relationships with physicians and hospital administrators and our long-term ability to effectively market and sell our future approved products or conduct clinical trials for our new products could be negatively impacted, and our business, financial condition, results of operation and return on capital expenditures may be materially and adversely affected.

Gains on the sales of H shares and dividends on the H shares may be subject to PRC income taxes.

Under the applicable PRC tax laws, both the dividends we pay to non-PRC resident individual holders of H shares ("**non-resident individual holders**"), and gains realized through the sale or transfer by other means of H shares by such shareholders, are subject to PRC individual income tax at a rate of 20%, unless reduced by the applicable tax treaties or arrangements.

Under applicable PRC tax laws, the dividends we pay to, and gains realized through the sale or transfer by other means of H shares by, non-PRC resident enterprise holders of H shares ("**non-resident enterprise holders**") are both subject to PRC EIT at a rate of 10%, unless reduced by applicable tax treaties or arrangements. Pursuant to the Arrangements between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《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》) dated August 21, 2006, any non-resident enterprise registered in Hong Kong that holds directly at least 25% of the shares of our Company shall pay EIT for the dividends declared and paid by us at a tax rate of 5%.

Pursuant to the Circular on Questions Concerning Tax on the Profits Earned by Foreign Invested Enterprises, Foreign Enterprises and Individual Foreigners from the Transfer of Shares (Equity Interests) and on Dividend Income (《關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知》) issued by the State Administration of Taxation, non-resident individual holders were temporarily exempted from PRC individual income tax for the dividends or bonuses paid by issuers of H shares. However, such circular was repealed by the Announcement on the List of Fully or Partially Invalid and Repealed Tax Regulatory Documents (《關於公佈全文失效廢止、部分條款失效廢止的稅收規範性文件目錄的公告》) dated January 4, 2011.

For non-resident individual holders, gains realized through the transfer of properties are normally subject to PRC individual income tax at a rate of 20%. However, according to the Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Individual Income Tax Policies (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》), income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise are exempt from individual income tax for the time being. According to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares issued by the MOF and the SAT (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) effective as of March 30, 1998, income from

individuals' transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. On February 3, 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (《國務院轉批發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On February 8, 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). According to these two documents, the PRC government is planning to cancel foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and the Ministry of Finance and the State Administration of Taxation should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the Ministry of Finance and the State Administration of Taxation.

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 implemented on July 1, 2011 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. In the ordinary course of our business, we have failed to comply with such regulations involving, in the aggregate, an immaterial amount. As of the Latest Practicable Date, we had not received any order of correction or any fines or penalties from the competent authority and also had not received any complaint or labor arbitration application from any of our employees, in each case as a result of any such failure. However, the competent authority could require us to rectify any non-compliance by making contribution of overdue social insurance premium or to pay any overdue fine or penalty related thereto.

Governmental control of currency conversion, and restrictions on the remittance of renminbi into and out of the PRC, may limit our ability to utilize our revenue effectively and adversely affect the value of your investment.

Our accounts were denominated in Renminbi during the Track Record Period. Renminbi is currently not a fully freely convertible currency. A portion of our revenue may be converted into other currencies in order to meet our foreign currency obligations. For example, we need to obtain foreign currency to make payments of declared dividends, if any, on our H Shares. Under China's existing laws and regulations on foreign exchange, following the completion of the Global Offering, we will be able to make dividend payments in foreign currencies by complying with certain procedural requirements and without prior approval from SAFE. However, in the future, the PRC government may, at its discretion, take measures to restrict access to foreign currencies for capital account and current account transactions under certain circumstances. As a result, we may not be able to pay dividends in foreign currencies to holders of our H Shares.

Our operations are subject to and may be affected by changes in PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past we had acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and had established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation. Furthermore, the PRC government from time to time adjusts or changes its tax laws and regulations. For example, under the IIT Law which was last amended on June 30, 2011 and came into effect on September 1, 2011, foreign nationals which have domiciles in the PRC, or have no domicile in China but have resided in the PRC for one year or more, would be subject to PRC individual income tax at progressive rate on their income gained within or outside the PRC. The Standing Committee of NPC have approved the amendment of the IIT Law, which took effect on January 1, 2019. Under the amended IIT law, foreign nationals have no domicile in China but have resided in the PRC for a total of 183 days or more in a tax year, would be subject to PRC individual income tax on their income gained within or outside the PRC. Should such rule be strictly enforced, our ability to attract and retain highly skilled foreign scientists and research technicians to work in China may be materially affected, which may in turn have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. Further adjustments or changes to PRC tax laws are regulations, together with any uncertainty resulting therefrom, could also have an adverse effect on our business, financial condition and results of operations.

We may be restricted from transferring our scientific data abroad.

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (《科學數據管理辦法》), or the Scientific Data Measures, which provides a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, enterprises in China must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Further, any researcher conducting research funded at least in part by the Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. Given the term state secret is not clearly defined, if and to the extent any data collected or generated in connection with our services will be subject to the Scientific Data Measures and any subsequent laws as required by the relevant government authorities, we cannot assure you that we can always obtain relevant approvals for sending scientific data (such as the results of our preclinical studies or clinical trials conducted within China) abroad or to our foreign partners in China. If we are unable to obtain necessary approvals in a timely manner, or at all, our business, results of operations, financial conditions and prospects may be materially and adversely affected. If the relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to fines and other administrative penalties imposed by those government authorities.

Our Listing may be impeded and our business operations may be adversely affected by the Cybersecurity Review Measures or the Regulations on the Administration of Cyber Data Security (Draft for Comments).

On December 28, 2021, the Cyberspace Administration of China ("**CAC**"), and other twelve PRC regulatory authorities, jointly promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), which

came into effect on February 15, 2022. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators (the "**CIIOs**") purchasing internet products and services and network platform operators engaging in data processing activities that affect or may affect national security, will be subject to the cybersecurity review. The Cybersecurity Review Measures further stipulates that network platform operators with personal data of more than one million users that seek for listing abroad are obliged to apply for a cybersecurity review by the Cybersecurity Review Office. On November 14, 2021, the CAC published the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Regulations on Cyber Data Security**"), which reiterates the circumstances under which data processors shall apply for cybersecurity review, including, among others, (i) the data processors who process personal information of at least one million users seek for listing abroad; and (ii) the data processors' listing in Hong Kong affects or may possibly affect national security. According to the Draft Regulations on Cyber Data Security, "cyber data" refer to any information that is electronically recorded, whereas "data processing activities" refer to activities such as data collection, storage, usage, processing, transmission, provision, disclosure and deletion. However, the Cybersecurity Review Measures and the Draft Regulations on Cyber Data Security provide no further explanation or interpretation for "network platform operators", "listing abroad" or "affect or may affect national security".

Pursuant to the Cybersecurity Law (《中華人民共和國網絡安全法》) which became effective on June 1, 2017 and the Regulations on Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) which became effective on September 1, 2021, the "CIIOs" refer to operators of important network facilities and information systems of important industries and sectors, such as public communications and information services, energy, transport, water conservation, finance, public services, e-government, and science and technology industry for national defense as well as other important network facilities and information systems that may significantly endanger national security, national economy and the people's livelihood and public interests if they are damaged or suffer from malfunctions, or if any leakage of data in relation thereto occurs. The competent departments and administration departments of such important industries and sectors shall be responsible for the security protection of critical information infrastructure (the "**Protection Departments**") and to formulate determination rules and determine the critical information infrastructure in the respective important industry and sector. The result of the determination of the critical information infrastructure shall be informed to the operator, and notify the public security department of the State Council.

As of the Latest Practicable Date: (i) we had not received any notification from the Protection Departments that we constitute a CIIO; (ii) we considered that we had not engaged in any data processing activities that affect or may affect national security; and (iii) we had not been involved in any investigations in connection with cybersecurity made by the CAC or any other competent authorities with respect to our Group's business operations, and had not received any inquiry, notice, warning or sanctions in this regard. As advised by our PRC Legal Adviser, it is unlikely that we would be determined or identified as a CIIO as long as there is no material change to our Group's current business. In addition, based on the telephone consultation conducted with the Cybersecurity Review Office, our PRC Legal Adviser is of the view that our proposed Listing is unlikely to be considered as "listing abroad", and thus we had no current obligation to proactively apply for cybersecurity review for our application for the Listing under the Cybersecurity Review Measures. Our PRC Legal Adviser is also of the view that there were no material obstacles for our Group to comply with the Cybersecurity Review Measures and the Draft Regulations on Cyber Data Security in all material respects as of the Latest Practicable Date, if the Draft Regulations on Cyber Data Security is implemented in its current form.

However, the Cybersecurity Review Measures and the Draft Regulations on Cyber Data Security were both released recently, certain provisions of which are still unclear and are subject to the finalization or clarifications by relevant authorities. As such, the PRC regulatory authorities may have broad discretion in the interpretation of "affect or may affect national security". Moreover, given that the Draft Regulations on Cyber Data Security was still in the draft form for comments and had not come into force as of the Latest Practicable Date, the applicability of various requirements thereunder is still subject to further official guidance and applicable implementation rules. If we were deemed as a data processor that "affects or may affect national security" by the PRC regulatory authorities under their broad discretion, we may be subject to cybersecurity review. If we fail to pass such cybersecurity review, our Listing may be impeded, our business operations may be adversely affected, and/or we may be subject to other severe penalties and/or action by the competent government authorities.

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

During the Track Record Period, we purchased certain raw materials for our product candidates from certain overseas suppliers. In the event that China and/or the countries from which we import raw materials impose import tariffs, trade restrictions or other trade barriers affecting the importation of such components or raw materials, we may not be able to obtain a steady supply of necessary components or raw materials at competitive prices, and our business and operations may be materially and adversely affected. We also plan to commercialize some of our product candidates in certain foreign jurisdictions in the future. Our business is therefore subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in foreign countries and regions.

Furthermore, there can be no assurance that our existing or potential suppliers, 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. Particularly, trade tension between the U.S. and China could place pressure on the economic growth in China as well as the rest of the world. The U.S. administration under former President Donald Trump has advocated for and taken steps toward restricting trade in certain goods, particularly from China. While the two nations have reached a phase one trade agreement in January 2020, the progress of future trade talks between China and the U.S. are subject to uncertainties, and there can be no assurance as to whether the U.S. will maintain or reduce tariffs, or impose additional tariffs on Chinese products in the near future. Trade tension between China and the U.S. may intensify and the U.S. may adopt even more drastic measures in the future. China has retaliated and may further retaliate in response to new trade policies, treaties and tariffs implemented by the U.S. Any further escalation in trade or other tensions between the U.S. and China or news and rumors of any escalation, could introduce uncertainties to China's economy and the global economy which in turn could affect activity levels on our research and development. Foreign policies of the U.S. tend to be followed by certain other countries, and those countries may adopt similar policies in their relationships with China and the Chinese companies.

In addition, those policies and measures directed at China and Chinese companies adopted by the U.S. government could have effect of discouraging U.S. persons from working for Chinese companies, which could hinder our ability to hire and retain qualified personnel for our business.

RISKS RELATING TO THE GLOBAL OFFERING

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, especially taking into account that all of our existing Shareholders are subject to statutory lock-up arrangements for 12 months after the Listing.

No public market currently exists for our H Shares. The initial Offer Price for our Offer Shares to the public as the result of negotiations between our Company, the Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Underwriters) may differ significantly from the market price of the H Shares following the Global Offering. We have applied to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares.

In particular, certain part of the H Shares in issue as of the date of this prospectus will be subject to a lock-up period from the Listing Date and only 0.53% of our issued Shares, or 1.67% of our H Shares in issuance, upon Listing (assuming an Offer Price of HK$26.70, being the low-end of the proposed range of the Offer Price and without taking into account the Over-allotment Option) will not be subject to any lock-up arrangements, which may significantly affect the liquidity and trade volume of our H Shares in the short term following the Global Offering. As such, a listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the H Shares will develop, especially during the period when certain portion of our H Shares may be subjected to the lock-up, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the H Shares will not decline following the Global Offering. In addition, the trading price and trading volume of the H Shares may be subject to significant volatility in responses to various factors, including:

- our financial results;
- unexpected business interruptions resulting from natural disasters or power shortages;
- major changes in our key personnel or senior management;
- changes in laws and regulations in China;
- our inability to compete effectively in the market;
- our inability to obtain or maintain regulatory approval for our operations;
- fluctuations in stock market prices and volume;
- changes in analysts' estimates of our financial performance;
- political, economic, financial and social developments in China and Hong Kong and in the global economy; and
- involvement in material litigation.

Biotech Companies listed under Chapter 18A are generally viewed as being early stage and significantly riskier than those companies traditionally listed on the Stock Exchange. The trading market for Biotech Companies (including the depth and liquidity for that market) may take time to develop and could be subject to significant and adverse changes. Our shares and the shares of other Biotech Companies could be subject to significant volatility unrelated to company specific performance or corporate developments. For example, adverse announcements by another unrelated Chapter 18A Biotech Company could adversely impact the trading price for the Shares. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

There will be a time gap of several business days between the time of sale and trading of our H Shares, and the market price of our H Shares when trading begins could be lower than the Offer Price.

The Offer Price of our Offer Shares is expected to be determined on the Price Determination Date. However, our H Shares will not commence trading on the Stock Exchange until they are delivered, and it is expected that there will be a considerable gap of time between the pricing of the Offer Shares/closing of the application lists and the commencement of trading. Moreover, the application for the Offer Shares will commence on Friday, September 23, 2022 through Thursday, September 29, 2022, being longer than normal market practice of three and a half days. Investors may not be able to sell or otherwise deal in our H Shares until the commencement of trading. 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 Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

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

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.

You will incur immediate and significant dilution and raising additional capital may cause further dilution or restrict our operation.

The Offer Price of the Offer Shares is higher than the net tangible asset value per H Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma consolidated net tangible asset value. There

can be no assurance that if we were to immediately liquidate after the Global Offering, any assets will be distributed to Shareholders after the creditors' claims. If we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a shareholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, limitations on our ability to acquire or license intellectual property rights or declaring dividends, or other operating restrictions.

Sales or perceived sales of a substantial number of our H Shares in the public market following the Global Offering 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 Global Offering, there has not been a public market for our H Shares. Future sales or perceived sales by our existing Shareholders of our Shares after the Global Offering could result in a significant decrease in the prevailing market price of our H Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the Global Offering 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.

We may conduct the offering and listing of A shares at an appropriate time after the Global Offering, and the price of our H Shares may be affected by our attempt to conduct an A share offering or future fluctuations in our A share price.

We may conduct the offering and listing of A shares at an appropriate time after the Global Offering, and have submitted our registration application for pre-A share listing tutoring which was accepted by the Ningbo Supervisory Commission (寧波證監局) of the CSRC in July 2022. As of the Latest Practicable Date, we have not determined the size and scope of the contemplated A share offering and have not made any application to any recognized stock exchange in the PRC for approval for the listing of any A shares. There is no assurance that we will conduct an A share offering in the future. Any turbulences or holdbacks in our attempt to conduct an A share offering may adversely affect the price of our H Shares.

Following the Global Offering, our H Shares will be traded on the Hong Kong Stock Exchange. In the event that we complete the offering and listing of A shares, our A shares will be traded on a recognized stock exchange in the PRC. Under current PRC laws and regulations, without approval from relevant regulatory authorities, our H Shares and A shares are neither interchangeable nor fungible, and there is no trading settlement between the H share and A share markets. The H share and A share markets have different trading characteristics (including trading volume and liquidity) and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading price of our H Shares and A shares may not be the same, and fluctuations in our A share price may affect our H Share price.

The possible conversion of Unlisted Shares into H Shares could increase the supply of H Shares in the market and may negatively impact the market price of our H Shares.

Our Unlisted Shares are currently not listed or traded on any stock exchange. Our Unlisted Shares may be converted to H Shares after obtaining the approval of the CSRC or the authorized approval authorities of the State Council, details of which are set out in "Share Capital — Conversion of Unlisted Shares into H Shares" in this prospectus. Currently, our Company has applied for H-share full circulation to convert certain Unlisted Shares into H Shares. The conversion of our Unlisted Shares will increase the number of H Shares available on the market. As a result, it may negatively affect the trading price of our H Shares due to the increased supply in the market.

As the Offer Price of our Offer Shares is higher than our net tangible book value per share, purchasers of our H Shares in the Global Offering may experience immediate dilution upon such purchases. Purchasers of H Shares may also experience further dilution in shareholdings if we issue additional shares in the future.

The Offer Price of the Offer Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma net tangible asset value, and our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible assets per Share of their Shares. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the Offer Shares may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share at that time.

We cannot assure you that we will declare and distribute any amount of dividends in the future.

We currently intend to retain most, if not all, of our available funds and any future earnings after the Global Offering to fund the development and commercialization of our pipeline product candidates. There can be no assurance that we will declare and pay dividends because the declaration, payment and amount of dividends are subject to the discretion of our Directors, depending on, among other considerations, our operations, earnings, cash flows and financial position, operating and capital expenditure requirements, our strategic plans and prospects for business development, our constitutional documents and applicable law. There can be no assurance whether, when and in what form we will pay dividends in the future. For more details on our dividend policy, see "Financial Information — Dividends" in this prospectus.

We cannot make fundamental changes to our business without the consent of the Stock Exchange.

On April 30, 2018, the Hong Kong Stock Exchange adopted rules under Chapter 18A of its Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. Under these rules, without the prior consent of the Hong Kong Stock Exchange, we will not be able to effect any acquisition, disposal or other transaction or arrangement or a series of acquisitions, disposals or other transactions or arrangements, which would result in a fundamental change in our principal business activities as set forth in this prospectus. As a result, we may be unable to take advantage of certain strategic transactions that we might otherwise choose to pursue in the absence of Chapter 18A. Were any of our competitors that are not listed on the Hong Kong Stock Exchange to take advantage of such opportunities in our place, we may be placed at a competitive disadvantage, which could have a material adverse effect on our business, financial condition and results of operations.

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

Immediately following the Global Offering, our Controlling Shareholders will hold in aggregate approximately 50.53% of our Shares, assuming the Over-allotment Option is not exercised. Our Controlling 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 Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Controlling 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 Shares as part of a sale of our Company and may significantly reduce the price of our Shares.

Certain information and statistics in this prospectus relating to the structural heart medical device industry may not be fully reliable.

Certain information and statistics in this prospectus relating to the structural heart medical device industry in and outside China were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare an independent industry research report in connection with the Global Offering. However, the information from official government sources has not been independently verified by us, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, employees, agents or advisers or any other person or party involved in the Global Offering, and no representation is given as to its accuracy, fairness and completeness.

You should read the entire prospectus 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 Global Offering.

Subsequent to the date of this prospectus but prior to the completion of the Global Offering, there may be press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. 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 investors are cautioned to make their investment 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 prospectus, the Global Offering and any formal announcements made by us in Hong Kong when making your investment decision regarding our 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 Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Global Offering. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus.

In preparation for the Global Offering, our Company has sought and has been granted the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemptions from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, we 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.

Our management, business operations and assets are primarily located outside Hong Kong. The principal management headquarters of our Group are primarily based in the PRC. Our Company considers that our Group's management is best able to attend to its functions by being based in the PRC. None of our executive Directors is or will be ordinarily resident in Hong Kong after the Listing of our Company. Our Directors consider that relocation of our executive Directors to Hong Kong will be burdensome and costly for our Company, and it may not be in the best interests of our Company and our Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong. As such, we do not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules, provided that our Company implements the following arrangements to maintain effective communication between the Stock Exchange and us:

(1) pursuant to Rule 3.05 of the Listing Rules, the Company has appointed and will continue to maintain two authorized representatives, namely, Mr. Lv and Mr. PAN Fei, each being an executive Director, to be the principal communication channel at all times between the Stock Exchange and the Company. Each of the Company's authorized representatives will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email;

(2) as and when the Stock Exchange wishes to contact our Directors on any matters, each of our authorized representatives has the means to contact all of our Directors (including the independent non-executive Directors) promptly at all times;

(3) although our executive Directors do not ordinarily reside in Hong Kong, each of our Directors not ordinarily residing in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and is able to meet with the Stock Exchange within a reasonable period of time, when required;

(4) we have appointed Somerley Capital Limited as our compliance advisor (the "**Compliance Advisor**"), pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to our authorized representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and us for the period commencing from the Listing Date to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. The Compliance Advisor will maintain constant contact with the authorized representatives, Directors and senior management through various means, including regular meetings and telephone discussions whenever necessary. Our authorized representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Listing Rules;

(5) we have provided the Stock Exchange with the contact details of each Director (including their respective mobile phone number, office phone number and e-mail address), and in the event that any Director expects to travel or otherwise be out of the office, he will provide the phone number of the place of his accommodation to the authorized representatives; and

(6) we will also retain legal advisers to advise on on-going compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong after Listing.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, an issuer must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, we must appoint an individual as the company secretary of our Company who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers that 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); or

(c) a certified public accountant (as defined in the Professional Accountants Ordinance).

Note 2 to Rule 3.28 of the Listing Rules provides that in assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the Company and other listed companies and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, 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 of taking not less than fifteen hours of relevant professional training in each financial year under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Our Company considers that while it is important for the company secretary to be familiar with the relevant securities regulation in Hong Kong, he/she also needs to have experience relevant to our Company's operations, nexus to the Board and close working relationship with the management of our Company in order to perform the function of a company secretary and to take the necessary actions in the most effective and efficient manner. It is for the benefit of our Company to appoint a person who has been a member of the senior management for a period of time and is familiar with our Company's business and affairs as company secretary.

We have appointed Mr. LI Yuanyuan ("**Mr. Li**") and Mr. WONG Wai Chiu ("**Mr. Wong**") as the joint company secretaries of our Company. Mr. Wong is an associate member of The Hong Kong Institute of Chartered Secretaries, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules. Mr. Li, however, does not possess the qualifications set out in Rule 3.28 of the Listing Rules. We believe that Mr. Li, by virtue of his knowledge and experience in handling financial management and corporate development matters, is capable of discharging his functions as a joint company secretary. We therefore believe that it would be the best interests of our Company and of the corporate governance of our Group to appoint Mr. Li as a joint company secretary. For more details of Mr. Li and Mr. Wong's biographical information, see "Directors, Supervisors and Senior Management" in this prospectus.

We have therefore applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules on the conditions that: (i) Mr. Li must be assisted by Mr. Wong, who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules 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 our Company. We expect that Mr. Li will acquire the qualifications or relevant experience required under Rule 3.28 of the Listing Rules prior to the end of the three-year period after the Listing. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Li, having had the benefit of Mr. Wong's assistance for three years and has acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement requirement under Rule 14A.105 of the Listing Rules in relation to partially-exempt continuing connected transactions between us and our connected person. For further details of such continuing connected transactions and the waiver, please refer to the section headed "Connected Transactions" in this prospectus.

WAIVER IN RESPECT OF PUBLIC FLOAT REQUIREMENTS

Rule 8.08(1)(a) of the Listing Rules provides that there must be an open market in the securities for which listing is sought. It normally means that the minimum public float of a listed issuer must at all times be at least 25% of the issuer's total issued share capital. However, Rule 8.08(1)(d) of the Listing Rules provides that the Hong Kong Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25%, if a new applicant meets the following requirements under Rule 8.08(1)(d) of the Listing Rules:

(a) the issuer shall have an expected market capitalization at the time of listing of over HK$10 billion;

(b) the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage;

(c) the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing document;

(d) the issuer will confirm the sufficiency of the public float in annual reports after listing; and

(e) a sufficient portion (to be agreed in advance with the Hong Kong Stock Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong.

It is currently expected that our Company will have a market capitalization of HK$10.0 billion at the time of the Listing (after completion of the Global Offering but without taking into account the exercise of the Over-Allotment Option).

We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 8.08(1) of the Listing Rules to reduce the minimum public float of our Company to the higher of (a) 17.32%; and (b) such percentage of H Shares to be held by the public upon any exercise of the Over-allotment Option, of the enlarged issued share capital of the Company.

In support of the application, the Company confirmed to the Hong Kong Stock Exchange that:

(a) the minimum public float will be the higher of: (1) 17.32% of the total issued share capital of the Company; or (2) such percentage of H Shares to be held by the public immediately after the completion of the Global Offering and the exercise of the Over-allotment Option (if any);

(b) the Company will have an expected market capitalization at the time of Listing of HK$10.0 billion;

(c) the Company will make appropriate disclosure of the lower percentage of public float in this prospectus;

(d) the Company will confirm sufficiency of public float in the Company's annual reports after the Listing;

(e) the Company will as soon as practicable announce the percentage of H Shares held by the public immediately after completion of the Global Offering (but before the exercise of the Over-allotment Option), such that the public will be informed of the minimum public float requirement applicable to the Company;

(f) the Company will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float prescribed by the Hong Kong Stock Exchange;

(g) the Company will continue to comply with Rules 8.08(2) and 8.08(3) of the Listing Rules;

(h) the Company will comply with Rule 8.08 of the Listing Rules to ensure that there is an open market for the Company's H Shares; and

(i) the Company will comply with Rule 18A.07 of the Listing Rules that a portion of the total number of the Company's issued shares with a market capitalization of at least HK$375 million will be held by the public at the time of Listing.

EXEMPTION FROM COMPLIANCE WITH SECTION 342(1)(b) 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 prospectuses to include matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and set out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires a company to include in its prospectus 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 prospectus, 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 to the Companies (Winding Up and Miscellaneous Provisions) Ordinance further requires the company to include in its prospectus a report by the auditors of the company with respect to (i) the profits and losses of the company and (ii) the assets and liabilities of the company for each of the three financial years immediately preceding the issue of the prospectus.

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 interests 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 Group in respect of each of the three financial years immediately preceding the issue of the prospectus be included in the accountants' report to this prospectus or such shorter period as may be acceptable to the Stock Exchange.

Our Company is a biotech company as defined under Chapter 18A of the Listing Rules and is seeking a listing under Chapter 18A of the Listing Rules. Rule 18A.03(3) of the Listing Rules require that an eligible biotech company must have been in operation in its current line of business for at least two financial years prior to listing under substantially the same management. Rule 18A.06 of the Listing Rules requires that an eligible 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 reference 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 listing document.

In compliance with the abovementioned requirements under the Listing Rules, the Accountants' Report set out in Appendix I to this prospectus is prepared to cover the years ended December 31, 2020 and 2021 and the six months ended June 30, 2022.

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 to the Companies (Winding Up and Miscellaneous Provisions) Ordinance regarding the inclusion of the accountants' report covering the full three financial years immediately preceding the issue of this prospectus on the following grounds:

(a) our Company is primarily engaged in the research and development, application 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 listing required under Chapter 18A of the Listing Rules;

(b) as of the Latest Practicable Date, our Company has not commercialized any products and therefore did not generate any revenue from product sales. Major financing activities conducted by us since our incorporation include our Pre-IPO Investments, the details of which have been fully disclosed in the section headed "History, Development and Corporate Structure" in this prospectus;

(c) notwithstanding that the financial results set out in this prospectus are only for the financial years ended December 31, 2020 and 2021 and the six months ended June 30, 2022 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this prospectus pursuant to the relevant requirements;

(d) given that our Company is only required to disclose its financial results for the financial years ended December 31, 2020 and 2021 and the six months ended June 30, 2022 in accordance with Chapter 18A of the Listing Rules and preparation of the financial results for the year ended December 31, 2019 would require additional work to be performed by our Company and the Reporting Accountants, 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 to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for our Company; and

(e) the Accountants' Report covering the financial years ended December 31, 2020 and 2021 and the six months ended June 30, 2022 (as set out in Appendix I to this prospectus), together with other disclosure in this prospectus, has already provided the potential investors with adequate and reasonable up-to-date information in the circumstances to form a view on the track record of our Company, and that all information which is necessary for the investing public to make an informed assessment of the business, assets and liabilities, financial position, management and prospects has been included in this prospectus. Therefore, the exemption would not prejudice the interest of the investing 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 to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the condition that particulars of the exemption are set out in this prospectus and that this prospectus will be issued on or before September 23, 2022.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors (including any proposed director who is named as such in this prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Cap 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to us. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this prospectus misleading or deceptive.

APPROVAL OF THE CSRC

We have submitted an application to the CSRC to apply for listing of the H Shares on the Stock Exchange and for the Global Offering and we obtained the letter of acceptance from the CSRC on May 31, 2021.

The CSRC issued an approval letter on November 24, 2021 for the submission of the application to list our H Shares on the Hong Kong Stock Exchange and for the Global Offering. In granting such approval, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this prospectus or on the Application Forms. No other approvals are required to be obtained for the listing of the H Shares on the Stock Exchange.

As advised by our PRC Legal Adviser, our Company has obtained all necessary approvals and authorizations in the PRC in relation to the Global Offering and the Listing.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering.

The Listing of our H Shares on the Stock Exchange is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Representatives and the Overall Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters under the terms of the International Underwriting Agreement relating to the International Offering which is expected to be entered into on or around Friday, September 23, 2022. Further information regarding the Underwriters and the Underwriting Agreements are set out in the section headed "Underwriting" in this prospectus.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, the

Underwriters, any of their respective directors, officers, employees, partners, agents, employees or advisors or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Further information regarding the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering", and the procedures for applying for our Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and the relevant Application Forms.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the H Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of the Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on offers and sales of the H Shares described in this prospectus and the relevant Application Forms.

No action has been taken to permit a public offering of the H Shares in any jurisdiction other than Hong Kong, and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the H Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the United States.

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the H Shares to be issued by us pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the H Shares to be converted from a total of 123,514,232 Unlisted Shares. Dealings in the H Shares on the Stock Exchange are expected to commence on Monday, October 10, 2022. Save as disclosed in this prospectus, no part of our Shares or loan capital is listed or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on any other stock exchange as of the date of this prospectus.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by or on behalf of the Stock Exchange.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the H Shares or exercising rights attached to them. None of us, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisors or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchasing, holding, disposition of, or dealing in, the H Shares or exercising any rights attached to them.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set out under the sections headed "Underwriting" and "Structure of the Global Offering" in this prospectus.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS. Investors should seek the advice of their stockbrokers or other professional advisors for details of the settlement arrangements as such arrangements may affect their rights and interests.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed the H Share Registrar, and the H Share Registrar has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless the holder delivers a signed form to the H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

(1) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Special Regulations and our Articles of Association;

(2) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each Shareholder, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in

accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;

(3) agrees with us and each of our Shareholders that our H Shares are freely transferable by the holders thereof; and

(4) authorizes us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

For details of the procedures for applying for Hong Kong Offer Shares, see "How to Apply for the Hong Kong Offer Shares" in this prospectus and on the Application Forms.

H SHARE REGISTER AND STAMP DUTY

All of the Offer Shares will be registered on the H Share register of members of our Company maintained by our H Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. Our register of members will also be maintained by us at our legal address in the PRC.

Dealings in the H Shares registered on the H Share register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty. The stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.13% of the consideration for, or (if greater) the value of, the H Shares transferred. In other words, a total of 0.26% is currently payable on a typical sale and purchase transaction of the H Shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required).

Unless determined otherwise by our Company, dividends payable in respect of our H Shares will be paid to the Shareholders listed on the H Share register of our Company in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder of our Company.

STRUCTURE OF THE GLOBAL OFFERING

For details of the structure of the Global Offering, including its conditions, see "Structure of the Global Offering" in this prospectus.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all. Unless indicated otherwise, (i) the translations between Renminbi and U.S. dollars were made at the rate of RMB6.8928 to US$1.00, (ii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.8488 to US$1.00. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. However, the English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the Chinese name prevails.

ROUNDING AND OTHERS

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. LV Shiwen (吕世文)	Room 1102, Block 8 Lane 600, Miaopu Road Pudong New Area, Shanghai PRC	Chinese
Mr. PAN Fei (潘斐)	Room 1402, Unit 1 Block 6, Yulang Xiyuan Xicheng District, Beijing PRC	Chinese
Non-executive Directors		
Mr. TAN Ching	Room 5, Block 2 No. 50 Jinbin Road Shanghai PRC	American
Mr. ZHENG Jiaqi (鄭嘉齊)	Room 41B, Tower 8A Bel-Air No. 8 8 Bel-Air Peak Avenue Hong Kong	Chinese
Ms. XIE Youpei (謝優佩)	Room 203, Block 14 Lianghe Road, Fenghua District Ningbo, Zhejiang Province PRC	Chinese
Mr. CHEN Xinxing (陳新星)	Room 604 No. 4, Lane 108, Shangcheng Road Pudong New Area, Shanghai PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Dr. LIN Shoukang (林壽康)	House 6 Whitesands 160 South Lantau Road Lantau Island Hong Kong	Chinese
Ms. DU Jiliu (杜季柳)	Room 904, Block 5 Genertime International Apartment 3A Yong'an Dongli Chaoyang District, Beijing PRC	Chinese
Dr. MEI Lehe (梅樂和)	Room 701, Block 48 Qiushi Village, Lingyin Street Xihu District Hangzhou, Zhejiang PRC	Chinese

SUPERVISORS

Name	Address	Nationality
Ms. XU Jing (徐婧)	Room 1303 No. 193, Lane 528 Pailou East Road Pudong New Area, Shanghai PRC	Chinese
Mr. TANG Hao (唐皓)	Room 804, Block 39 Wanke City Phase 3, Tongxin Road Zhuangshi, Zhenhai District Ningbo, Zhejiang Province PRC	Chinese
Mr. HU Bo (胡波)	Room 414, No. 2 Dormitory No. 777 Binhai 4th Road Hangzhou Bay New Area Ningbo, Zhejiang Province PRC	Chinese

For details of the biographies and other relevant information of the Directors and Supervisors, see "Directors, Supervisors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong **Citigroup Global Markets Asia Limited** 50/F, Champion Tower Three Garden Road Central Hong Kong
Joint Representatives	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong **Citigroup Global Markets Asia Limited** 50/F, Champion Tower Three Garden Road Central Hong Kong
Overall Coordinators	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong **Citigroup Global Markets Asia Limited** 50/F, Champion Tower Three Garden Road Central Hong Kong

Joint Global Coordinators	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong **Citigroup Global Markets Asia Limited** 50/F, Champion Tower Three Garden Road Central Hong Kong **Huatai Financial Holdings (Hong Kong) Limited** 62/F, The Center 99 Queen's Road Central Hong Kong **ABCI Capital Limited** 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
Joint Bookrunners	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong **Citigroup Global Markets Asia Limited** *(in relation to the Hong Kong Public Offering)* 50/F, Champion Tower Three Garden Road Central Hong Kong **Citigroup Global Markets Limited** *(in relation to the International Offering)* 33 Canada Square Canary Wharf London E14 5LB United Kingdom

Huatai Financial Holdings (Hong Kong) Limited
62/F, The Center
99 Queen's Road Central
Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

BOCOM International Securities Limited
9/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong

Futu Securities International (Hong Kong) Limited
Unit C-2, 13/F, United Centre
No. 95 Queensway
Hong Kong

Tiger Brokers (HK) Global Limited
Whole of 18/F, Central 88
88 Des Voeux Road Central
Hong Kong

Joint Lead Managers

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Citigroup Global Markets Asia Limited
(in relation to the Hong Kong Public Offering)
50/F, Champion Tower
Three Garden Road
Central
Hong Kong

Citigroup Global Markets Limited
(in relation to the International Offering)
33 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Huatai Financial Holdings (Hong Kong) Limited
62/F, The Center
99 Queen's Road Central
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

BOCOM International Securities Limited
9/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong

Futu Securities International (Hong Kong) Limited
Unit C-2, 13/F, United Centre
No. 95 Queensway
Hong Kong

Tiger Brokers (HK) Global Limited
Whole of 18/F, Central 88
88 Des Voeux Road Central
Hong Kong

Silverbricks Securities Company Limited
Rooms 1004-1006, 10/F, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong

Legal Advisers to the Company

as to Hong Kong and U.S. laws:

O'Melveny & Myers
31/F, AIA Central
1 Connaught Road Central
Hong Kong

as to PRC law:

Commerce & Finance Law Offices
12-14th Floor, China World Office 2
No. 1 Jianguomenwai Avenue
Beijing 100004
PRC

Legal Advisers to the Joint Sponsors and Underwriters	*as to Hong Kong and U.S. law:* **Herbert Smith Freehills** 23/F, Gloucester Tower 15 Queen's Road Central Hong Kong *as to PRC law:* **Haiwen & Partners** 20/F, Fortune Financial Center 5 Dong San Huan Central Road Chaoyang District, Beijing PRC
Auditors and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 2504 Wheelock Square 1717 Nanjing West Road Shanghai 200040 PRC
Legal adviser as to PRC intellectual property laws	**JunHe LLP Shanghai Office** 26/F, HKRI Centre One HKRI Taikoo Hui 288 Shimen Road (No.1) Shanghai 200041 PRC
Receiving Bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Registered Office, Headquarters and Principal Place of Business in the PRC	Block 5, B Area No. 777 Binhai 4th Road Hangzhou Bay New Area Ningbo, Zhejiang Province PRC
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Company Website	**www.jenscare.com** *(Information contained on this website does not form part of this prospectus)*
Joint Company Secretaries	Mr. LI Yuanyuan (李遠源) 9-2-502, Sanfeng Beili Chaoyang District, Beijing PRC Mr. WONG Wai Chiu (黃偉超) *Fellow of the Hong Kong Institute of Chartered Secretaries, fellow of The Chartered Governance Institute, member of CPA Australia and certified trust practitioner of the Hong Kong Trustees' Association Limited* 40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Authorized Representative	Mr. LV Shiwen (呂世文) Room 1102, Block 8 Lane 600, Miaopu Road Pudong New Area, Shanghai PRC Mr. PAN Fei (潘斐) Room 1402, Unit 1 Block 6, Yulang Xiyuan Xicheng District, Beijing PRC
Audit Committee	Ms. DU Jiliu (杜季柳) *(Chairwoman)* Dr. LIN Shoukang (林壽康) Dr. MEI Lehe (梅樂和)

Remuneration and Appraisal Committee	Dr. LIN Shoukang (林壽康) *(Chairman)* Mr. LV Shiwen (呂世文) Ms. DU Jiliu (杜季柳)
Nomination Committee	Dr. LIN Shoukang (林壽康) *(Chairman)* Mr. LV Shiwen (呂世文) Dr. MEI Lehe (梅樂和)
Strategy Committee	Mr. LV Shiwen (呂世文) *(Chairman)* Dr. LIN Shoukang (林壽康) Mr. PAN Fei (潘斐)
Compliance Advisor	**Somerley Capital Limited** 20th Floor, China Building 29 Queen's Road Central Central, Hong Kong
H Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Principal Bankers	**Agricultural Bank of China, Ningbo Hangzhou Bay Branch** No. 895, No. 2 Binhai Road Hangzhou Bay District Ningbo, Zhejiang Province PRC **Bank of Ningbo, Shuangdongfang Branch** No. 177-185, Baoqing Road Jiangbei District Ningbo, Zhejiang Province PRC

The information and statistics set out in this section and other sections of this prospectus were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare an independent industry research report in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Joint Sponsors, the Joint Representatives, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, employees, agents or advisers or any other person or party involved in the Global Offering, and no representation is given as to its accuracy, fairness and completeness.

OVERVIEW OF STRUCTURAL HEART DISEASE

Classification of Heart Diseases

Heart diseases is a general term that describe heart abnormalities, including coronary heart diseases, structural heart diseases, and arrhythmias. Structural heart diseases refer to the pathophysiological changes of the heart caused by anatomical abnormalities in the heart structure, including valvular heart diseases, congenital heart diseases, heart failure, cardiomyopathy and ventricular abnormalities. Valvular heart diseases are caused by damages to, or defects in, one of the four heart valves: tricuspid, aortic, mitral and pulmonary valves. Normal valves facilitate proper blood flows, if they become too narrow and hardened (stenosis) or are unable to close completely (regurgitation), normal blood flows will be disrupted.

Treatment for Structural Heart Diseases

Currently, three types of treatments for structural heart diseases exist in clinical practice, which include medication, conventional surgery and interventional therapy.

- Medication, which relieves symptoms by reducing the load on the heart, but does not address the fundamental mechanism of the disease;

- Conventional surgery, which remains the standard of care for valvular heart diseases, but is highly invasive and risky, with high mortality and complication rates in the high-risk population;

- Interventional therapy, which has been widely applied in clinical practices in recent years in recognition of its advantageous features, minimal invasiveness, less pain and quicker recovery.

The global market size of structural heart disease interventional medical device had reached USD8,330.7 million in 2021, with a CAGR of 16.9% from 2017 to 2021. This number is estimated to reach USD16,153.3 million in 2025, with a CAGR of 18.0% from 2021 to 2025. In 2030, the market size is estimated to reach USD43,746.8 million with a CAGR of 22.0% from 2025 to 2030. In China, the market size of interventional medical device increased from RMB414.2 million in 2017 to RMB2,001.7 million in 2021 with a CAGR of 48.3%. The market size will continue to grow and is estimated to reach RMB10,470.0 million in 2025 and RMB49,062.2 million in 2030 with a CAGR of 36.4% between 2025 and 2030.

The prevalence of valvular heart diseases is expected to grow on a global scale. In light of the aging population, interventional therapies such as transcatheter valvular therapeutics (TVT), with their minimally-invasive nature, are promised with great market potential.

Growth Drivers and Future Trends of TVT

TVT primarily includes TTVI, TAVR and TMVI. The TVT industry in China is expected to grow significantly in the future for the following reasons:

- **Growing needs for interventional therapy.** Despite a large number of valvular heart diseases patients in China, there are disproportionately fewer diagnoses, treatment and surgeries. Unmet clinical needs is the biggest driving force in the market for TVT treatment. A large number of patients with severe valvular heart diseases are elderly people with high or prohibitive surgical risk, resulting in increased demand for TVT therapy.

- **Improvement in diagnosis and patient evaluation.** Improvement in diagnosis and patient evaluation of valvular heart diseases will help the process of selecting patients suitable for interventional treatment, benefiting patients and stimulating the TVT therapy market.

- **New technologies and device approval.** Domestic products of TVT are still in clinical trials or early development stages. However, as technologies continue to make breakthroughs, future innovative products will continue to be approved. With more marketed products, TVT therapy will become more universal and accessible, driving the market to grow.

- **Favorable policies and increasing investment.** With more policies like the "Green Path" for innovative medical devices by the NMPA encouraging innovative medical devices to be introduced and implemented, development and commercialization of technologically advanced medical devices such, as TVT devices, are made easier. In addition, in October 2021, the National Health Commission of the PRC issued the Capacity Building Plan of Clinical Disciplines during the 14th Five-Year Plan Period (2021-25) (《「十四五」國家臨床專科能力建設規劃》) with an aim to build high-caliber clinical disciplines in China and strike a balance between different regions in the capacity of clinical services. The Plan specifically mentions that the government will vigorously support the development of interventional treatment solutions and highlights the frontier science and technology fields, including the cardiovascular disease treatment solutions. The implementation of the Plan is expected to promote the development of domestic interventional cardiovascular device companies. Furthermore, the European Society of Cardiology (ESC) and European Association for Cardio-Thoracic Surgery (EACTS) Guidelines (the "**ESC/EACTS Guidelines**") for the management of valvular heart disease were published at worldwide influential ESC Congress 2021 in August 2021. The ESC/EACTS Guidelines stated that the encouraging preliminary experience with transcatheter tricuspid valve interventions suggests a potential role for inoperable patients. Interventional therapy has been a major investment interest. As part of the therapeutic field, TVT treatment is poised to attract investment and gain support.

Among different TVT solutions, the market for TTVI is expected to experience the fastest growth, because of the large unmet patient needs. It is expected that by 2030, the number of interventional therapies conducted in China for tricuspid valve diseases will reach approximately 200.9 thousand, as compared with 109.5 thousand for aortic valve diseases and 54.1 thousand for mitral valve diseases. Furthermore, according to the ESC/EACTS Guidelines, for symptomatic inoperable patients with severe secondary TR, early intervention is emphasized and TTVI is recommended, which is expected to facilitate the growth of the TTVI market.

TRICUSPID VALVE DISEASE

Overview of TR

TR is caused by the inability of the tricuspid valve to close completely, causing blood to flow from the right ventricle to the right atrium during systole. Chronically, TR results in right-sided congestive heart failure presenting with peripheral edema, ascites, and hepatic congestion.

TR accounts for approximately 60% of all incidence of tricuspid valve diseases, and the prevalence of TR is associated with aging. The number of patients with moderate to severe TR worldwide increased from 47.6 million in 2017 to 51.7 million in 2021 and is expected to increase to 60.7 million in 2030. In China, the number of patients with moderate to severe TR increased from 8.8 million in 2017 to 9.3 million in 2021 and is expected to increase to 10.6 million in 2030. Patients with TR generally experience low quality of life and high mortality (approximately 36% of severe tricuspid regurgitation patients die within one year, and approximately 47.8% die within five years, after positive diagnosis), and therefore, generally have strong needs to receive treatment. According to the ESC/EACTS Guidelines, for symptomatic inoperable patients with severe secondary TR, TTVI is recommended. The Guidelines also emphasize the importance of early intervention in patients with severe TR to avoid irreparable right ventricular injury and organ failure.

Treatments for TR

Treatments for TR include medication, conventional surgical tricuspid valve intervention ("**STVI**"), and TTVI. For different types of patients with different subtypes and symptoms, the features, recommended levels and clinical evidence-based support of the three treatments are different, as shown below:

Treatment Method	Summary	Guideline (2020 the American College of Cardiology (ACC)/ American Heart Association (AHA) & 2021 European Society of Cardiology (ESC) and the European Association for Cardio-Thoracic Surgery (EACTS))
Medication	• For control symptoms or to treat an underlying condition that is causing tricuspid regurgitation. • Diuretic therapy treats the systemic congestion in patients with severe symptomatic TR. In patients with secondary TR, treatment of the underlying primary cause may decrease the severity of the TR.	• In patients with signs and symptoms of right-sided HF attributable to severe secondary TR (Stages C and D), therapies to treat the primary cause of HF (e.g., pulmonary vasodilators to reduce elevated pulmonary artery pressures, GDMT for HF with reduced LVEF, or rhythm control of AF) can be useful. • In patients with secondary TR, attention should be focused on the underlying etiologies. Reduction of pulmonary artery pressures and pulmonary vascular resistance with specific pulmonary vasomodulators may be helpful to reduce RV afterload and secondary TR in selected patients with pulmonary hypertension.
STVI	• Conventional surgical treatment is performed for the people with tricuspid valve regurgitation to repair or replace the valve. Most of these interventions were performed after end-organ damage.	• Conventional surgical treatment is performed for selected patients with TR at the time of surgery for left-sided valve lesions to treat severe TR (Stages C and D) and to prevent later development of severe TR in patients with progressive TR (Stage B). • In patients with signs and symptoms of right-sided HF and severe primary TR (Stage D), isolated tricuspid valve surgery can be beneficial to reduce symptoms and recurrent hospitalizations. • In patients with symptomatic severe primary TR, reduction or elimination of the regurgitant volume load by tricuspid valve surgery can alleviate systemic venous and hepatic congestion and decrease reliance on diuretics.
TTVI	• Transcatheter techniques are an important advance for older people and high-risk patients because they are less invasive. Current clinical data are mostly based on short-term and technical feasibility.	• For symptomatic inoperable patients with severe secondary TR, early intervention is emphasized and TTVI is recommended.

Source: 2020 ACC/AHA Guideline for the Management of Patients With Valvular Heart Disease, 2021 ESC/EACTS Guidelines for the management of valvular heart disease, Frost & Sullivan Analysis

A comparison between STVI and TTVI is shown in the table below:_

	Transcatheter Tricuspid Valve Intervention	Conventional Surgical Tricuspid Valve Intervention
Principles	Minimally invasive intervention for tricuspid valve repair or replacement.	Restoration of the normal physiology or flow of the tricuspid valve through conventional open-chest surgeries.
Indications	Moderate to severe tricuspid regurgitation or stenosis	Moderate to severe tricuspid regurgitation or stenosis
Applicable Patients	Patients with moderate to severe tricuspid valve disease and at high risk and have contraindications to conventional surgical intervention.	Patients with moderate to severe tricuspid valve disease who are at low to intermediate risk.
Anesthesia	Local or general anesthesia	General anesthesia
Advantages	Short recovery process; Easier, safer and shorter operation	Longer clinical practice history; no radiation effects
Disadvantages	Shorter clinical practice history; Mainly performed under X-ray guidance and may cause some radiation effects	More complicated surgery process and longer recovery process; High risk of infection and complications, and higher mortality rate

Source: Literature Review (Chen Mao, Jing Zhicheng, Zhang, Hao. & Chen Fei (2021). Current status and challenges of transcatheter tricuspid valve replacement therapy. Chinese Journal of Cardiovascular Diseases; Huang, Qingxia & You, Xiangdong. (2020). Current status and perspectives of transcatheter tricuspid valve closure insufficiency interventions. Journal of Clinical Cardiovascular Disease (07); Wang Wei & Li Fei (2019). Current status of surgical treatment of tricuspid regurgitation and prospects of interventional treatment. Chinese Journal of Cardiovascular Diseases (07); Pan Wenzhi, Long Yuliang, Zhou Daxin & Ge Junbo. (2021). Major advances in transcatheter valve therapy in 2020. Chinese Clinical Journal of Thoracic and Cardiovascular Surgery; Overtchouk, P., Piazza, N., Granada, J., Soliman, O., Prendergast, B., & Modine, T. (2020). Advances in transcatheter mitral and tricuspid therapies. BMC Cardiovascular Disorders, 20(1), 1; Tricuspid valve repair and tricuspid valve replacement — Mayo Clinic; Winkel, M. G., Praz, F., & Wenaweser, P. (2020). Mitral and Tricuspid Transcatheter Interventions Current Indications and Future Directions. Frontiers in Cardiovascular Medicine, 7, 61.), Frost & Sullivan Analysis

TTVI refers to globally advanced cardiovascular interventional techniques by implantation of a prosthetic valve through a transcatheter path to treat tricuspid valve diseases. TTVI includes TTVR and TTVr. It has emerged in recent years as an alternative for the treatment of moderate to severe TR and shows a lower in-hospital mortality rate and postoperative complications than conventional surgery.

There exists competition between TTVR and TTVr, A comparison between the two therapy options is shown in the table below:

TTVr	TTVR
Advantages: (1) For the treatment of moderate to severe tricuspid regurgitation (2) For the patients with moderate to severe tricuspid regurgitation without contraindications and patients with advanced right ventricle dysfunction (3) The original tricuspid valve was retained (4) Less invasive (5) Potentially shorter recovery time after operation (6) Tricuspid valve repairs helps preserve heart function, reduce the potential need for long-term use of anticoagulant	**Advantages:** (1) Moderate to severe tricuspid regurgitation (2) More applicable patients: (i) patients with non-functional tricuspid regurgitation; (ii) patients with fibrotic leaflets or large leaflet prolapse; (iii) Patients with extremely dilated annuli and/or with extreme leaflet tethering; (iv) Presence of calcification in the potential grasping target; (v) Patients whose residual tricuspid regurgitation is expected to be moderate or worse after repair; (vi) Patients who has a permanent ventricular pacing lead in vivo (3) Less invasive (4) Potentially shorter recovery time after operation (5) Remove the damaged or diseased valve and replace it with a prosthetic valves
Disadvantages: (1) Tricuspid valve leaflets are thin and fragile, hence it might be difficult to repair (2) Edge-to-edge repair may cause damage to the original leaflet structure (3) Three types of products have received CE Marking, including the Cardioband, Pascal of Edwards Lifesciences and the TriClip of Abbott, which were all designed based on transcatheter mitral valve treatment products.	**Disadvantages:** (1) Might be challenged by the anatomic complexities of the tricuspid valve and annulus, which are often further deviated in the presence of significant TR (2) Biological tissue valves can break down over time, often eventually need to be replaced. (3) No products have been approved for marketing at present, and two products are at confirmatory clinical trial globally which are LuX-Valve and EVOQUE.

Source: Literature review (Demir, O. M., Regazzoli, D., Mangieri, A., Ancona, M. B., Mitomo, S., Weisz, G., Colombo, A., & Latib, A. (2018). Transcatheter Tricuspid Valve Replacement: Principles and Design. Frontiers in Cardiovascular Medicine, 5, 129; Goldberg, Y. H., Ho, E., Chau, M., & Latib, A. (2021). Update on Transcatheter Tricuspid Valve Replacement Therapies. Frontiers in Cardiovascular Medicine, 8, 619558; Simard, T. J., & Eleid, M. F. (2021). Transcatheter Tricuspid Valve Intervention: Current Perspective. US Cardiology Review, 15, e12; Y, K., & Y, K.Transcatheter Tricuspid Valve Replacement and Repair: Pooled Analysis of the Outcomes and Complications of Novel Emerging Treatments), Frost & Sullivan Analysis

The main access pathways for TTVI treatment include transatrial and transfemoral approaches. A comparison between the two approaches is shown in the table below:

	Features	Advantages	Disadvantages
Transatrial Approach	• An incision is made in the chest between the ribs to access the right atrium	• A small right anterior thoracotomy can provide good exposure of the right atrium • Avoidance of reoperation and cardiopulmonary bypass • Very short distance to the valve	• May not be well tolerated in some high-risk patients
Transfemoral Approach	• A puncture is performed on the femoral access and then a catheter or clamp is introduced along the tricuspid annulus under the transfemoral delivery system	• Well-documented feasibility • Convenient and more familiar to surgeons	• Prone to bleeding • Improper manipulation can lead to serious complications, including local hematomas, arteriovenous fistulas, and femoral vein thrombosis

Source: Literature Review, Frost & Sullivan Analysis

TTVI Market

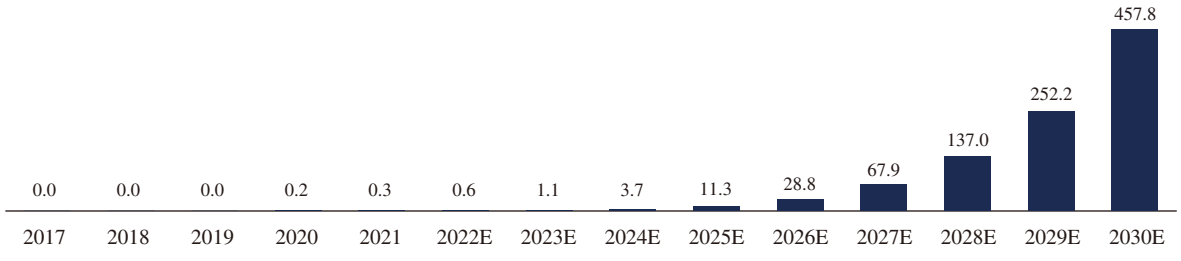
Global Market

Number of TTVI Procedures

In 2021, there were approximately 340 TTVI procedures performed to treat moderate to severe TR in the world. It is expected that there will be 457.8 thousand TTVI procedures in 2030, representing a CAGR of 140.1% from 2021 to 2025 and a CAGR of 109.6% from 2025 to 2030. The following chart sets forth the historical and forecasted growth of global TTVI procedures.

Period	CAGR
2021-2025E	140.1%
2025E-2030E	109.6%

Thousand



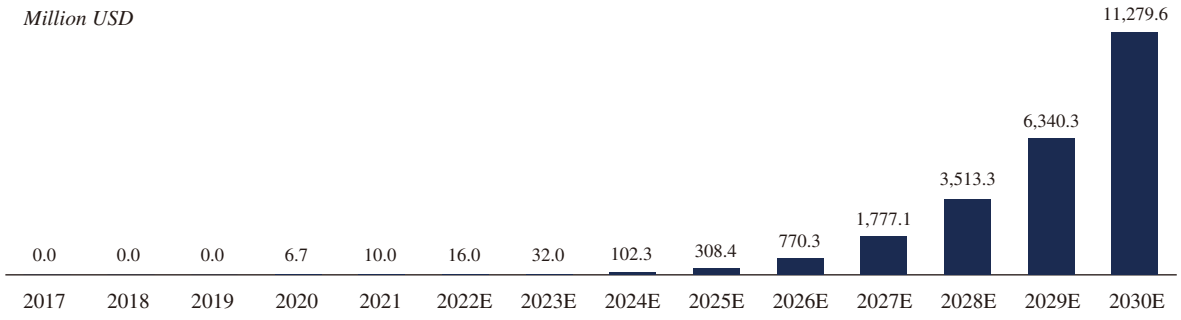
Source: Company Annual Reports, Frost & Sullivan Analysis

Market Size

The global market size of TTVI to treat moderate to severe TR was about USD10.0 million in 2021, and it is estimated to reach USD308.4 million in 2025 representing a CAGR of 135.6% from 2021 to 2025. It is estimated that the market size of TTVI will reach USD11,279.6 million in 2030. The following chart sets forth the historical and forecasted growth of the global TTVI market.

Global Market Size of TTVI, 2017-2030E

Period	CAGR
2021-2025E	135.6%
2025E-2030E	105.4%



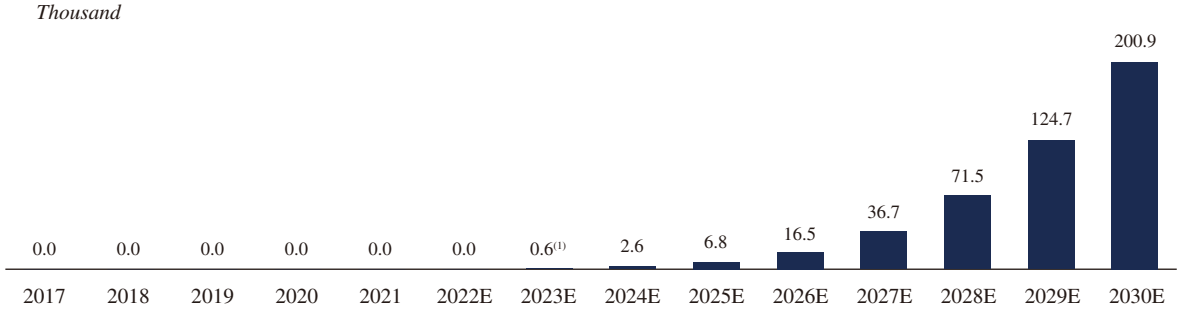
Source: Company Annual Reports, Frost & Sullivan Analysis

China Market

Number of TTVI Procedures

In 2023, it is expected that approximately 600 TTVI procedures will be performed in China. In 2030, it is expected that there will be 200.9 thousand TTVI procedures, representing a CAGR of 232.2% from 2023 to 2025 and a CAGR of 97.1% from 2025 to 2030.

Period	CAGR
2023E-2025E	232.2%
2025E-2030E	97.1%



Note:

(1) According to Frost & Sullivan, the expected number of TTVI in China in 2023 is calculated on the following basis: (i) the number of pacemaker implantations and left heart valve surgeries published by National Center for Cardiovascular Diseases in the Annual Report on Cardiovascular Health and Disease in China, as well as the prevalence of TR; and (ii) Jenscare Scientific's LuX-Valve is expected to be commercialized in 2023 and is expected to be the only TTVR product approved for commercialization in China by that year.

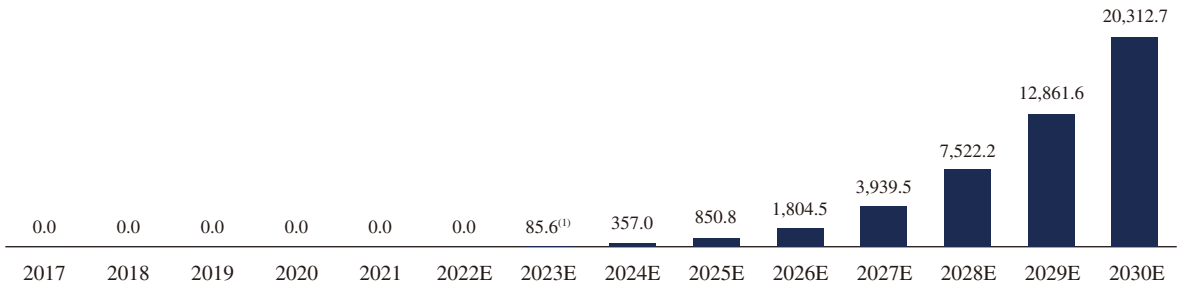
Source: Annual Report on Cardiovascular Health and Diseases, Literature Review, Frost & Sullivan Analysis

Market Size in China

The market size of TTVI in China is predicted to be RMB85.6 million in 2023, and it is estimated to reach RMB850.8 million in 2025 representing a CAGR of 215.2% from 2023 to 2025. The market size of TTVI is expected to reach RMB20,312.7 million in 2030.

Market Size of TTVI in China, 2017-2030E

Period	CAGR
2023E-2025E	215.2%
2025E-2030E	88.6%



Note:

(1) According to Frost & Sullivan, the expected market size of TTVI in China in 2023 is calculated on the following basis: (i) the number of pacemaker implantations and left heart valve surgeries published by National Center for Cardiovascular Diseases in the Annual Report on Cardiovascular Health and Disease in China, as well as the prevalence of TR; and (ii) Jenscare Scientific's LuX-Valve is expected to be commercialized in 2023 and is expected to be the only TTVR product approved for marketing in China by that year.

Source: Annual Report on Cardiovascular Health and Diseases, Literature Review, Frost & Sullivan Analysis

Competitive Landscape

Compared with TTVr, TTVR has less restriction on patients' native valve conditions with a larger potential target patient group. However, TTVR products are widely considered to be even more difficult to develop than TTVr products. Therefore, although a large number of companies, including many global medical device companies, attempted to develop TTVR products, as of the Latest Practicable Date, there was no approved TTVR product globally. There were eight TTVR product candidates under clinical trials globally as of the same date, of which (i) three product candidates entered into the confirmatory clinical trial stage and (ii) five product candidates only completed, or were still in the process of completing, early feasibility studies. As of the Latest Practicable Date, LuX-Valve and LuX-Valve Plus were the only TTVR product candidates known to be under clinical trials in China, and LuX-Valve is expected to become one of the first TTVR products approved for commercialization globally given that it was the first

product candidate worldwide to complete the subject enrollments for the confirmatory clinical trial, according to Frost & Sullivan. The following chart summarizes the key information of the TTVR product candidates under clinical trials globally:

Company Name	Product[1]	Expanding Mechanism	Pericardium Material	Design Features	Access	Phase	First Posted	Indication
Jenscare Scientific	LuX-Valve	SE	BP	Radial force-independent; leaflet-grasping clips; ventricular septal anchor	Transatrial	Confirmatory clinical trial[2]	2020.06.18	TR
	LuX-Valve Plus	SE	BP	Radial force-independent; leaflet-grasping clips; ventricular septal anchor; multi-angle adjustable and steerable	Transjugular	Confirmatory clinical trial	2021.11.29	TR
Edwards Lifesciences	EVOQUE	SE	BP	Intra-annular sealing skirt and anchors	Transfemoral	Confirmatory clinical trial[3]	2020.07.22	TR
Cardiovalve	Cardiovalve	N/A	BP	Leaflet grasping and atrial flange delivery	Transfemoral	Early feasibility study	2019.09.24	TR
NaviGate Cardiac Structures	GATE System	SE	Equine Pericardial	Atrial winglets, ventricular graspers	Transjugular/ Transatrial	Early feasibility study	2019.11.22	TR
Medtronic	Intrepid	SE	BP	Integrates self-expanding, dual-stent technology with a replacement tissue heart valve	Transfemoral	Early feasibility study	2020.06.16	TR
Trisol Medical	Trisol Valve	SE	PP ventricular skirt and BP leaflet	Axial force; retrievable, repositionable	Transjugular	Early feasibility study	2021.05.27	TR
TRiCares	Topaz	SE	BP	Self-expanding bovine pericardial valve mounted on nitinol stent frame	Transfemoral	Early feasibility study	2021.11.18	TR

Notes: SE = Self-expanding; BP=Bovine pericardium; PP=Porcine pericardium

(1) Only including products for complete replacement use, and excluding products for only valve-in-valve use.

(2) In August 2021, the enrollment of subjects for the confirmatory clinical trial of LuX-Valve was completed. In February 2022, the six-month follow-up for the confirmatory clinical trial was completed. The one-year follow-up for the confirmatory clinical trial had been completed as of the Latest Practicable Date.

(3) As of the Latest Practicable Date, this confirmatory clinical trial was in the process of enrolling subjects.

Source: ClinicalTrials, Literature Review, Company Websites, Frost & Sullivan Analysis

As of the Latest Practicable Date, only three TTVr products (Cardioband and Pascal developed by Edwards Lifesciences, and TriClip developed by Abbott) received CE Marking, and nine TTVr product candidates were under clinical trials globally, among which two product candidates, namely K-Clip developed by Huihe Medical and NeoBlazar developed by Zhenyi Medical, were under confirmatory clinical trials in China, three product candidates were under feasibility clinical trials (in which Trialign developed by Mitralign was under feasibility clinical trials in the EU and China, and KOKA CLAMP developed by KOKA Lifesciences was under feasibility clinical trials in China), and four product candidates were in early feasibility studies (one of which, namely DragonFly-T developed by Valgen Medtech, was under early feasibility study in China).

Given the large unmet patient needs, it is expected that the first movers in the TTVR industry can quickly capture the large and underpenetrated market, both in China and globally, once their products are approved for commercialization in the relevant jurisdictions.

AORTIC VALVE DISEASE

Overview of AR

AR is the incomplete closure of the aortic valve causing backflow of blood from the aorta into the left ventricle during diastole. Pathological causes of AR include valvular degeneration and aortic root dilation, rheumatic fever, endocarditis, myxomatous degeneration, aortic root dissection, and connective tissue or rheumatologic disorders. In addition, AR is a risk factor for poor prognosis in patients with moderate to severe AS, which could increase incidence of adverse clinical outcomes (admissions for congestive cardiac failure or mortality) by 57%. Acute AR causes symptoms of heart failure and cardiogenic shock. Chronic AR is typically asymptomatic for years with progressive exertional dyspnea, orthopnea, paroxysmal nocturnal dyspnea, and palpitations developing insidiously. Chronic AR imposes significant volume and pressure overload on the left ventricle, resulting in compensatory but eventually detrimental structural changes in the myocardium, with a resultant drop in left ventricular ejection fraction and onset of heart failure symptoms. The survival rate decreases significantly without surgery.

The aortic valve controls blood flow from the heart to the rest of the body. In AS, the valve narrows, restricting blood flow from the heart. In AR, the valve opening does not close completely, causing blood to leak backward into the heart. As a result of either of these conditions, the heart muscle may have to pump harder and blood flow to the body may decrease, which can ultimately lead to heart failure.

AS and AR may occur with age, often in those older than 70. However, in patients with other heart conditions, such as bicuspid aortic valves (a valve with two "flaps" instead of three) and rheumatic valvular disease, AS or AR can occur much earlier. Common symptoms of AS and AR may include fainting or feeling lightheadedness, weakness or chest pain (often increasing with activity), palpitations (rapid, noticeable heartbeats), shortness of breath, and/or swelling of lower legs.

The AR patient population globally gradually increased from 25.5 million in 2017 to 27.5 million in 2021, and is expected to reach 31.6 million in 2030. In China, the number of moderate to severe AR patients increased from 3.7 million in 2017 to 4.0 million in 2021, and is expected to reach 4.6 million in 2030. AS is frequently associated with other valvular diseases or mixed with some degree of AR, with physio-pathological and clinical implications. The global prevalence of AS was 19.0 million in 2017, and it reached 20.4 million in 2021 with a CAGR of 1.8%. This number is predicted to reach 22.1 million in 2025 and 23.9 million in 2030, which represents a CAGR of 2.0% during 2021 to 2025, and 1.6% from 2025 to 2030, respectively. The prevalence of AS in China had reached 4.5 million in 2021, with a CAGR of 2.0% from 2017 to 2021. It is estimated to reach 5.2 million patients in 2030. About 75% of patients with a primary diagnosis of AS have some degree of concomitant AR.

Ken-Valve's target patients are AR patients and patients with AR combined with AS. Therefore, Ken-Valve targets 100% of the AR patient population and approximately 75% of the AS patient population.

Treatments for AR

Current treatments for moderate to severe AR primarily include medication, SAVR and TAVR. For different types of patients with different subtypes and symptoms, the features, recommended levels and clinical evidence-based support of the treatments are different, as shown below:

Treatment Method	Summary	Guideline (2020 the American College of Cardiology (ACC)/ American Heart Association (AHA))
Medication	• For the aortic regurgitation, there is no specific evidence to show that medication therapy was effective. It is not a substitute for AVR. • However, medical therapy is helpful for alleviating symptoms or reducing the risks in patients who are considered to be at very high surgical risk because of concomitant comorbid medical conditions.	• There is no evidence that vasodilating drugs reduce severity of AR or alter the disease course in patients with significant AR in the absence of systemic hypertension. Recommendations for Guideline-Directed Medical Therapy (GDMT) for hypertension and HF apply to patients with chronic asymptomatic AR, as for the general population.
SAVR	• AVR, the aortic valve replacement, is the most suitable surgery that will be indicated. It is applicable from severe AR (Stage D) to moderate AR (Stage B). In asymptomatic patients with severe AR and normal LV systolic function at rest (LVEF >55%; Stage C1) and low surgical risk, aortic valve surgery may also be considered.	• Symptoms are an important indication for AVR in patients with chronic severe AR, asymptomatic patients with COR 2a indications for AVR should either undergo SAVR. The most important aspect of the clinical evaluation is taking a careful, detailed history to elicit symptoms, typical clinical indications or diminution of exercise capacity. Patients with chronic severe AR who develop symptoms have a high risk of death if AVR is not performed.
TAVR	• Transcatheter aortic valve replacement (TAVR) is a minimally invasive heart procedure to replace a thickened aortic valve that can't fully open (aortic valve stenosis).	• TAVR, the transcatheter aortic valve implantation, is suitable for patients of SAVR inoperable patients, SAVR high risk, intermediate risk and low risk patients. The decision to intervene, as well as the type of procedure recommended, is based on an assessment of patient-, procedure-, and institution- or operator-specific short-term risks and long-term benefits. • TAVR for isolated chronic AR is challenging because of dilation of the aortic annulus and aortic root and, in many patients, lack of sufficient leaflet calcification. Risks of TAVR for treatment of AR include transcatheter valve migration and significant paravalvular leak.

Source: 2020 ACC/AHA Guideline for the Management of Patients With Valvular Heart Disease, 2021 ESC/EACTS Guidelines for the management of valvular heart disease, Frost & Sullivan Analysis

Some patients are not eligible for SAVR procedures due to high surgical risk. The damaged valve must be monitored regularly and shall be surgically replaced or repaired as soon as leakage is evident or the heart begins to fail. For elderly patients with a history of heart disease and poor cardiopulmonary function, the risks of conventional surgery are high and many patients are unable to undergo traditional surgical procedures. As a promising alternative to SAVR, TAVR is an advanced catheter-based cardiovascular interventional technique that implants a prosthetic valve to replace the malfunctioning valve. TAVR causes less trauma and has a shorter postoperative recovery period, and is increasingly being performed on low to intermediate surgical risk patients. Due to the structure of the aortic valve, it is extremely difficult to repair the aortic sinus and/or leaflets, and as of the Latest Practicable Date, no transcatheter aortic valve repair product candidate for the treatment purpose of aortic valve diseases was known by Frost & Sullivan to be under development. Therefore, the TAVI market includes TAVR only.

A comparison between the two therapy options is shown in the table below:

	SAVR	TAVR
Indications	Severe AS/AR	Severe AS/AR
Candidates	Low and intermediate risk patients, and part of high-risk patients	SAVR ineligible, SAVR low, intermediate and high-risk patients
Operation	• General anesthesia • High complexity • Relatively high risk • 4-5 hours of surgery process	• General or local anesthesia • Low complexity • Relatively low risk • 2-3 hours of interventional operation process
Results	• Large wounds • Complications like infections/stroke/blood clots/irregular heartbeats • 2-3 weeks in hospital	• Small wounds • Complications like conduction block/stroke/ perivalvular leakage • 1-2 weeks in hospital
Cost	• approximately RMB10,000-30,000 for the valve • approximately RMB60,000-80,000 for total cost	• approximately RMB196,000-298,000 for the valve • approximately RMB226,000-328,000 for total cost

Source: Literature Review, Frost & Sullivan Analysis

The main access pathways for TAVR treatment include transapical and transfemoral approaches. A comparison between the two approaches is shown in the table below:

	Features	Advantages	Disadvantages
Transapical Approach	• An incision is made in the chest between the ribs to access the apex of the heart	• Shorter time with antegrade approach • Avoids peripheral vascular complications • Provides convenience for surgeons	• Slightly more traumatic, postoperative pain • May damage to myocardium and affect lung function • Prone to rupture of the ventricle.
Transfemoral Approach	• The femoral artery is accessed in the groin without an incision but with a needle, catheter and long wires allowing access to the diseased valve.	• Less traumatic for the patient • Shorter recovery time • Lower 30-day mortality	• Patients with peripheral vascular stenosis or sclerosis and low coronary arteries are not eligible

Source: Literature Review, Frost & Sullivan Analysis

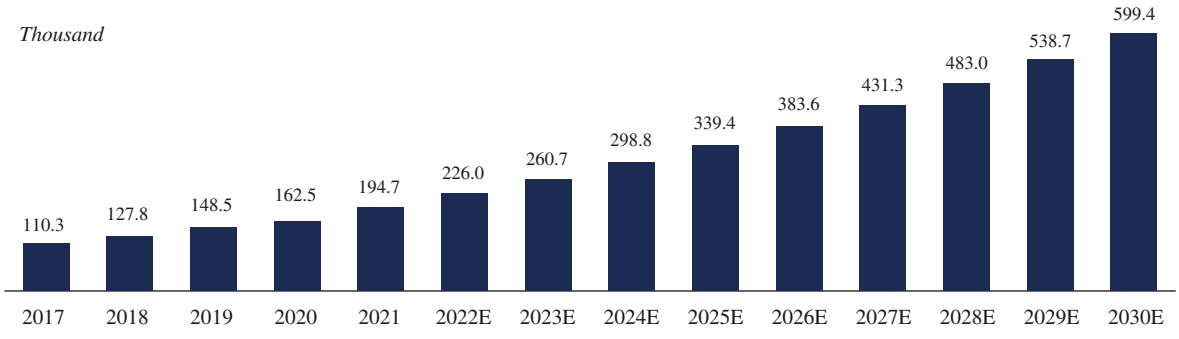
TAVR Market

Global Market

Number of TAVR Procedures

Driven by the aging population, the increasing acceptance of TAVR procedures by patients, and the increasing number of eligible hospitals and qualified practitioners, the number of global TAVR procedures is expected to increase at a CAGR of 14.9% from 2021 to 2025 and a CAGR of 12.0% from 2025 to 2030. The following chart sets forth the historical and forecasted growth of global TAVR procedures.*

Period	CAGR
2017-2021	15.3%
2021-2025E	14.9%
2025E-2030E	12.0%



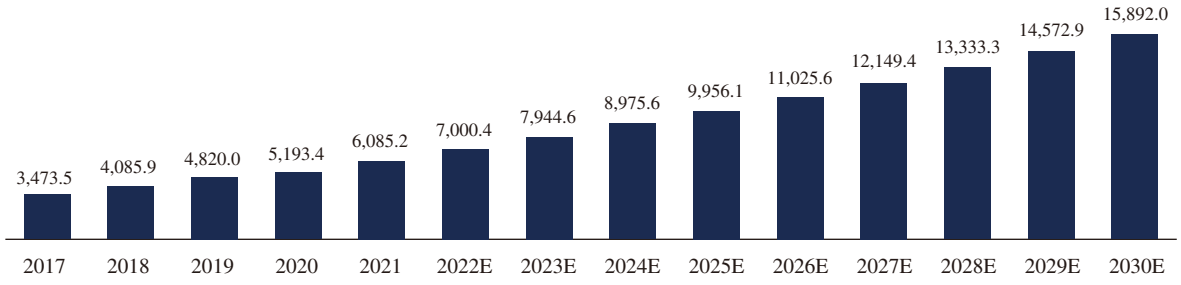
Source: Company Annual Reports, Frost & Sullivan Analysis

* The total addressable patient pool of the various TAVR products include those patients with (i) AS only, (ii) AR only, and (iii) AR combined with AS. Ken-Valve, the TAVR product developed by Jenscare Scientific, cannot be indicated for those patients with AS only, which patients accounted for approximately 20% of the total addressable patient pool of the various TAVR products.

Market Size

Globally, the market size of TAVR increased from USD3,473.5 million in 2017 to USD6,085.2 million in 2021 with a CAGR of 15.0%. The market size is expected to continue to rise and is estimated to reach USD9,956.1 million in 2025 and USD15,892.0 million in 2030 with a CAGR of 9.8% between 2025 and 2030. The following chart sets forth the historical and forecasted growth of the global TAVR market.

Period	CAGR
2017-2021	15.0%
2021-2025E	13.1%
2025E-2030E	9.8%



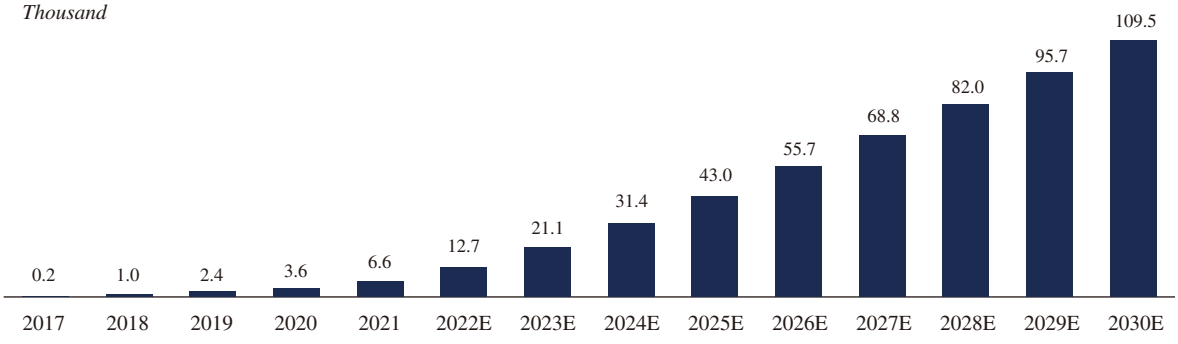
Source: Company Annual Reports, Frost & Sullivan Analysis

China Market

Number of TAVR Procedures

In 2021, there were approximately 6,630 TAVR procedures performed in China. With the growing acceptance of TAVR procedures, an increasing number of eligible hospitals and the expected inclusion of SAVR intermediate- and low-risk patients in indications, it is expected that there will be approximately 109.5 thousand TAVR procedures in China in 2030. The following chart sets forth the historical and forecasted the growth of TAVR procedures in China.*

Period	CAGR
2017-2021	147.7%
2021-2025E	59.6%
2025E-2030E	20.5%



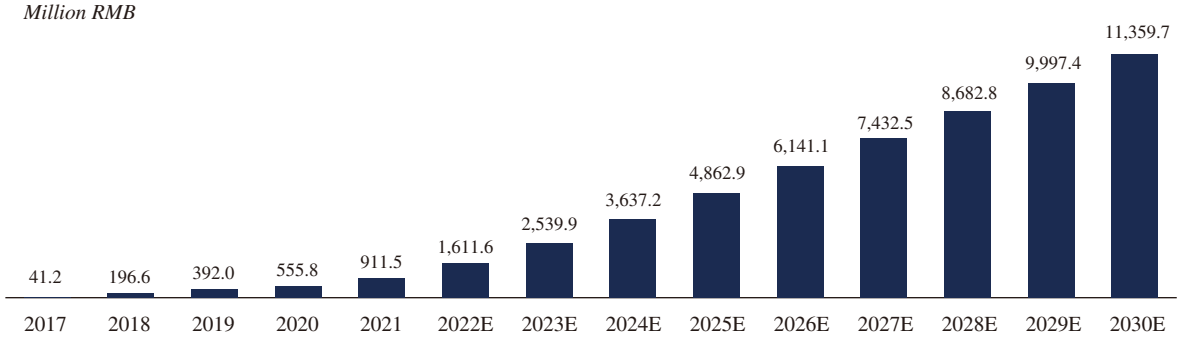
Source: National Center for Cardiovascular Diseases, Frost & Sullivan Analysis

* The total addressable patient pool of the various TAVR products include those patients with (i) AS only, (ii) AR only, and (iii) AR combined with AS. Ken-Valve, the TAVR product developed by Jenscare Scientific, cannot be indicated for those patients with AS only, which patients accounted for approximately 20% of the total addressable patient pool of the various TAVR products.

Market Size

The market size of TAVR in China was RMB911.5 million in 2021, and with the rapid increase in the number of qualified hospitals which can perform TAVR procedures, it is estimated to reach RMB4,862.9 million in 2025 representing a CAGR of 52.0% from 2021 to 2025. Based on the huge unmet medical needs, and with the rapid development of the medical infrastructure, it is estimated that the market size of TAVR will reach RMB11,359.7 million in 2030. The following chart sets forth the historical and forecasted growth of the TAVR market in China.

Period	CAGR
2017-2021	116.9%
2021-2025E	52.0%
2025E-2030E	18.5%



Source: Company Annual Reports, Frost & Sullivan Analysis

Competitive Landscape

A significant percentage of AS patients also suffer from AR (i.e., AR combined with AS), but as of the Latest Practicable Date, most of the approved TAVR products in the world did not have AR as an indication, resulting in large unmet patient needs. As of the Latest Practicable Date, there were 25 major TAVR products approved for commercialization globally and there were nine TAVR products approved for commercialization in China, including VenusA-Valve and VenusA-Plus of Venus Medtech, J-Valve of Jiecheng Medical, VitaFlow and VitaFlow Liberty of MicroPort Cardioflow Medtech, TaurusOne and TaurusElite of Peijia Medical, SAPIEN 3 of Edwards Lifesciences, and Evolut Pro of Medtronic, among which only J-Valve had AR as an indication.

Company Name	Product	Access/ Approach	NMPA Approval Time	Price (RMB)[1] around	Indication
Venus Medtech	VenusA-Valve	Transfemoral	2017.04	248,000	AS
	VenusA-Plus	Transfemoral	2020.11	224,500	AS
Jiecheng Medical	J-Valve	Transapical	2017.04	260,000	AS/AR
MicroPort CardioFlow Medtech	VitaFlow	Transfemoral	2019.07	193,000	AS
	VitaFlow Liberty	Transfemoral	2021.08	215,000	AS
Edwards Lifesciences	SAPIEN3	Transfemoral	2020.06	298,000	AS
Peijia Medical	TaurusOne	Transfemoral	2021.04	200,000	AS
	TaurusElite	Transfemoral	2021.06	210,000	AS
Medtronic	Evolut Pro	Transfemoral	2021.12	298,000	AS

Note:

(1) The pricing information for VenusA-Valve, VenusA-Plus, J-Valve, VitaFlow, SAPIEN3, TaurusOne and Evolut Pro set forth herein are provided by Frost & Sullivan, based on the public wholesale tender prices of the relevant products in China as of the Latest Practicable Date. The prices of such products may be subject to changes, over which we do not have control.

Source: NMPA, Literature Review, Company Websites, Government Websites, Frost & Sullivan Analysis

As of the Latest Practicable Date, there were 14 TAVR product candidates under feasibility clinical trials or confirmatory clinical trials globally, but only two of them, namely, Ken-Valve of Jenscare Scientific and Hanchor valve of Healing Medical, included AR as an indication, in which Ken-Valve was the only one that has entered into the confirmatory clinical trial stage. The following table sets out all the TAVR product candidates under clinical trials* globally.

Company Name	Product	Access/approach	Phase	Indication	Trial locations
Vascular Innovations	HYDRA	Transfemoral	Confirmatory clinical trial	AS	Global
Silara Medtech	Silara-Valve	Transapical	Confirmatory clinical trial	AS	China
KingstronBio	PRO style	Transfemoral	Confirmatory clinical trial	AS	China
NewMed Medical	Prizvalve	Transfemoral	Confirmatory clinical trial	AS	China
Jenscare Scientific	Ken-Valve	Transapical	Confirmatory clinical trial	AR (or combined with AS)	China
Balance Medical	Renatus	Transfemoral	Confirmatory clinical trial	AS	China
Edwards Lifesciences	SAPIEN X4	Transfemoral	Confirmatory clinical trial	AS	US
Biotronik	BIOVALVE	Transfemoral	Feasibility clinical trial	AS	EU
HLT Medical	Meridian Valve	Transfemoral	Feasibility clinical trial	AS	Canada
Lepu Scientech	SinoCrown	Transfemoral	Feasibility clinical trial	AS	China
Peijia Medical	Taurus NXT	Transfemoral	Feasibility clinical trial	AS	China
Healing Medical	Hanchor valve	Transfemoral	Feasibility clinical trial	AS/AR	China
Venus Medtech	Venus-PowerX	Transfemoral	Feasibility clinical trial	AS	China
	VenusVitae	Transfemoral	Feasibility clinical trial	AS	Global

Source: ClinicalTrials, Literature Review, Company Websites, Frost & Sullivan Analysis

* For purposes of this table, only including confirmatory clinical trials and feasibility clinical trials, but excluding early feasibility studies; only including products for complete replacement use, and excluding products for only valve-in-valve use.

MITRAL VALVE DISEASE

Overview of MR

MR refers to the inability of the mitral valve to close completely, causing blood to flow from the left ventricle into the left atrium during ventricular systole. The prevalence of MR is associated with aging. Studies have indicated that patients diagnosed with severe MR who do not undergo surgery generally have mortality of 20% one year following diagnosis and 50% five years following diagnosis.

Globally, the population of moderate to severe MR patients increased from 93.5 million in 2017 to 99.9 million in 2021, and is expected to reach 122.0 million in 2030. In China, the population of moderate to severe MR patients increased from 10.0 million in 2017 to 11.1 million in 2021, and is expected to reach 13.4 million in 2030.

Treatment of MR

Treatments of MR include medication, conventional surgery and interventional therapy. Interventional therapy is more effective than medication and safer than conventional surgery.

TMVI therapy is a catheter-based technique, which is suitable for patients with moderate to severe MR who cannot tolerate conventional surgery. The therapy options include TMVr, which repairs the mitral valve, and TMVR, which implants a new mitral valve.

TMVI Market

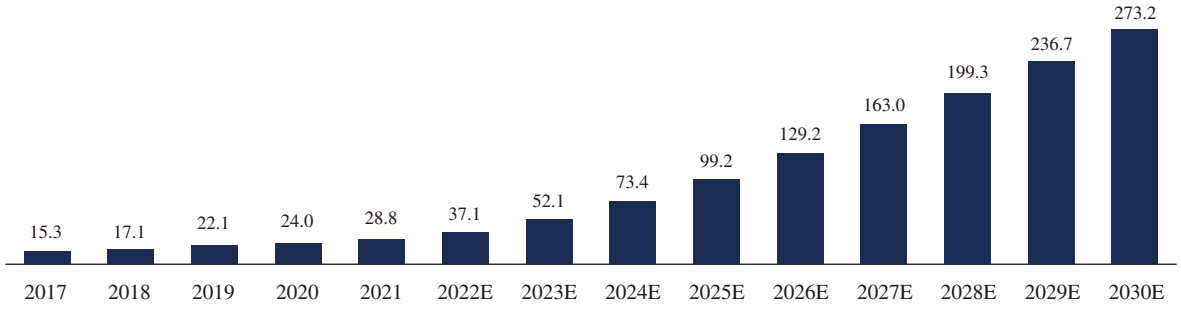
Global Market

Number of TMVI Procedures

In 2021, there were 28.8 thousand TMVI procedures for the treatment of moderate to severe MR performed globally. The number of global TMVI procedures is expected to increase at a CAGR of 36.2% from 2021 to 2025 and a CAGR of 22.5% from 2025 to 2030. The following chart sets forth the historical and forecasted growth of global TMVI procedures.

Period	CAGR
2017-2021	17.2%
2021-2025E	36.2%
2025E-2030E	22.5%

Thousand



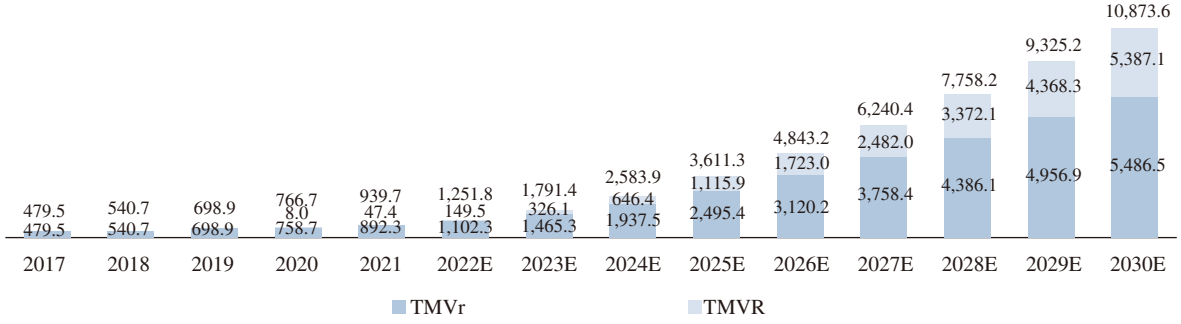
Source: Company Annual Reports, Frost & Sullivan Analysis

Market Size

The global market size of TMVI for the treatment of moderate to severe MR was USD939.7 million in 2021, and it is estimated to reach USD10,873.6 million in 2030 with the rapid development of medical teams for TMVI procedures. The following chart sets forth the historical and forecasted growth of the global TMVI market.

Period	CAGR		
	TMVr	TMVR	Total
2017-2021	16.8%	—	18.3%
2021-2025E	29.3%	120.3%	40.0%
2025E-2030E	17.1%	37.0%	24.7%

Million USD



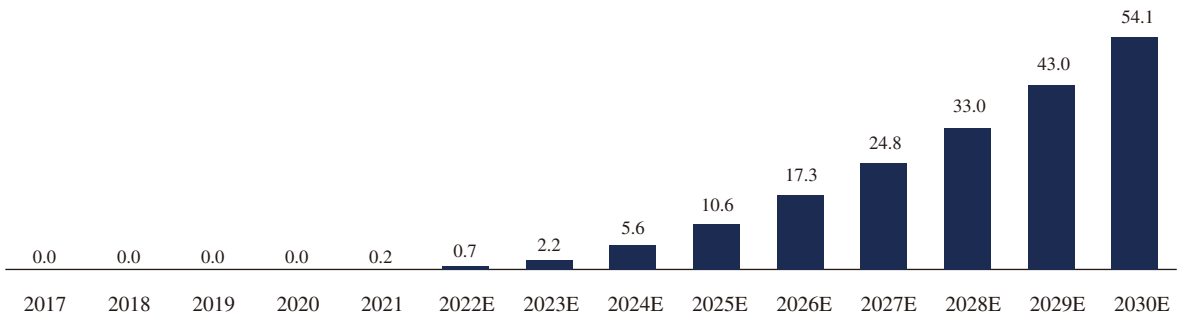
Source: Company Annual Reports, Frost & Sullivan Analysis

China Market

Number of TMVI Procedures

In China, the number of TMVI procedures for the treatment of moderate to severe MR is estimated to increase from approximately 200 in 2021 to 10.6 thousand in 2025 with a CAGR of 173.2%. The number of TMVI procedures is expected to continue to rise and is estimated to reach approximately 54.1 thousands in 2030 with a CAGR of 38.6% between 2025 and 2030. The following chart sets forth the historical and forecasted growth of TMVI procedures in China.

Period	CAGR
2021-2025E	173.2%
2025E-2030E	38.6%

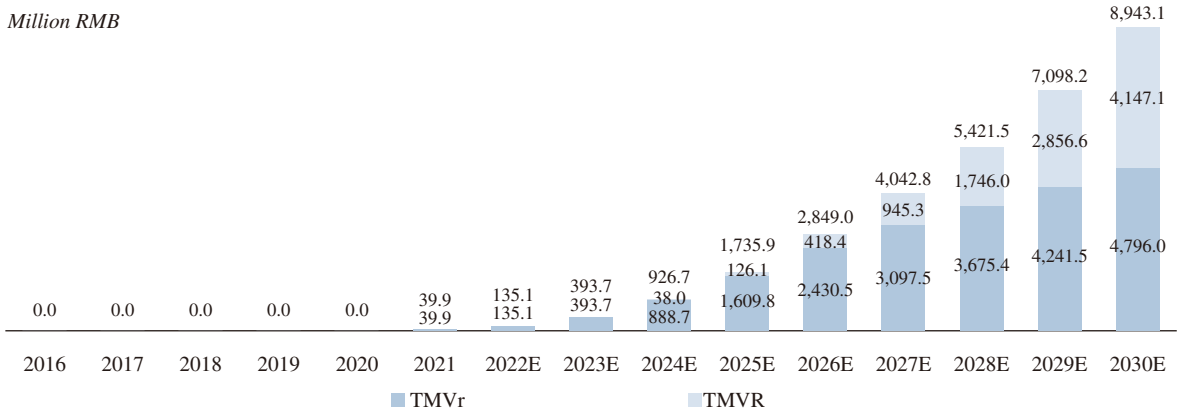


Source: National Center for Cardiovascular Diseases, Frost & Sullivan Analysis

Market Size

In China, 2021 is the first year of TMVI commercialization, and the market size of TMVI for the treatment of moderate to severe MR is estimated to reach RMB1,735.9 million in 2025 with a CAGR of 156.8%. The market size will continue to increase and is estimated to reach RMB8,943.1 million in 2030 with a CAGR of 38.8% between 2025 and 2030. The following chart sets forth the historical and forecasted growth of the TMVI market in China.

Period	CAGR		
	TMVr	TMVR	Total
2021-2025E	152.0%	—	156.8%
2025E-2030E	24.4%	101.1%	38.8%



Source: National Center for Cardiovascular Diseases, Frost & Sullivan Analysis

Competitive Landscape

Globally, there were seven TMVI devices that have obtained FDA/CE/NMPA approval as of the Latest Practicable Date. Namely Abbott's Tendyne and MitraClip, Cardiac Dimensions' Catrillon, NeoChord's NeoChord DS1000, Edwards' Cardioband and PASCAL and Mitralign's MPAS Implant.

Transcatheter Mitral Valve Repair and Replacement Products							
	Abbott		Cardiac Dimensions	NeoChord	Edwards Lifesciences		Mitralign
Product	Tendyne	MitraClip	CARILLON Mitral Contour System	NeoChord DS1000	Cardioband	PASCAL	MPAS Implant
							
FDA Approval	—	2013	—	—	—	—	—
CE Marking	2020	2008	2009	2012	2015	2019	2016
NMPA Approval	—	2020	—	—	—	—	—
Approach	Replacement (High or Extreme risk)	Edge to Edge Repair	Indirect Annuloplasty	Chordal Repair	Direct Annuloplasty (Repair)	Edge to Edge Repair	Direct Annuloplasty (Repair)
Access[1]	Transapical	Transfemoral & Transseptal	Right internal jugular vein	Transapical	Transfemoral & Transseptal	Transfemoral & Transseptal	Transfemoral

1. Standardized access for the corresponding approach

Source: FDA, CE, NMPA, Literature Review, Company Websites, Frost & Sullivan Analysis

As of the Latest Practicable Date, there were 23 TMVI devices under confirmatory clinical trials or feasibility clinical trials in China, including 18 TMVr and five TMVR product candidates*, as shown in the table below.

Intended Use	Company	Product	Technique	Access Route	Clinical Phase
Replacement	MitrAssist	MitraFix	Transcatheter mitral valve replacement	Transapical/ Transfemoral	Confirmatory clinical trial
	NewMed Medical	Mi-thos	Transcatheter mitral valve replacement	Transapical	Feasibility clinical trial
	Peijia Medical	Highlife	Transcatheter mitral valve replacement	Transapical/ Transseptal	Feasibility clinical trial
	Zhenyi Medical	TruDelta	Transcatheter mitral valve replacement	Transapical	Feasibility clinical trial
	Venus Medtech	Cardiovalve	Transcatheter mitral valve replacement	Transapical/ Transseptal	Feasibility clinical trial
Repair	Hanyu Medical	ValveClamp	Edge-to-edge repair	Transapical	Confirmatory clinical trial
		ValveClasp	Edge-to-edge repair	Transfemoral	Confirmatory clinical trial
	Valgen Medtech	MitralStitch	Mainly chordal implantation	Transapical	Confirmatory clinical trial
		DragonFly	Edge-to-edge repair	Transfemoral	Confirmatory clinical trial
	SHSMA (Lepu Scientech)	Memoclip	Edge-to-edge repair	Transapical	Confirmatory clinical trial
	Med-zenith	E-chord	Chordae tendineae repair	Transapical	Confirmatory clinical trial
	Zhenyi Medical	NeoNova	Edge-to-edge repair	Transfemoral	Confirmatory clinical trial
	Shenqi Medical	SQ-Kyrin	Edge-to-edge repair	N/A	Feasibility clinical trial
	NewMed Medical	Valveclip-M	Edge-to-edge repair	Transfemoral	Feasibility clinical trial
	KOKA Lifesciences	LIFECLIP	Edge-to-edge repair	Transapical	Feasibility clinical trial
		KokaClip	Edge-to-edge repair	Transfemoral	Feasibility clinical trial
	Lepu Scientech	TMVCRs	Chordae tendineae repair/ Edge-to-edge repair	Transapical	Feasibility clinical trial
		TMVr-A	Edge-to-edge repair	Transapical	Feasibility clinical trial
	Enlight Medical	NovoClasp	Edge-to-edge repair	Transfemoral & Transseptal	Feasibility clinical trial
	HeartCare Medical	Clip2Edge	Edge-to-edge repair	Transfemoral & Transseptal	Feasibility clinical trial
	MVRx	ARTO	Indirect annuloplasty	Transseptal	Feasibility clinical trial
	Neochord	NeoChord DS1000	Chordae tendineae repair	Transapical	Feasibility clinical trial
	Valcare Medical Ltd	Amend	Chordae tendineae repair/ Edge-to-edge repair	Transapical/ Transseptal	Feasibility clinical trial

Source: ClinicalTrials, Literature Review, Company Websites, Frost & Sullivan Analysis

* *Only including products for complete replacement use, and excluding products for only valve-in-valve use.*

HEART FAILURE

Overview of Heart Failure

Heart failure is a complex set of clinical syndromes caused by the changes in myocardial structure and function leading to ventricular ejection and/or low filling. It is a common terminal stage of many heart diseases, and it is also a disease with high morbidity and mortality.

Any disease that debilitates or stiffens the heart can cause heart failure, which is often accompanied by hypertension (which puts a heavy workload on the heart), coronary artery disease (which blocks the blood supply to the heart muscles), valvular heart problems (valve leakage or blockage makes it difficult for the heart to pump blood). Other conditions leading to heart failure include irregular heart rhythms, low red blood cell counts (anemia), thyroid problems, and myocardial infections.

The 2016 European guidelines classified heart failure into heart failure with reduced ejection fraction (HFrEF), heart failure with preserved ejection fraction (HFpEF), and heart failure with midrange ejection fraction (HFmrEF); HFrEF is defined as LVEF ≤40% (Left Ventricular Ejection Fraction), also known as systolic heart failure, and the application of neurohormonal antagonists has significant benefits; HFpEF is defined as LVEF ≥50%, also known as diastolic heart failure.

The following sets forth the features, pathogenesis and treatment of HFrEF and HFpEF.

	Systolic heart failure (HFrEF)	Diastolic heart failure (HFpEF)
Pathological features	• Reduction in cardiac output	• Elevated ventricular end diastolic pressure
Cardiac remodeling	• Left ventricular hypertrophy or ventricular enlargement, ventricular wall decreased range of motion	• Left ventricular hypertrophy, left atrium enlarged
Loading factor	• Hypertension, valvular heart disease, • Tachycardia	• Hypertension, aortic stenosis, aortic sclerosis
Treatment	Myocardial Filling Hydrogel • improve the cell survival rate • enhance the efficacy of cell transplantation	Interatrial Shunt • reduce left atrial pressure • improve pulmonary congestion • improve activity tolerance and cardiac function classification

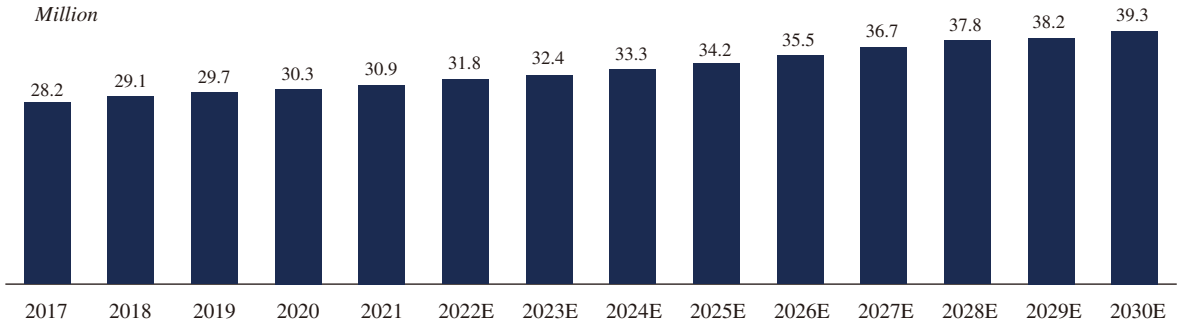
Source: Literature Review, Frost & Sullivan Analysis

With the aging population and more patients suffering from hypertension, diabetes and obesity, the incidence of HFpEF or HErEF also experienced significant growth, which will stimulate the growth of the interventional product market for the treatment of heart failure. In addition, interventional treatment is efficient in treating HFrEF and HFpEF, making interventional treatment a potentially promising market.

Prevalence of Heart Failure

Globally, the population of heart failure patients increased from 28.2 million in 2017 to 30.9 million in 2021, and is expected to reach 39.3 million in 2030.

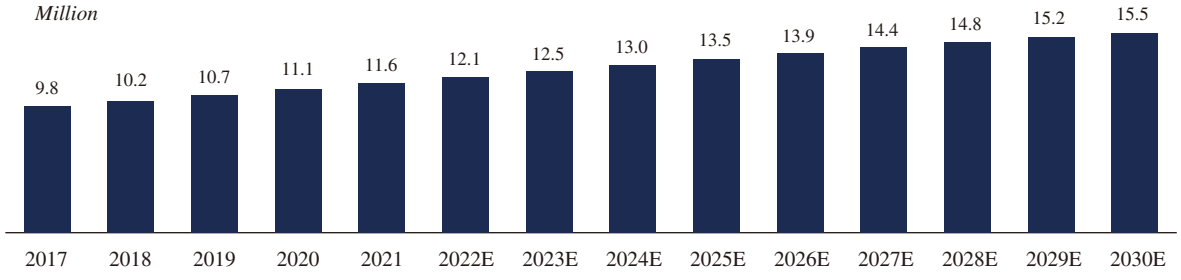
Period	CAGR
2017-2021	2.3%
2021-2025E	2.6%
2025E-2030E	2.8%



Source: Literature Review, Frost & Sullivan Analysis

In China, the population of heart failure patients increased from 9.8 million in 2017 to 11.6 million in 2021, and is expected to reach 15.5 million in 2030.

Period	CAGR
2017-2021	4.3%
2021-2025E	3.9%
2025E-2030E	2.8%



Source: National Center for Cardiovascular Diseases, Frost & Sullivan Analysis

Treatment of Heart Failure

Currently, medication is still the primary treatment for heart failure. However, no drug is effective for patients with moderate to severe heart failure, especially for heart failure patients with excessive atrial pressure.

Currently main device treatments for heart failure include (i) interatrial shunt, which can directly reduce left atrial pressure, improve pulmonary congestion, and improve activity tolerance and cardiac function classification; and (ii) myocardial filling hydrogel, which is related to the gelation of the polymer network in response to changes in temperature, pH, ionic cross-linking, solvent exchange or crystallization, and injection shear.

Interatrial shunt implantation can significantly reduce the mortality of patients with heart failure. According to the statistics of patients receiving interatrial shunt implants, the incidence of major adverse cardiac and cerebrovascular events is relatively low. In addition to interatrial shunts, injection of material into the free wall of the left ventricle to reduce ventricular wall stress is a novel treatment designed for patients with dilated cardiomyopathy and has shown great potential in both preclinical and clinical studies.

Interventional therapy such as interatrial shunt and myocardial filler have shown a huge potential in relieving excessive atrial pressure in patients with heart failure. Currently, there are only several interventional products approved for commercial use, leaving huge unmet needs.

Competitive Landscape

As of the Latest Practicable Date, there were three interatrial shunt products that had received CE Marking, namely InterAtrial Shunt Device from Corvia, Occlutech AFR device from Occlutech, and V-Wave Shunt from V-Wave Ltd, respectively. There were seven product candidates under clinical trials globally.

Company	Products Name	Development Progress	First Posted	Indication
Corvia Medical	InterAtrial Shunt Device (IASD)	CE Marking	2016.05.12	Heart Failure With Preserved Ejection Fraction; Heart Failure With Mid Range Ejection Fraction
Occlutech AG	OcclutechAFR Device	CE Marking	2019.09.06	Heart Failure
V-Wave	V-Wave Ventura	CE Marking	2020.03.05	Congestive Heart Failure
Vickor Medical	D-shant Interatrial Shunt	Confirmatory clinical trial (China)	2021.03.27	Heart Failure
NOYA MedTech	NoYA	Confirmatory clinical trial (China)	2022.05.16	Chronic Heart Failure with Elevated Left Atrial Pressure
Alleviant Medical	ALV1 System	Feasibility clinical trial	2020.10.12	Heart Failure Symptoms in Patients With Chronic Heart Failure and Preserved or Mid-Range Left Ventricular Ejection Fraction
Sirius Medtech	SIRIUS AFR	Feasibility clinical trial (China)	2021.11.05	End-stage Heart Failure
Edwards Lifesciences	Transcatheter Atrial Shunt System	Early feasibility study (US, Canada, EU)	2018.08.14	Heart Failure
ConFlow MedTech	FreeFlow	Early feasibility study (China)	2021.11.24	Heart Failure
Lepu Sientech	Atrial shunt I	Early feasibility study (China)	N/A	Heart Failure

Source: FDA, CE, ClinicalTrials, Literature Review, Frost & Sullivan Analysis

As of the Latest Practicable Date, there was only one marketed myocardial filling hydrogel product, namely LoneStar's Algisyl-LVR. There was one product in clinical trials globally, namely Ventrix's VentriGel.

Company	Products Name	Development Progress	First Posted	Indication
LoneStar Heart	Algisyl-LVR	CE Marking	October 1, 2014	Advanced Heart Failure
Ventrix	VentriGel	Phase 1 Completed	December 2, 2014 (completed in June, 2019)	Myocardial Infarction; Heart Failure; Left Ventricular Remodeling

Source: CE, ClinicalTrials, Literature Review, Frost & Sullivan Analysis

THE FROST & SULLIVAN REPORT

In connection with the Global Offering, we commissioned Frost & Sullivan, an Independent Third Party, to prepare a report on global and China's transcatheter valve therapy and heart failure treatment markets. We have agreed to pay a total of RMB600,000 in fees for the preparation of the Frost & Sullivan Report. Frost & Sullivan is a market research and consulting company that provides market research on a variety of industries including healthcare. In preparing the report, Frost & Sullivan collected and reviewed publicly available data such as government-derived information, annual reports and industry association statistics, as well as market data collected by conducting interviews with key industry experts and leading industry participants. Frost & Sullivan has exercised due care in collecting and reviewing the information so collected.

Except as otherwise noted, all data and forecasts in this section come from the Frost & Sullivan Report. Our Directors confirm that, to the best of their knowledge, after taking reasonable care, there has been no adverse change in market information since the date of the Frost & Sullivan Report which may qualify, contradict or impact the information disclosed in this section.

PRC REGULATORY OVERVIEW

Medical device industry of the PRC is subject to a large number of laws and regulations and extensive government supervision. Such laws and regulations encompass the areas including manufacturing, sales of medical devices, labor and intellectual property. Principal regulatory authorities of the industry are NMPA and its local regulatory branches. In March 2018, the State Council Institutional Reform Proposal passed by the First Session of the Thirteenth NPC decided the CFDA shall cease to exist, and the NMPA was established to undertake the duties of the former CFDA.

LAWS AND REGULATIONS RELATING TO MEDICAL DEVICES

Regulation and Classification 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 "**Regulations of Medical Devices (2021 Revision)**") promulgated on January 4, 2000 by the State Council, finally amended on December 21, 2020 and coming into effect on June 1, 2021, the activities and supervision and management related to the research and development, production, operation and use of medical devices in the PRC are applicable to this regulation. Compared with the Regulations on the Supervision and Administration of Medical Devices (2017 Revision) (《醫療器械監督管理條例(2017修訂)》), the Regulations of Medical Devices (2021 Revision) are revised mainly around the following four aspects: (i) implementing the requirements of reforming the medical device review and approval system, and solidifying the principal responsibilities of enterprises; (ii) consolidating the results of the reforms to streamline administration and delegating power, improving regulation, and upgrading services, optimizing the approval and filing procedures, prioritizing the approval of innovative medical devices, liberating the innovation vitality of market, and reducing the burden on enterprises; (iii) strengthening the full-life cycle and the whole-journey supervision of medical devices, as well as improving the supervision efficiency; and (iv) increasing the penalties for illegal acts and the cost of violations.

According to this Regulations of Medical Devices (2021 Revision), medical devices have been classified into three categories based on the degree of risk and been administrated with such categories. 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 specific classification of medical devices is set out in the Catalog of Classification of Medical Devices (《醫療器械分類目錄》) issued by the CFDA on August 31, 2017, latest revised on March 28, 2022 and coming into effect on the same day.

Registration and Filings of Medical Device Products

Pursuant to the Regulations of Medical Devices (2021 Revision) and the Measures for the Administration of Registration and Filing of Medical Devices (《醫療器械註冊與備案管理辦法》) promulgated by the SAMR on August 26, 2021 and coming into effect on October 1, 2021, for the filings of the domestic Class I medical devices, the parties undergoing the filings of medical devices shall submit the filing materials to the drug supervision and administration departments of the local people's government at the districted city level. The Class II and Class III medical devices shall be subject to the

product registration administration. Domestic Class II medical devices shall be examined by the drug supervision and administration departments of the people's governments of the provinces, autonomous regions or municipalities and domestic Class III medical devices shall be examined by the NMPA, and a registration certificate for such medical device shall be issued upon approval.

The registration certificate for a medical device is valid for five years and the registrant shall apply to the original registration departments for renewal six months prior to its expiration date.

According to the Regulations of Medical Devices (2021 Revision) and the Measures for Medical Devices Registration and Filing, medical device product registration and filings shall be subject to clinical evaluation. However, medical devices may be exempt from clinical evaluation under either of the following circumstances:

(i) 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; or

(ii) The safety and effectiveness of such medical devices can be proved through non-clinical evaluation.

The medical device catalog of clinical trial exemption shall be formulated, amended and promulgated by the NMPA, such as the Notice of the Newly Revised Catalogue of Medical Devices 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》) promulgated by the NMPA on September 28, 2018, the Notice of New and Revised Catalogue of 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》) promulgated by the NMPA on December 13, 2019 and the Notice of Publication of Catalogue of Medical Devices Exempted from Clinical Trials (Second revision) (《關於發佈免於進行臨床試驗醫療器械目錄(第二批修訂)的通告》) promulgated by the NMPA on January 14, 2021. Medical device products that are not included in the exemption catalog shall be analyzed and evaluated through the data obtained from the clinical trials or clinical application of the same categories of medical devices. 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. On September 16, 2021, the NMPA issued the Catalogue of Medical Devices Exempted From Clinical Evaluation (《免於臨床評價醫療器械目錄》) with an effective date on October 1, 2021, which replaced the aforementioned Catalogue of Medical Devices Exempted from Clinical Trials and its amendments. As for certain high risk Class III medical devices, the NMPA's approvals are required before clinical trials can be carried out. Under such requirement. The NMPA promulgated the Notice of Publication of the List of Class III Medical Devices Requiring Clinical Trial Approval (《關於發佈需進行臨床試驗審批的第三類醫療器械目錄的通告》) on August 25, 2014, which came into effect on October 1, 2014 and was amended on September 14, 2020.

Production Permit of Medical Devices

Pursuant to the Regulations of Medical Devices (2021 Revision) and the Measures for the Supervision and Administration of Medical Device Production (《醫療器械生產監督管理辦法》) (the "**Production Measures**") promulgated by the SAMR on March 10, 2022 and coming into effect on May 1, 2022, a manufacturer of medical device shall satisfy all of the following conditions:

(i) possessing production sites, environmental conditions, production equipment and professional technicians that are suitable for such medical device produced;

(ii) possessing organizations or professional examination staff and examination equipment that carry out quality examination for such medical device produced;

(iii) formulating a management system which ensures the quality of such medical device;

(iv) having capability of after-sale services that is suitable for such medical device produced; and

(v) satisfying the requirements as prescribed in respect of the production research and development and the production technique documents.

The enterprises engaging in the production of Class I medical devices shall make filings for such Class I medical devices with the drug supervision and administration departments of the local people's governments at the districted city level and submit proofing materials of qualification to engage in the production of such medical devices. The enterprises engaging in the production of Class II and Class III medical devices shall apply for production licenses to the drug supervision and administration departments of the local people's governments of the provinces, autonomous regions or municipalities, and submit proofing materials of qualification to engage in the production of such medical devices and registration certificates for such medical devices produced.

A production permit for a medical device is valid for five years and the registrant shall apply to the original departments that issued such permit for renewal within 90 to 30 working days prior to its expiration date.

The registrant or record-filing party of medical devices and entrusted manufacturer shall annually conduct comprehensive self-inspection on the operation of quality management system in accordance with the requirements of the Standards on Production and Quality Management and submit a self-inspection report to the drug supervision and administration departments of the local people's governments of the provinces, autonomous regions, municipalities or at the districted city level prior to March 31 in the following year. The enterprise shall establish the raw material procurement acceptance inspection recording system to ensure that relevant records are true, accurate, complete and traceable.

Production and Quality Management of Medical Devices

Pursuant to the Production Measures and the Standards on Production and Quality Management of Medical Devices (《醫療器械生產質量管理規範》) (the "**Standards on Production and Quality Management**") promulgated by the CFDA on December 29, 2014 and coming into effect on March 1, 2015, an enterprise engaging in the production of medical devices shall establish and effectively maintain a quality control system in accordance to the requirements of the Standards on Production and Quality Management. 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 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》) promulgated by the CFDA on September 25, 2015 and coming 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 rectify 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.

Commissioned Production of Medical Devices

Pursuant to the Regulations of Medical Devices (2021 Revision), a medical device registrant or filer may commission the enterprises that comply with the provisions of this regulation and meet corresponding conditions to produce medical devices. In case of commissioned production of medical devices, a medical device registrant or filer shall be responsible for the quality of the medical devices produced by the commissioned production enterprises, and strengthen the administration of the production by the commissioned production enterprises to ensure the compliance with the regulatory requirement. Commission agreements shall be concluded by the medical device registrant or filer with the commissioned production enterprises. On March 22, 2022, the NMPA issued the Guidelines for the Preparation of Quality Agreement for Commissioned Production of Medical Devices (《醫療器械委託生產質量協議編製指南》) (the "**Commission Guidelines**"). According to the Commission Guidelines, when a medical device registrant or filer commissions an enterprise with the corresponding qualifications to manufacture medical devices, it shall sign a "quality agreement for commissioned production of medical devices" with the commissioned manufacturer to clarify the rights, obligations and responsibilities to be assumed in the whole process of production. Parties governed by the Commission Guidelines shall choose to apply all or part of the Commission Guidelines for the formulation of quality agreements through consultation, in light of the actual situation of commissioned production; if necessary, relevant requirements other than the Commission Guidelines may also be added. The Commission Guidelines apply to the medical devices that have been filed or registered. The formulation of the "quality agreement for commissioned production" of the medical device samples at the research and development stage, may refer to the Commission Guidelines. During the Track Record Period and up to the Latest Practicable Date, our Company had never engaged any external subcontractors or contract manufacturers to produce the medical devices, and does not have any plan to do so in the near future. Therefore, the Commission Guidelines would not have any material impact on our Company's business operation.

Good Clinical Practice for Medical Devices

On March 1, 2016, the CFDA and the National Health and Family Planning Commission jointly promulgated the Good Clinical Practice for Medical Devices (《醫療器械臨床試驗質量管理規範》), which became effective on June 1, 2016. The regulation includes full procedures of clinical trial of medical devices, including, among others, the protocol design, conduction, monitoring, verification, inspection, and data collection, recording, analysis and conclusion and reporting procedure of a clinical trial. For conducting clinical trials of medical devices, an applicant shall organize to formulate scientific and reasonable clinical trial protocol based on the categories, risks and intended use of the medical

devices for the clinical study. The applicant shall be responsible for (i) organizing to develop and revise the researcher's manual, clinical trial protocol, informed consent form, case report form, relevant standard operating procedures and other relevant documents, and (ii) organizing necessary training for the clinical trials. The applicant shall select the clinical trial institutions and its researchers from the qualified medical device clinical trial institutions according to the characteristics of the medical devices to be used in the clinical study. As an applicant for clinical trials of medical devices, we are responsible for initiating, applying, organizing and monitoring such clinical trials, and shall be responsible for the authenticity and reliability of the clinical trials.

In order to further implement the Regulations of Medical Devices (2021 Revision), the new Good Clinical Practice for Medical Devices (《醫療器械臨床試驗質量管理規範》) (the "**2022 Good Clinical Practice**") was promulgated by the NMPA and the National Health Commission on March 24, 2022 and coming into effect on May 1, 2022. The 2022 Good Clinical Practice highlights the main responsibility of the sponsor, requires that the quality management system of the sponsor should cover the whole process of clinical trials of medical devices and the sponsor shall, according to the purpose of the clinical trial, comprehensively consider the risks, technical characteristics, application scope and expected use of the medical devices tested, and organize the formulation of scientific and reasonable clinical trial plans, and further simplifies relevant requirements and supporting documents, including but not limited to cancel the requirements that clinical trials of medical devices should be conducted in "two or more" medical device clinical trial institutions and the qualified product registration inspection report should only be valid for one year.

Guidelines for Clinical Trials of Transcatheter Aortic Valve Implantation

Pursuant to the Guidelines for Clinical Trials of Transcatheter Aortic Valve Implantation (《經導管植入式人工主動脈瓣膜臨床試驗指導原則》), promulgated by the NMPA on February 25, 2019, clinical trials of Trans-catheter Aortic Valve Implantation are divided into feasibility trials and confirmatory trials, and for new products for the first clinical application, feasibility trials shall be completed before confirmatory trials being carried out.

Permit for Medical Device 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》), promulgated by the SAMR on March 10, 2022 and coming into effect on May 1, 2022, an enterprise engaging in the operation of medical devices shall have business premises and storage conditions suitable for the operation scale and scope, and shall have a quality control department or personnel suitable for the medical devices it operates. No license or record is required for business operations of Class I medical devices. An enterprise engaged in the operation of Class II medical devices shall file with the municipal level drug supervision and administration department 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 Class III medical devices shall apply for an operation permit to the municipal level drug supervision and administration department and provide proofing materials for satisfying the relevant conditions of engaging in the operation of such medical devices.

The drug supervision and administration department which receives operation permit application shall grant the operation permit if the enterprise meets the prescribed requirements. An operation permit is valid for five years and may be renewed pursuant to the relevant regulations. An enterprise engaging in medical devices operation shall not operate any medical device that has not been legally registered or filed, without qualification certificate, outdated, invalid, or disqualified.

Special Procedures for Examination and Approval of Innovative Medical Devices

On October 8, 2017, the General Office of the CPC Central Committee and the General Office of the State Council jointly issued 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 aims to encourage the innovation for medical devices. Pursuant to the Opinions, the priority review and approval will be applicable to innovative medical devices supported by the National Science and Technology Major Projects and the National Key Research and Development Program of China, 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.

Pursuant to the Special Procedures for Examination and Approval of Innovative Medical Devices (《創新醫療器械特別審查程序》) which were promulgated by the NMPA on November 2, 2018 and came into effect on December 1, 2018, special procedures shall be applicable to the examination and approval for medical devices in the following circumstances: (i) 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; (ii) the applicant has developed the prototype product and completed the preliminary research under a true and controllable process that generated complete and traceable data; (iii) 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 value. 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, after which the NMPA shall give priority to the product in their administrative approval.

Procurement of Medical Devices

Pursuant to the Notice of the Ministry of Health on Further Strengthening the Administration of Centralized Procurement of Medical Devices (《衛生部關於進一步加強醫療器械集中採購管理的通知》) promulgated and became effective on June 21, 2007, all non-profit medical institutions organized by all levels of governments, all industries and state-owned enterprises shall participate in centralized procurement of medical devices. No medical institution may evade centralized procurement in any way. The centralized procurement of medical devices shall follow the basic principles of openness, fairness, equity and honesty, and procurement shall be conducted mainly by public tender.

Pursuant to the Notice of Opinions on Reform of Pricing System of Pharmaceuticals and Medical Services (《關於印發改革藥品和醫療服務價格形成機制的意見的通知》) issued on November 9, 2009, the management on the pricing of medical devices will be strengthened. For high-value medical devices, especially for implantable and interventional medical devices, reasonable price formation can be guided by measures such as limiting the price difference rate in circulation links and publishing market price information.

According to the Administrative Norms on Centralized Procurement of High-Value Medical Consumables (《高值醫用耗材集中採購工作規範(試行)》) issued on December 17, 2012, the online centralized procurement (the "**Centralized Procurement**") works of high-value medical consumables will be led by government and conducted by each province (region and municipality). Medical institutions and medical consumables production and operation enterprises shall make procurement through the Centralized Procurement platform established by each province (region and municipality). The administrative authorities in charge of the Centralized Procurement in each province (region and municipality) shall be responsible for formulating and preparing a Centralized Procurement list of high-value medical consumables within its administrative region. High-value medical consumables listed on the Centralized Procurement list may be procured by way of public tenders and invitational tenders or by other means stipulated by laws and regulations of the State.

On July 19, 2019, the General Office of the State Council issued the Circular 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》) (the "**Circular on High-Value Medical Consumables**"), the State Council officially proposed to strengthen the standardized administration of high-value medical consumables. It was required to explore the classification of high-value medical consumables in accordance with the principles of volume-based procurement, volume-price linkage, and promotion of market competition, and conduct centralized procurement.

On March 11, 2021, the National People's Congress approved the Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Vision for 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), proposing to promote the reform of centralized and large-scale procurement and use of drugs and consumables organized by the State and develop high-end medical devices. The Guiding Opinions on National Organization of Centralized Volume-based Procurement and Use of High-Value Medical Consumables (《關於開展國家組織高值醫用耗材集中帶量採購和使用的指導意見》) which was issued by National Healthcare Security Administration (the "**NHSA**") and other seven PRC authorities on April 30, 2021 clearly stipulates that some high-value medical consumables with increased clinical usage, high purchase amount, mature clinical use, sufficient market competition, and high level of homogeneity will be included in the scope of volume-based procurement. On May 24, 2021, the General Office of the State Council released Notice of the General Office of the State Council on the Key Tasks of Deepening the Reform of the Medical and Health System in 2021 (《國務院辦公廳關於深化醫藥衛生體制改革2021年重點工作任務的通知》), the State Council stipulated to expand the scope of volume-based procurement of high-value medical consumables.

Pursuant to the Key Control List of the First Batch of National High-value Medical Consumables (《第一批國家高值醫用耗材重點治理清單》) which was issued by the General Office of the National Health Commission on January 8, 2020, clarifies 18 types of high-value medical consumables for key control. Pursuant to the Notice on the Rapid Collection of the Second Batch of High-value Medical Consumables Centralized Procurement Data and Price Monitoring (《關於開展高值醫用耗材第二批集中採購數據快速採集與價格監測的通知》) which was issued by the NHSA on November 20, 2020, the list of the second batch of medical consumables mainly included six kinds of high-value consumables, such as artificial hip joints, artificial knee joints, defibrillators, occluders, orthopedic materials and staplers.

Two Invoice System

On December 26, 2016, eight government departments including the CFDA 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. The Notice requires public medical institutions to gradually implement the "Two Invoice System" for drug procurements and encourages other medical institutions to promote the "Two Invoice System" so that the "Two Invoice System" would strive to be widely promoted nationwide by 2018.

On March 5, 2018, six government departments including National Health Commission of the PRC issued the Notice on Consolidating the Achievements of Cancelling 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 released the Circular on High Value Medical Consumables, and local governments are encouraged to adopt the "Two Invoice System" to reduce the circulation steps of high-value medical consumables and other ways in light of the actual situation so as to promote the openness and transparency of purchases and sales.

Currently, some provinces including Fujian Province, Shaanxi Province and Anhui Province have implemented the "Two Invoice System" in the field of medical consumables. On 23 July, 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 "Two Invoice System." On 23 July, 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 the county shall begin to implement the "Two Invoice System" in the procurement of medical consumables from 1 August, 2018. On 15 November, 2017, five local government departments of Anhui Province including Food and Drug Administration of Anhui Province (安徽省食藥監局) 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)》), which stipulates that 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.

Reform Plan on High-Value Medical Consumables

According to the Circular on High-Value Medical Consumables, high-value medical consumables are defined as medical consumables directly used on human, with strict requirement on safety, in great demand clinically, relatively highly-priced, and that can pose heavy burdens on patients. The Circular on High-Value Medical Consumables releases several reform initiatives aiming at managing high-value medical consumables, including: (i) 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 in full life cycle of the high-value medical consumables, including but not limited to registration, procurement and usage, will be implemented by the NHSA, the National Medical Products Administration, and the National Health Commission of the PRC by the end of 2020; (ii) 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 Health Commission and the Ministry of Finance by the end of June 2020; (iii) the price markups placed on medical consumables at public hospitals will be abolished, and all medical consumables, including high-value medical consumables will be sold at procurement price at all public hospitals by the end of 2019; and (iv) the medical insurance payment policy shall be formulated and implemented by the NHSA, 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 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 Circular on High-Value Medical Consumables.

Overseas Clinical Trial Data of Medical Devices

On January 10, 2018, the CFDA issued the Technical Guidelines for Accepting Overseas Clinical Trial Data of Medical Devices (《接受醫療器械境外臨床試驗數據技術指導原則》) (the "**Technical Guidelines**"). According to the Technical Guidelines, the overseas clinical trial data refers to all research data or research data of the same stage which generated from the confirmation process of the safety and effectiveness of the medical devices to be registered in China under normal use conditions in the overseas clinical trial institutions in accordance with the requirements of the country (region) where the clinical trial is conducted.

Three basic principles to accept overseas clinical trial data are as follow: (i) Ethical principle: Overseas clinical trials shall follow the ethical guidelines established by the Declaration of Helsinki. Applicants are also required to state the ethics of the country (region) in which the clinical trial is conducted and codes and standards established by laws and regulations of the aforesaid country (region) or international codes and standards; (ii) Legal principle: Overseas clinical trials shall be conducted in a country (region) with clinical trial quality management, and are in accordance with the regulatory requirements for clinical trials of medical devices (including In vitro diagnostic reagents) in China; and (iii) Scientific principle: Overseas clinical trial data shall be true, scientific, reliable and traceable. Applicants shall provide complete trial data and shall not filter.

According to the Technical Guidelines, the overseas clinical trial data submitted by the applicant shall at least include clinical trial protocol, ethical opinions, and clinical trial report which shall include analysis and conclusions on the complete clinical trial data. If the overseas clinical trial data meets the relevant requirements of registration in China, and the data is scientific, complete and sufficient, such data will be accepted. If the overseas clinical trial data meets the basic requirements of the Technical Guidelines, but additional information needs to be supplemented according to the relevant technical requirements for registration in China, supplementary clinical trials can be conducted within or outside China. As the supplementary clinical trial data and original overseas clinical trial data are in accordance with the relevant technical requirements of registration in China after comprehensive evaluation, overseas clinical trial data will be accepted.

Advertisements of Medical Devices

According to the Regulations of Medical Devices (2021 Revision) and the Interim Administrative Measures for Censorship of Advertisements for Drugs, Medical Devices, Dietary Supplements and Foods for Special Medical Purpose (《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》) promulgated by the SAMR on December 24, 2019, which came into effect from March 1, 2020 and replaced the Measures for the Examination of Medical Devices Advertisements (《醫療器械廣告審查辦法》), the SAMR is responsible for organizing and guiding the censorship of medical device advertisements. The market supervision and administration departments and drug supervision and administration departments of the provinces, autonomous regions or municipalities are responsible for the censorship of medical device advertisements, and those departments may legally entrust other administrative authorities with specifically carrying out advertisement censorship. The medical device advertisements shall be true, legal and based on the instructions of the medical devices registered or filed with the department in charge of drug supervision and administration, and shall not contain any false, exaggerated or misleading contents. No medical device advertisements may be published without censorship by the authorities aforesaid and obtaining the advertisement approval numbers.

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 (《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, under which all employers in urban cities are required to enroll their employees in the Urban Employee Basic Medical Insurance Program and the insurance premium is jointly contributed by the employers and employees. Pursuant to the Opinions on the Establishment of the New Rural Cooperative Medical System (《關於建立新型農村合作醫療制度意見的通知》) forwarded 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 urban residents of the pilot district, rather than urban employees, may voluntarily join Urban Resident Basic Medical Insurance. In 2015, the PRC government announced 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 (《國務院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 non-working residents except for rural migrant workers and persons in flexible employment arrangements who participate in the basic medical insurance for urban employees.

With regard to reimbursement for medical devices and diagnostic tests, 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 [1999] No. 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 treatment devices and diagnostic tests where part of

the fees are paid through the basic medical insurance scheme. It also includes a negative list that precludes certain devices and medical services from governmental reimbursement. Detailed reimbursement coverage and rate for medical devices and medical services (including diagnostic tests and kits) are subject to each province's local policies.

Export Registration

Pursuant to the Rules on the Application and Issuance of Medical Device Exporting Certificate (《醫療器械產品出口證明申辦規定》) promulgated by the CFDA and coming into effect on January 6, 1996, the CFDA represents the PRC government to conduct inspections of safety and legality of the products manufactured by domestic enterprises (including the PRC enterprises, Sino-foreign equity joint ventures and foreign-owned enterprises) in accordance with the spirit of the Notice of the General Office of the State Council on Printing and Distributing the Functional Configuration, Internal Institutions and Staffing Plans of the State Administration of Medicine (Guo Ban Fa No. [1994] 66) (《國務院辦公廳關於印發〈國家醫藥管理局職能配置、內設機構和人員編製方案〉的通知》(國辦發[1994]66號)), and to grant Exporting Certificate in accordance with the international conventions so as to prove that such products have obtained legitimate production permit within Chinese territory. Medical Device Exporting Certificate granted by the CFDA must be used with the Safety and Quality Assurance Disclaimer issued by the manufacturers of such products at the same time, and such certificate shall not be used separately. Chinese version of the Exporting Certificate is regarded as the original copy and its English translation is deemed as a copy. Such certificate, except being specified for one time use, is valid for a term of two years.

If any of the following circumstances occurs to a production enterprise with medical device product that has obtained the Exporting Certificate, the CFDA may revoke such Exporting Certificate and inform such exporting country on a timely basis:

(i) the application document is found forfeited or the validity period has expired; or

(ii) the product received complaints from customers and such quality issue has been proved.

LAWS AND REGULATIONS RELATING TO PRODUCTION SAFETY AND PRODUCT LIABILITY

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 coming into effect on December 1, 2014, an enterprise shall provide production safety conditions as stipulated in this law 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 and institutions shall provide their employees with trainings 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.

On June 10, 2021, the Standing Committee of the NPC issued the Decision on Revising the Production Safety Law of the PRC, which came into effect on September 1, 2021. The latest revised Production Safety Law of the PRC requires the establishing, improving and implementing the production safety responsibility system with full participation of an enterprise, and enhances the penalties for illegal acts via continuous calculation on a daily basis, increasing amount of fines and imposing joint punishment on the enterprises or individuals with acts of dishonesty.

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》) amended by the Standing Committee of the NPC and coming into effect on December 29, 2018, seller shall be responsible for the repair, replacement or return of the product sold if (1) the product sold does not possess the properties for use that it should possess, and no prior and clear 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. If a consumer incurs losses as a result of purchased product, the seller shall compensate for such losses.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and became effective on January 1, 2021, where a patient suffers damage due to defects in drugs, disinfection products or medical devices, the patient may seek compensation from the drug marketing authorization holder, the manufacturer 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 drug marketing authorization holder or producer.

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》) was promulgated on October 31, 1993 and was amended on August 27, 2009 and October 25, 2013 to protect consumers' rights 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. Under the amendments made on October 25, 2013, all business operators must pay high attention to protecting customers' privacy and must strictly keep confidential any consumer information they obtain during their business operations. In addition, in extreme situations, pharmaceutical product manufacturers and operators may be subject to criminal liability if their goods or services lead to the death or injuries of customers or other third parties.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTIES

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) amended by the Standing Committee of the NPC on April 23, 2019 and coming 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 coming 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 registration of a trademark shall be valid for ten years from the date of approval. Upon the expiry of the trademark registration, a renewal shall be made in accordance with requirements within 12 months if necessary. If the renewal is not made within the stipulated period, the valid period may be extended for a further period of six months. Each renewal of registration of trademark shall be valid for ten years from the date of the expiry of the previous trademark registration. A trademark registrant may license others the right to use his/her trademark by entering into a trademark license agreement.

Patent

Pursuant to the Patent Law of the PRC (2020 Revision) (《中華人民共和國專利法(2020年修訂)》) (the "**Patent Law (2020 Revision)**") amended by the Standing Committee of the NPC on October 17, 2020 and coming 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 coming 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, utility patent shall be valid for ten years and design patent shall be valid for 15 years, all commencing 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.

Compared with the Patent Law of the PRC (2008 Revision) (《中華人民共和國專利法(2008年修訂)》), the main changes of the Patent Law of PRC (2020 Revision) are concentrated on the following aspects: (i) clarifying the incentive mechanism for inventor or designer relating to service inventions; (ii) extending the duration of design patent and establishing the domestic priority system for design patent applications; (iii) establishing a new system of "open licensing" (開放許可); (iv) strengthening the joint liability of internet service providers for network patent infringement; (v) improving the distribution of burden of proof in patent infringement cases; (vi) increasing the compensation for patent infringement, and (vii) establishing drug patent related system containing the compensation for delays in SIPO's patent review and establishing drug patent linkage system.

Domain Names

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 coming

into effect on November 1, 2017, the establishment of any domain name root server and institution for operating domain name root servers, managing the registration of domain name and providing registration services in relation to domain name 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. The registration of domain name shall follow the principle of "first apply first register." The Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部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 coming into effect on January 1, 2018 specifies the obligation of anti-terrorism and maintaining network security of internet information service providers.

LAWS AND REGULATIONS RELATING TO CYBERSECURITY

On December 28, 2021, the Cyberspace Administration of China (the "CAC"), and other twelve PRC regulatory authorities, jointly promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), which came into effect on February 15, 2022. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators (the "CIIOs") purchasing internet products and services and network platform operators engaging in data processing activities that affect or may affect national security, will be subject to the cybersecurity review. The Cybersecurity Review Measures further stipulates that network platform operators with personal information data of more than one million users that seek for listing abroad are obliged to apply for a cybersecurity review by the Cybersecurity Review Office. On November 14, 2021, the CAC published the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "Draft Regulations on Cyber Data Security"), which reiterates the circumstances under which data processors shall apply for cybersecurity review, including, among others, (i) the data processors who process personal information of at least one million users seek for listing abroad; and (ii) the data processors' listing in Hong Kong affects or may possibly affect national security. According to the Draft Regulations on Cyber Data Security, "cyber data" refers to any information that is electronically recorded, whereas "data processing activities" refers to activities such as data collection, storage, usage, processing, transmission, provision, disclosure and deletion. However, the Cybersecurity Review Measures and the Draft Regulations on Cyber Data Security provide no further explanation or interpretation for "network platform operators", "listing abroad" or "affect or may affect national security".

Pursuant to the Cybersecurity Law (《中華人民共和國網絡安全法》) which became effective on June 1, 2017 and the Regulations on Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) which became effective on September 1, 2021, the "CIIOs" refer to operators of important network facilities and information systems of important industries and sectors, such as public communications and information services, energy, transport, water conservation, finance, public services, e-government, and science and technology industry for national defense as well as other important network facilities and information systems that may significantly endanger national security, national economy and the people's livelihood and public interests if they are damaged or suffer from malfunctions, or if any leakage of data in relation thereto occurs. The competent departments and administration departments of such important industries and sectors shall be responsible for the security protection of critical information infrastructure (the "Protection Departments") and to formulate determination rules and determine the critical information infrastructure in the respective important industry and sector. The result of the determination of the critical information infrastructure shall be informed to the operator, and notify the public security department of the State Council.

As of the Latest Practicable Date: (i) we had not received any notification from the Protection Departments that it constitutes a CIIO; (ii) we considered that we had not engaged in any data processing activities that affect or may affect national security; and (iii) we had not been involved in any investigations in connection with cybersecurity made by the CAC or any other competent authorities with respect to our Group's business operations, and had not received any inquiry, notice, warning or sanctions in this regard. As advised by our PRC Legal Adviser, it is unlikely that we would be determined or identified as a CIIO as long as there is no material change to our Group's current business. In addition, based on the telephone consultation conducted with the Cybersecurity Review Office, our PRC Legal Adviser is of the view that our proposed Listing is unlikely to be considered as "listing abroad", and thus we had no current obligation to proactively apply for cybersecurity review for our application for the Listing under the Cybersecurity Review Measures.

Furthermore, we consider that our Group would be able to comply with the Cybersecurity Review Measures and the Draft Regulations on Cyber Data Security in all material respects, if the Draft Regulations on Cyber Data Security are implemented in their current form, on the basis that: (i) we has implemented comprehensive risk management policies, and we believes the part in terms of information risk management is in line with such requirements specified in the Cybersecurity Review Measures and the Draft Regulations on Cyber Data Security as currently stipulated; (ii) as advised by our Internal Control Consultant, we has taken reasonable and adequate technical and management measures to regulate confidentiality and privacy issues and prevent unauthorized access to or use of data; (iii) we conducts training on the confidentiality system and information security regularly; and (iv) we will continuously pay close attention to the legislative and regulatory development relating to cyber security and data protection, will maintain ongoing communication with relevant governmental authorities and will implement all necessary measures in a timely manner to ensure continuous compliance with relevant laws and regulations. Our PRC Legal Adviser is also of the view that there are no material obstacles for our Group to comply with the Cybersecurity Review Measures and the Draft Regulations on Cyber Data Security in all material respects as of the Latest Practicable Date, if the Draft Regulations on Cyber Data Security are implemented in their current form.

However, the Cybersecurity Review Measures and the Draft Regulations on Cyber Data Security were both released recently, certain provisions of which are still unclear and are subject to the finalization or clarifications by relevant authorities. We will closely monitor the legislative progress of the Draft Regulations on Cyber Data Security and seek guidance from relevant regulatory authorities in a timely manner to ensure we take the appropriate measures.

LAWS AND REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

Employment

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the Standing Committee of the NPC on July 5, 1994 and amended and coming 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 Standing Committee of the NPC on December 28, 2012 and coming 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 coming into effect on September 18, 2008, an employer shall strictly comply with the national standards, provide trainings to its employees, protect their labor rights and perform its labor obligations. An 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.

Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the Standing Committee of NPC on October 28, 2010, amended and coming into effect on December 29, 2018, the Administrative Regulations on Housing Provident Fund of the PRC (《中華人民共和國住房公積金管理條例》) amended by the State Council and coming into effect on March 24, 2019 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 coming 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 or subject to fine.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

Pursuant to the EIT Law (《中華人民共和國企業所得税法》) amended by the Standing Committee of the NPC and coming into effect on December 29, 2018 and the Implementation Rules of the EIT Law (《中華人民共和國企業所得税法實施條例》) amended by the State Council and coming 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. High and new technology enterprises which are supported by the State may enjoy a reduced EIT rate of 15%.

Value-Added Tax

The major PRC law and regulation governing value-added tax are the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例》) (issued on December 13, 1993 by the State Council, came into effect on January 1, 1994, and revised on November 10, 2008, February 6, 2016 and November 19, 2017), as well as the Implementation Rules for the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值税暫行條例實施細則》) (issued on December 25, 1993 by the Ministry of Finance, the "**MOF**", came into effect on the same day and revised on December 15, 2008 and October 28, 2011), any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The rate of VAT for sale of goods is 17% unless otherwise specified, such as the rate of VAT for sale of transportation is 11%. With the VAT reforms in the PRC, the rate of VAT has been changed several times. The MOF and the STA issued the Notice of on Adjusting VAT Rates (《關於調整增值税税率的通知》) on April 4, 2018 to adjust the tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods to 16% and 10%, respectively, this adjustment became effect on May 1, 2018. Subsequently, the MOF, the STA and the General Administration of Customs jointly issued the Announcement on Relevant Policies for

Deepening the VAT 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, which came into effect on April 1, 2019. The tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) which became effective on April 1, 1996 and was amended on January 14, 1997 and August 5, 2008. Foreign exchange payments under current account items shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

On November 19, 2012, the SAFE issued the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《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》), or the SAFE Circular 59, which came into effect on December 17, 2012 and was revised on May 4, 2015, October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 59 aims to simplify the foreign exchange procedure and promote the facilitation of investment and trade. According to the SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, as well multiple capital accounts for the same entity may be opened in different provinces. Later, the SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) in February 2015, which was partially abolished in December 2019 and prescribed that the bank instead of SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank.

On May 11, 2013, the SAFE issued the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》), or the SAFE Circular 21, which became effective on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 21 specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

According to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas listed with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance.

The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment 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 the SAFE Circular 19 promulgated on March 30, 2015, coming effective on June 1, 2015 and partially abolished on December 30, 2019, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to 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 loans between enterprises (including advances by third parties) or repay RMB bank loans that have been on lent to a third party; and (d) to purchase real estates 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 Account (《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 the 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, SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《國家外匯管理局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 cancelled 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 debts and overseas listing revenues 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 capital revenue management regulations.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall conduct spot checking in accordance with the relevant requirements.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

Pursuant to the PRC Company Law (《中華人民共和國公司法》) amended by the Standing Committee of the NPC and coming 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 shall also apply to foreign-invested companies. Where laws on foreign investment have other stipulations, such stipulations shall apply.

Pursuant to the Special Management Measures (Negative List) for the Access of Foreign Investment (2021 Version) (《外商投資准入特別管理措施(負面清單)(2021年版)》) promulgated by the NDRC and MOFCOM on December 27, 2021 and coming into effect on January 1, 2022, limitations were stipulated for foreign investments in different industries in the PRC and foreign investments shall be classified into two categories, namely "Catalog of Encouraged Industries for Foreign Investment" and "Special Management Measures (Negative List) for the Access of Foreign Investment." The "Special Management Measures (Negative List) for the Access of Foreign Investment" is further classified into "Catalog of Industries Limited for Foreign Investment" and "Catalog of Industries Prohibited for Foreign Investment." Industries which do not fall within the "Special Management Measures (Negative List) for the Access of Foreign Investment" are industries permitted for foreign investment.

The Interim Administrative Measures on the Record-filing of the Incorporation and Changes of Foreign-invested Enterprises (2018 Revision) (《外商投資企業設立及變更備案管理暫行辦法(2018年修訂)》) (the "**Interim Administrative Measures**") promulgated by the MOFCOM on June 29, 2018 and coming into effect on June 30, 2018 specify the incorporation and changes of foreign-invested enterprises which are not subject to the special management measures for the access of foreign investment implemented by the State. Foreign-invested enterprises or their investors shall provide true, accurate and complete information for filling and fill in undertakings for filing and reporting in accordance with these measures. No false statement, misleading statement or material omission is allowed.

On December 30, 2019, the MOFCOM and the SAMR issued the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020 and replaced the Interim Administrative Measures. Since January 1, 2020, for carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), (the "**Foreign Investment Law**"), was formally adopted by the 2nd session of the thirteenth National People's Congress on March 15, 2019, and became effective on January 1, 2020. The Foreign Investment Law is formulated to further expand opening-up, vigorously promote foreign investment and protect the legitimate rights and interests of foreign investors. According to the Foreign Investment Law, foreign investments are entitled to pre-entry national treatment and are subject to negative list management system. The pre-entry national treatment means that the treatment given to foreign investors and their investments at the stage of investment access is not lower than that of domestic investors and their investments. The negative list management system means that the state implements special management measures for the access of foreign investment in specific fields. Foreign investors shall not invest in any forbidden fields stipulated in the negative list and shall meet the conditions stipulated in the negative list before investing in any restricted fields.

Foreign investors' investment, earnings and other legitimate rights and interests within the territory of the PRC shall be protected in accordance with the law, and all national policies on supporting the development of enterprises shall equally apply to foreign-invested enterprises. The State guarantees that foreign-invested enterprises participate in the formulation of standards in an equal manner. The State guarantees that foreign-invested enterprises participate in government procurement activities through fair competition in accordance with the law. The State shall not expropriate any foreign investment except under special circumstances. In special circumstances, the State may levy or expropriate the investment of foreign investors in accordance with the law for the needs of the public interest. The expropriation and requisition shall be conducted in accordance with legal procedures and timely and reasonable compensation shall be given. In carrying out business activities, foreign-invested enterprises shall comply with relevant provisions on labor protection, social insurance, tax, accounting, foreign exchange and other matters stipulated in the PRC laws and regulation.

Upon taking effect on January 1, 2020, the Foreign Investment Law replaced the Sino-Foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-Owned Enterprises Law (《中華人民共和國外資企業法》) to become the legal foundation for foreign investment in the PRC.

On December 26, 2019, the State Council issued 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 came into effect on January 1, 2020 and replaced the Regulations 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-Owned 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》).

LAWS AND REGULATIONS RELATING TO OVERSEAS LISTING

On December 24, 2021, the CSRC released the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)》) (the "**Draft Overseas Listing Administration Provisions**") and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Enterprises (Draft for Comments) (《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》) (the "**Draft Overseas Listing Filing Measures**") for public comments, which require, among others, that PRC domestic enterprises that seek to list securities in overseas markets, either directly or indirectly, to file the required documents with the CSRC within three business days after its application for overseas listing is submitted. As of the Latest Practicable Date, the Draft Overseas Listing Administration Provisions and the Draft Overseas Listing Filing Measures had been released for public comments only and the final version and effective date of such regulations are subject to change with substantial uncertainty. To the best knowledge of us, we do not expect any legal impediment in complete the filing procedures if the Draft Overseas Listing Administration Provisions and the Draft Overseas Listing Filing Measures become effective in their current form.

LAWS AND REGULATIONS RELATING TO THE H SHARE FULL CIRCULATION

"Full circulation" means listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company ("**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 (Announcement of the CSRC [2019] No. 22) (《H股公司境內未上市股份申請"全流通"業務指引》(中國證券監督管理委員會公告[2019]22號)) ("**Guidelines for the 'Full Circulation'**").

According to the Guidelines for the "Full Circulation", 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". An H-share listed company may apply for "Full Circulation" separately or when applying for refinancing abroad. An unlisted domestic joint stock company may apply for "full circulation" when applying for an overseas initial public offering. After the application for "full circulation" has been approved by the CSRC, an 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 Co., Ltd. ("**CSDC**") of the shares related to the application has been completed.

On December 31, 2019, CSDC and Shenzhen Stock Exchange ("**SZSE**") jointly announced the Measures for Implementation of H-share "Full Circulation" Business (《H股"全流通"業務實施細則》) ("**Measures for Implementation**"). The businesses of cross-border 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 the 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, CSDC has promulgated the Circular on Issuing the Guide to the Program for Full Circulation of H-shares (《關於發布〈H股"全流通"業務指南〉的通知》) in February 2020, which specified the business preparation, account arrangement, cross-boarder share transfer registration and overseas centralized custody, etc. In February 2020, China Securities Depository and Clearing (Hong Kong) Co., Ltd. ("**CSDC (Hong Kong)**") also promulgated the Guide to the Program for Full Circulation of H-shares (《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 CSDC (Hong Kong), arrangement for settlement and delivery and other relevant matters.

EU AND FDA REGULATORY OVERVIEW

EU Regulatory Regime

Overview

As of the Latest Practicable Date, medical devices in the EU were primarily subject to the following regulations:

- Regulation (EU) 2017/745 (MDR) of the European Parliament and of the Council of 5 April 2017 on medical devices, amending Directive 2001/83/EC, Regulation (EC) No 178/2002 and Regulation (EC) No 1223/2009 and repealing Council Directives 90/385/EEC and 93/42/EE, which applies to medical devices other than *in vitro* diagnostic medical devices and has been fully applicable since May 26, 2021; and

- Regulation (EU) 2017/746 (IVDR) of the European Parliament and of the Council of 5 April 2017 on *in vitro* diagnostic medical devices and repealing Directive 98/79/EC and Commission Decision 2010/227/EU, which applies to *in vitro* diagnostic medical devices and will be fully applicable on May 26, 2022.

Classification of Medical Device

The EU classifies medical device products applicable in the MDR according to their nature, function, and intended purpose. Medical devices are divided into four categories: I, IIa, IIb, and III. Broadly speaking, low-risk medical devices belong to Class I, medium-risk medical devices belong to Class IIa and IIb, and high-risk medical devices belong to Class III.

FDA Regulatory Regime

Breakthrough Devices Program

The Breakthrough Devices Program is a voluntary program for certain medical devices that provide for more effective treatment or diagnosis of life-threatening or irreversibly debilitating diseases or conditions. The goal of the Breakthrough Devices Program is to provide patients and health care providers with timely access to these medical devices by speeding up their development, assessment and review, while preserving the statutory standards for 510(k) clearance, premarket approval, and de novo marketing authorization, in order to protect and promote public health.

The Breakthrough Devices Program offers manufacturers an opportunity to interact with the FDA's experts through several different program options to efficiently address topics as they arise during the premarket review phase, which can help manufacturers receive feedback from the FDA and identify areas of agreement in a timely way. Manufacturers can also expect prioritized review of their submission.

INTRODUCTION

Overview

We are a China-based medical device company dedicated to the development of interventional products for the treatment of structural heart diseases.

Our Company was established in the PRC in November 2011 and is focused on the development of innovative products for the treatment of structural heart diseases. Our executive Director, chairman of the Board, chief executive officer and chief technology officer, Mr. Lv has led the operations and management of our Company since he joined our Group in January 2013. For more details of the experience and qualifications of Mr. Lv, please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus. Mr. Lv and Ms. Li, as Concert Parties, have been our Controlling Shareholders throughout the Track Record Period. For more details of the concert party arrangement, please refer to the paragraphs headed "Concert Party Arrangement" in this section.

On September 29, 2020, we acquired 100% equity interests in Ningbo Diochange and it became our wholly-owned subsidiary. Ningbo Diochange was established in the PRC in January 2014 and is focused on the development of innovative medical devices for the treatment of heart failure. Ningbo Diochange has been held as to more than 30% by the Concert Parties since its establishment and Ningbo Diochange has been consolidated into our Group by way of business combination under common control throughout the Track Record Period under merger accounting. Given that both our Company and Ningbo Diochange were held as to more than 30% by the Concert Parties, and that the operations and management of both of our Company and Ningbo Diochange were led and overseen by Mr. Lv, we carried out the Reorganization through the Equity Swap for the purpose of achieving greater operational synergies between the two entities. For details of the Equity Swap, please refer to the paragraphs headed "Reorganization" in this section.

Business Milestones

The following table illustrates the key milestones of our business and corporate developments:

Time	Milestone
2011	Our Company was incorporated in the PRC with limited liability in November.
2014	We initiated the research and development of Ken-Valve, AnchorValve, LuX-Valve and MitraPatch.
2016	Our technology "animal-derived tissues or organs immunogenicity elimination and anti-calcification value technologies" (動物源組織或器官免疫原性消除及防鈣化技術) (project number: 2016YFC1100900), a technology widely used in heart valve products, was enlisted in the National Key Research and Development Program (國家重點研發計劃) of the Ministry of Science and Technology (科技部) in June.
2017	We initiated the research and development of KenFlex in August.

Time	Milestone
2018	We completed the implantation of LuX-Valve in the first human subject in September.
	We completed the implantation of Ken-Valve in the first human subject in October.
	We initiated the research and development of LuX-Valve Plus in November.
	We completed our Series A Financing and raised RMB50 million in December.
2019	LuX-Valve was admitted into the Green Path by the NMPA in January.
	We initiated the multi-center feasibility clinical trial for Ken-Valve in May.
	LuX-Valve, was awarded the second prize (二等獎) in the China Innovation and Entrepreneurship Competition (中國醫療器械創新創業大賽) in October.
	LuX-Valve was a finalist in the TCT Shark Tank competition globally in September, being the first Chinese product to be enlisted in this competition.
	We initiated the research and development of JensT-Clip and JensClip.
2020	We initiated the multi-center feasibility clinical trial for LuX-Valve in June.
	We were awarded the Subramanian Innovation Award by the International Society for Minimally Invasive Cardiothoracic Surgery ("**ISMICS**") in June.
	We completed the Equity Swap and Ningbo Diochange became our wholly-owned subsidiary in September under merger accounting.
	We completed the multi-center feasibility clinical trial for LuX-Valve in September.
	We initiated the confirmatory clinical trial for LuX-Valve in October.
	We completed our Series B Financing and raised RMB400 million in October.
2021	We initiated the confirmatory clinical trial for Ken-Valve in March.
	We completed our Series C Financing and raised USD163,636,300 in May.
	We completed the subject enrollments of confirmatory clinical trial of LuX-Valve in August.
	Shanghai Xuanmai, a non-wholly owned subsidiary of our Company, was established in November.
2022	We completed the subject enrollments of confirmatory clinical trial of Ken-Valve in March.

CORPORATE DEVELOPMENT

Establishment of Our Company and Initial Equity Transfer

Our Company was established in the PRC on November 8, 2011 with an initial registered capital of RMB1,000,000. Upon incorporation, the sole shareholder of our Company was Ms. XIE Youpei ("**Ms. Xie**"), our non-executive Director. Ms. Xie and Ms. Li are friends and they communicate from time to time on business management experience and potential investment opportunities. Upon preliminary communication of investment ideas with Ms. Li, our Company was established as a shell company by Ms. Xie using her own funds at the time for potential future use without a concrete plan for the specific business segment or purposes. At around similar time, Ms. Li decided to establish an investment platform, Ningbo Linfeng, to cover potential investments in healthcare and technology industries with other minority shareholders, including Ms. Xie who has been a founding minority shareholder of Ningbo Linfeng since November 2011. As of the Latest Practicable Date, Ningbo Linfeng is held by Shanghai Shidi (a company wholly-owned by Ms. Li), Ms. WANG Tingxiang (王婷香), Mr. LI Yao (李堯), Mr. XIE Changqing (謝長慶), Mr. LOU Junjian (樓君建), Ms. Xie and Mr. YUAN Jiang (元江) as to 65%, 20%, 5%, 2.5%, 2.5%, 2.5% and 2.5%, respectively. Save for Ms. Xie who is our non-executive Director and Ms. WANG Tingxiang who is the mother-in-law of Ms. Li, the other individuals are Independent Third Parties.

In or around January 2012, Ms. Li (i) wanted to establish a company as a subsidiary of Ningbo Linfeng for the business activities of our Company and (ii) given Ms. Xie's financial management background, invited Ms. Xie to join the board of such company to provide advice on corporate and business strategies and to provide supervision and guidance on financial matters. Upon discussing with Ms. Xie on this business venture, both Ms. Li and Ms. Xie agreed that it was quicker and more convenient for them to use our Company than having to establish a new company since our Company was then newly established with no business operations. As advised by our PRC Legal Adviser, under the applicable laws and regulations at the time, as compared to registration of equity transfer, establishment of a new company would take additional time as it required extra steps including: (1) apply for name verification and obtain clearance for the proposed name; (2) open bank account for capital verification and engage professional third parties to verify capital and issue capital verification report; (3) provision of address proof; and (4) other administrative steps such as obtaining company seal and handling tax registration.

As a result, shortly after our Company was established and pursuant to an equity transfer agreement dated February 2, 2012, Ms. Xie transferred the registered capital of RMB1,000,000 in our Company, representing 100% equity interest, to Ningbo Linfeng at the par value of RMB1,000,000. Ms. Xie continued to remain on the Board as a director appointed by Ningbo Linfeng which was then the sole shareholder of our Company but decided to transfer the entire registered capital because: (i) she believed that she can leverage on her financial management expertise and contribute to the business venture of our Company in her role as a director; (ii) the commercial understanding between Ms. Li and Ms. Xie for Ningbo Linfeng to be the investment holding vehicle of Ms. Li and other minority shareholders including Ms. Xie; (iii) it suited Ms. Xie's investment strategy to hold indirect equity interest through Ningbo Linfeng instead of holding direct equity interest in our Company upon commencement of its business activities.

Upon completion of the equity transfer on February 16, 2012, our Company became wholly-owned by Ningbo Linfeng, a company indirectly controlled by Ms. Li. As advised by our PRC Legal Adviser, the historical arrangements, namely, the establishment of our Company by Ms. Xie in November 2011 and

the equity transfer of the entire equity interest of our Company by Ms. Xie to Ningbo Linfeng, were in compliance with all applicable laws and regulations in the PRC.

Ms. Li is an industry investor and is one of our Controlling Shareholders upon Listing. Mr. Wu was a director of LifeTech Scientific Corporation (1302.hk) ("**LifeTech**") from September 2006 to March 2016 and became acquainted with Mr. Lv when Mr. Lv served as a vice general manager of Lifetech Scientific (Shenzhen) Co., Ltd., a wholly-owned subsidiary of LifeTech Scientific Corporation, from January 2003 to February 2009. To the best of our Directors' knowledge, there is no past and present relationship between Ms. Xie, Ms. Li and LifeTech. Save as being a director of LifeTech from September 2006 to March 2016 and an indirect minority shareholder of LifeTech as of the Latest Practicable Date, Mr. Wu does not have any other past and present relationship with LifeTech. We have not used LifeTech's proprietary technologies in any of our products. We have entered into a cornerstone investment agreement (the "**Cornerstone Investment Agreement**") with LifeTech. For further details, please see "Cornerstone Investment" in this prospectus. Save for the Cornerstone Investment Agreement, our Company has no business and other relationship with and is independent from LifeTech.

As of the Latest Practicable Date, save for her minority interest as a 2.5% shareholder of Ningbo Linfeng, Ms. Xie does not own any interests in our Group and its subsidiaries, or in any of our Company's patents. Ms. Xie was re-designated as our non-executive Director in May 2021. Since (i) Ms. Xie is a full-time employee of Romon Co., Ltd. (羅蒙集團股份有限公司) and she does not engage in the day-to-day business activities and management of our Company, and (ii) the long history of Ms. Xie's directorship in our Company and her indirect interest in our Company as a 2.5% shareholder of Ningbo Linfeng, our Company considered that it was not appropriate for her to be re-designated as an executive Director or an independent non-executive Director.

Capital Increase in 2012

Pursuant to the shareholder's resolutions dated November 10, 2012, the registered capital of our Company was increased from RMB1,000,000 to RMB6,000,000. Amongst the increased registered capital of RMB5,000,000, Ningbo Linfeng, Mr. YE Xuli, Ms. LIANG Bing, Ms. ZHANG Xiaoyan, Ms. CHEN Xuemei and Ms. YUAN Dan subscribed for RMB1,700,000, RMB1,980,000, RMB600,000, RMB480,000, RMB180,000 and RMB60,000, all at par value, respectively. Each of the individual subscribers was an individual investor who was an Independent Third Party prior to their investment in our Company. Upon completion of the capital increase and subscription on November 21, 2012, the shareholding structure of our Company was as follows:

Shareholder	Registered Capital (RMB)	Equity Interest
Ningbo Linfeng	2,700,000	45.00%
Mr. YE Xuli[(1)]	1,980,000	33.00%
Ms. LIANG Bing	600,000	10.00%
Ms. ZHANG Xiaoyan	480,000	8.00%
Ms. CHEN Xuemei	180,000	3.00%
Ms. YUAN Dan	60,000	1.00%
Total	**6,000,000**	**100.00%**

Note (1): Mr. YE Xuli is a nephew and nominee shareholder of Mr. Lv. Mr. Lv fully funded the subscription for registered capital in our Company and Mr. Ye has exercised the voting rights in our Company pursuant to the instructions of Mr. Lv. On March 2, 2017, the nominee shareholding arrangement was terminated and Mr. Ye transferred back the RMB1,980,000 registered capital to Ningbo Dixiang, a company owned as to 98% by Mr. Lv and 2% by Mr. Ye, at par value (which was waived as this was a termination of nominee shareholding arrangement).

Equity Transfer and Capital Increase in 2017

Pursuant to an equity transfer agreement dated March 2, 2017, Mr. YE Xuli transferred the RMB1,980,000 registered capital he held in our Company, representing 33.00% equity interest, to Ningbo Dixiang at par value (which was waived as this was a termination of nominee shareholding arrangement). Ningbo Dixiang is a limited company established in the PRC and is owned as to 98% by Mr. Lv.

Pursuant to the shareholders' resolutions dated March 7, 2017, the registered capital of our Company was increased from RMB6,000,000 to RMB12,000,000. Amongst the increased registered capital of RMB6,000,000, Shanghai Shidi, Ningbo Dixiang, Ningbo Maishang Investment L.P. (Limited Partnership) (寧波脈尚投資合夥企業(有限合夥)) ("**Ningbo Maishang**"), Ms. LIANG Bing, Ms. YUAN Dan and Mr. MA Ji subscribed for RMB2,700,000, RMB420,000, RMB1,980,000, RMB480,000, RMB60,000 and RMB360,000, all at par value, respectively. Shanghai Shidi is a limited company established in the PRC and is wholly-owned by Ms. Li. Ningbo Maishang is a limited partnership established in the PRC and is controlled by Ningbo Dixiang as its sole general partner. Mr. MA Ji is an individual investor who was an Independent Third Party.

Upon completion of the abovementioned equity transfer and capital increase on April 19, 2017, the shareholding structure of our Company was as follows:

Shareholder	Registered Capital (RMB)	Equity Interest
Ningbo Linfeng *Note*	2,700,000	22.50%
Shanghai Shidi *Note*	2,700,000	22.50%
Ningbo Dixiang *Note*	2,400,000	20.00%
Ningbo Maishang *Note*	1,980,000	16.50%
Ms. LIANG Bing	1,080,000	9.00%
Ms. ZHANG Xiaoyan	480,000	4.00%
Mr. MA Ji	360,000	3.00%
Ms. CHEN Xuemei	180,000	1.50%
Ms. YUAN Dan	120,000	1.00%
Total	**12,000,000**	**100.00%**

Note: The total registered capital controlled by the Concert Parties was RMB9,780,000, amounting to 81.50% equity interest in our Company.

Equity Transfers, Series A Financing and Capitalization in 2018

Pursuant to the equity transfer agreements dated March 15, 2018 entered into between Ningbo Sangdi and each of Ningbo Dixiang, Ms. ZHANG Xiaoyan and Ms. CHEN Xuemei, Ningbo Sangdi acquired the registered capital of RMB2,400,000 held by Ningbo Dixiang, the registered capital of RMB480,000 held by Ms. ZHANG Xiaoyan, and the registered capital of RMB180,000 held by Ms. CHEN Xuemei, all at par value. Ningbo Sangdi is one of our ESOP Platforms, for details, please refer to the paragraphs headed "Employee Incentive Platforms" in this section.

Pursuant to an equity transfer agreement entered into between Ningbo Maishang and Ningbo Mukang, and an equity transfer agreement entered into between Ms. LIANG Bing and Ningbo Kefeng, both dated March 15, 2018, (1) Ningbo Mukang acquired the registered capital of RMB1,980,000 held by Ningbo Maishang; and (2) Ningbo Kefeng acquired the registered capital of RMB1,080,000 held by Ms. LIANG Bing, all at par value. Each of Ningbo Mukang and Ningbo Kefeng is a limited partnership established in the PRC and is controlled by Ningbo Dixiang as its sole general partner. The only limited partner of Ningbo Mukang is Mr. Lv who has 96.60% partnership interest and the only limited partner of Ningbo Kefeng is Mr. Wu Xudong (吳旭東) who has 98.79% partnership interest. Mr. Wu Xudong is an Independent Third Party. Mr. Lv's interests in Ningbo Mukang and Ningbo Kefeng are for his personal benefit.

Pursuant to a capital increase agreement dated March 30, 2018 by and amongst our Company, the following Series A Investors and the then existing Shareholders of our Company, the registered capital of our Company was increased from RMB12,000,000 to RMB13,622,100 in two tranches. Amongst the increased registered capital of RMB1,622,100, each of Hangzhou Chende Investment L.P. (Limited Partnership) (杭州辰德投資合夥企業(有限合夥)) ("**Hangzhou Chende**") and Suzhou Chenzhide Investment L.P. (Limited Partnership) (蘇州辰知德投資合夥企業(有限合夥)) ("**Suzhou Chenzhide**", together with Hangzhou Chende, the "**Series A Investors**") subscribed for RMB750,000 registered capital for a consideration RMB25,000,000 in two equal tranches on April 19, 2018 and November 5, 2018 (the "**Series A Financing**") and Ningbo Linfeng subscribed for RMB122,100 registered capital by converting the RMB4,070,000 shareholder's loan it had previously provided to our Company into equity (the "**Capitalization**") on April 19, 2018. The consideration of the Series A Financing was determined after arm's length negotiations between our Company and the Series A Investors with reference to the then status of the business development of our Company. For further details, see "— Pre-IPO Investments" in this section.

Upon completion of the abovementioned equity transfers on March 26, 2018, and the Series A Financing and Capitalization on November 5, 2018, the shareholding structure of our Company was as follows:

Shareholder	Registered Capital (RMB)	Equity Interest
Ningbo Linfeng *Note*	2,822,100	20.72%
Shanghai Shidi *Note*	2,700,000	19.82%
Ningbo Sangdi *Note*	3,060,000	22.46%
Ningbo Mukang *Note*	1,980,000	14.54%
Ningbo Kefeng *Note*	1,080,000	7.93%
Hangzhou Chende	750,000	5.51%
Suzhou Chenzhide	750,000	5.51%
Mr. MA Ji	360,000	2.64%
Ms. YUAN Dan	120,000	0.88%
Total	**13,622,100**	**100.00%**

Note: The total registered capital controlled by the Concert Parties was RMB11,642,100, amounting to approximately 85.47% equity interest in our Company.

Equity Transfers in 2019

Pursuant to an equity transfer agreement dated December 28, 2018 by and amongst our Company, Ningbo Linfeng, Ningbo Mukang, Hangzhou Proxima Innovative Investment L.P. (Limited Partnership) (杭州比鄰星創新投資合夥企業(有限合夥)) ("**Hangzhou Proxima**"), each of Ningbo Linfeng and Ningbo Mukang transferred RMB204,331.5 registered capital it held in our Company, representing 1.5% equity interest, to Hangzhou Proxima for a consideration of RMB6,811,050 each. The consideration was determined with reference to the share value as adopted in the Series A Financing. The equity transfers were completed on February 18, 2019.

Equity Transfers and Capital Increases in 2020

Equity Transfer to Mr. Lv

Pursuant to an equity transfer agreement dated September 1, 2020, Ningbo Linfeng transferred the RMB1,362,210 registered capital it held in our Company, representing 10% equity interest, to Mr. Lv, at par value. The equity transfer was completed on September 10, 2020.

Capital Increase Pursuant to Reorganization

Pursuant to the shareholders' resolutions dated September 15, 2020, the registered capital of our Company was increased from RMB13,622,100 to RMB16,026,000. Among the increased registered capital of RMB2,403,900, Mr. Lv, Ningbo Linfeng and Mr. Wu Danke subscribed for RMB1,330,078, RMB833,432 and RMB240,390 registered capital, respectively. In consideration of the subscription, each of Mr. Lv, Ningbo Linfeng and Mr. Wu Danke transferred the equity interests they held in Ningbo Diochange to our Company pursuant to the Reorganization. The capital increase and subscription was completed on September 27, 2020. For more details of the Reorganization, see "— Reorganization" in this section.

Capital Increase and Subscription by ESOP Platform

Pursuant to the shareholders' resolutions dated September 25, 2020, the registered capital of our Company was increased from RMB16,026,000 to RMB18,854,117.65 and the increased registered capital of RMB2,828,117.65 was subscribed by Hainan Maidi at par value. Hainan Maidi is one of our ESOP Platforms. For details, see "— Employee Incentive Platforms" in this section.

Upon completion of the abovementioned capital increases on September 29, 2020, the shareholding structure of our Company was as follows:

Shareholder	**Registered Capital (RMB)**	**Equity Interest**
Ningbo Linfeng *Note*	2,088,990.50	11.08%
Shanghai Shidi *Note*	2,700,000.00	14.32%
Ningbo Sangdi *Note*	3,060,000.00	16.23%
Hainan Maidi *Note*	2,828,117.65	15.00%
Mr. Lv *Note*	2,692,288.00	14.28%
Ningbo Mukang *Note*	1,775,668.50	9.42%
Ningbo Kefeng *Note*	1,080,000.00	5.73%
Hangzhou Chende	750,000.00	3.98%
Suzhou Chenzhide	750,000.00	3.98%
Hangzhou Proxima	408,663.00	2.17%
Mr. MA Ji	360,000.00	1.91%
Mr. WU Danke	240,390.00	1.28%
Ms. YUAN Dan	120,000.00	0.64%
Total	**18,854,117.65**	**100.00%**

Note: The total registered capital controlled by the Concert Parties was RMB16,225,064.65, amounting to approximately 86.06% equity interest in our Company.

Equity Transfers in 2020

Pursuant to a convertible loan agreement dated July 26, 2020, Suzhou Proxima Venture Investment L.P. (Limited Partnership) (蘇州比鄰星創業投資合夥企業(有限合夥)) ("**Suzhou Proxima**"), GP Healthcare Equity Investment L.P. (Limited Partnership) (上海金浦醫療健康股權投資合夥企業(有限合夥)) ("**GP Healthcare Capital II Fund**") and Suzhou Chenzhide provided convertible loans of principal amount of RMB20,000,000, RMB20,000,000 and RMB10,000,000 to Ningbo Linfeng, which has then provided the same loans to our Company on September 4, 2020. Our Company has repaid such loans to Ningbo Linfeng on November 6, 2020.

Pursuant to the terms and conditions of the convertible loan agreement, on September 29, 2020, Ningbo Linfeng transferred RMB256,518.61, RMB256,518.61 and RMB128,259.3 registered capital it held in our Company, to Suzhou Proxima, GP Healthcare Capital II Fund and Suzhou Chenzhide, for a consideration of RMB20,000,000, RMB20,000,000 and RMB10,000,000, respectively. The consideration was set off against the loans provided to Ningbo Linfeng. The equity transfers were completed on September 30, 2020.

Series B Financing

Pursuant to an equity transfer and capital increase agreement dated October 14, 2020, the registered capital of our Company was increased from RMB18,854,117.65 to RMB22,445,378.15, for a total subscription price of RMB400 million. Details of the subscription of the increased registered capital by the following Series B Investors (the "**Series B Financing**") was as follows:

Series B Investors	**Amount of Registered Capital (RMB)**	**Subscription Price (RMB)**
Zhuhai Yuheng Equity Investment L.P. (Limited Partnership) (珠海嶼恒股權投資合夥企業(有限合夥)) ("**Zhuhai Yuheng**")	1,077,378.15	120,000,000
Qiushixingde (Tianjin) Investment Center (Limited Partnership) (秋實興德(天津)投資中心(有限合夥)) ("**Qiushixingde**")	987,596.64	110,000,000
China Life Chengda (Shanghai) Healthcare Equity Investment Center (Limited Partnership) (國壽成達(上海)健康產業股權投資中心(有限合夥)) ("**China Life Chengda**")	897,815.13	100,000,000
Beijing PICC Healthcare Investment Fund, L.P. (北京人保健康養老產業投資基金(有限合夥)) ("**Beijing PICC**")	448,907.56	50,000,000
CICC Pucheng Investment Co., Ltd. (中金浦成投資有限公司) ("**CICC Pucheng**")	179,563.02	20,000,000
Total	**3,591,260.50**	**400,000,000**

The consideration for the Series B Financing was determined after arm's length negotiations between the relevant parties with reference to the then status of the business development of our Company.

Concurrently with the abovementioned capital increase, certain existing Shareholders transferred their equity interests to the following purchasers (the "**Concurrent Equity Transfers**"):

Selling Shareholder	Purchaser	Amount of registered capital sold	Equity interest	Consideration
Ningbo Sangdi	Tianjin Fanchuan Management Consulting L.P. (Limited Partnership) (天津梵川管理諮詢合夥企業(有限合夥)) ("**Tianjin Fanchuan**")	RMB632,460.88	3.35%	RMB63,400,000
	Suzhou Chenzhide	RMB94,270.59	0.50%	RMB9,450,000
	Beijing PICC	RMB1,697.37	0.01%	RMB170,000
Mr. MA Ji	Zhuhai Yuheng	RMB188,541.18	1.00%	RMB18,900,000
Ningbo Kefeng	Shanghai Changxiang Medical Technology Center (Limited Partnership) (上海暢想醫療科技中心(有限合夥)) ("**Shanghai Changxiang**")	RMB177,567.88	0.94%	RMB17,800,000
	Zhuhai Yuheng	RMB10,973.30	0.06%	RMB1,100,000
Ms. YUAN Dan	Shanghai Changxiang	RMB21,946.59	0.12%	RMB2,200,000
	Beijing PICC	RMB98,053.41	0.52%	RMB9,830,000

The consideration for the Concurrent Equity Transfers was determined after arm's length negotiations between the relevant parties with reference to the share value adopted in the Series B Financing and taking into consideration the limited special rights attached to the existing shares purchased under the Concurrent Equity Transfers, as compared with the special rights enjoyed by the Series B Investors. For further details, see "— Pre-IPO Investments" in this section.

Upon completion of the Series B Financing and the Concurrent Equity Transfers on October 29, 2020, the shareholding structure of our Company was as follows:

Shareholder	Registered Capital (RMB)	Equity Interest
Hainan Maidi *Note*	2,828,117.65	12.60%
Shanghai Shidi *Note*	2,700,000.00	12.03%
Mr. Lv *Note*	2,692,288.00	11.99%
Ningbo Sangdi *Note*	2,331,571.16	10.39%
Ningbo Mukang *Note*	1,775,668.50	7.91%
Ningbo Linfeng *Note*	1,447,693.98	6.45%
Ningbo Kefeng *Note*	891,458.82	3.97%
Zhuhai Yuheng	1,276,892.63	5.69%
Qiushixingde	987,596.64	4.40%
Suzhou Chenzhide	972,529.89	4.33%
Hangzhou Chende	750,000.00	3.34%
China Life Chengda	897,815.13	4.00%
Tianjin Fanchuan	632,460.88	2.82%
Beijing PICC	548,658.34	2.44%
Hangzhou Proxima	408,663.00	1.82%
Suzhou Proxima	256,518.61	1.14%
GP Healthcare Capital II Fund	256,518.61	1.14%
Mr. WU Danke	240,390.00	1.07%
Shanghai Changxiang	199,514.47	0.89%
CICC Pucheng	179,563.02	0.80%
Mr. MA Ji	171,458.82	0.76%
Total	**22,445,378.15**	**100.00%**

Note: The total registered capital controlled by the Concert Parties was RMB14,666,798.11, amounting to approximately 65.34% equity interest in our Company.

Equity Transfer and Capital Increase in 2021

Equity Transfer in 2021

Pursuant to an equity transfer agreement dated December 20, 2020, Ningbo Sangdi transferred RMB210,000 registered capital it held in our Company, representing approximately 0.94% equity interest, to Tianjin Fanshi Management Consulting L.P. (Limited Partnership) (天津梵石管理諮詢合夥企業(有限合夥)) ("**Tianjin Fanshi**") for a consideration of RMB21,051,100. The consideration was determined with reference to the transfer of shares by the selling shareholders under the Concurrent Equity Transfers. The equity transfer was completed on January 25, 2021.

Capital Increase and Subscription by ESOP Platform

Pursuant to the shareholders' resolutions dated February 25, 2021, the registered capital of our Company was increased from RMB22,445,378.15 to RMB24,689,915.97 and the increased registered capital of RMB2,244,537.82 was subscribed by Hainan Hualing Investment L.P. (Limited Partnership) (海南華翎投資合夥企業(有限合夥)) ("**Hainan Hualing**") at par value. Hainan Hualing is one of our ESOP Platforms. The capital increase was completed on February 25, 2021.

Upon completion of the abovementioned equity transfer and capital increase, the shareholding structure of our Company was as follows:

Shareholder	**Registered Capital (RMB)**	**Equity Interest**
Hainan Maidi *Note*	2,828,117.65	11.45%
Shanghai Shidi *Note*	2,700,000.00	10.94%
Mr. Lv *Note*	2,692,288.00	10.90%
Ningbo Sangdi *Note*	2,121,571.16	8.59%
Ningbo Mukang *Note*	1,775,668.50	7.19%
Ningbo Linfeng *Note*	1,447,693.98	5.86%
Ningbo Kefeng *Note*	891,458.82	3.61%
Hainan Hualing	2,244,537.82	9.09%
Zhuhai Yuheng	1,276,892.63	5.17%
Qiushixingde	987,596.64	4.00%
Suzhou Chenzhide	972,529.89	3.94%
Hangzhou Chende	750,000.00	3.04%
China Life Chengda	897,815.13	3.64%
Tianjin Fanchuan	632,460.88	2.56%
Beijing PICC	548,658.34	2.22%
Hangzhou Proxima	408,663.00	1.66%
Suzhou Proxima	256,518.61	1.04%
GP Healthcare Capital II Fund	256,518.61	1.04%
Mr. WU Danke	240,390.00	0.97%
Tianjin Fanshi	210,000.00	0.85%
Shanghai Changxiang	199,514.47	0.81%
CICC Pucheng	179,563.02	0.73%
Mr. MA Ji	171,458.82	0.69%
Total	**24,689,915.97**	**100.00%**

Note: The total registered capital controlled by the Concert Parties was RMB14,456,798.11, amounting to approximately 58.54% equity interest in our Company.

Joint Stock Reform

Pursuant to the shareholders' resolutions dated February 26, 2021 and the Promoters' agreement dated March 22, 2021 and, the then existing Shareholders of our Company agreed to convert our Company into a joint stock limited liability company with a registered capital of RMB360,000,000. According to the audit report of our Company upon joint stock reform and capital verification report of our Company upon joint stock reform prepared by Ernst & Young Hua Ming LLP, as at February 28, 2021, the net asset value of our Company amounted to RMB375,081,725.75, of which RMB360,000,000 has been converted into 360,000,000 Shares of RMB1.0 par value each, and issued to the then Shareholders of our Company in proportion to their capital contribution to our Company. The remaining amount of RMB15,081,725.75 was converted to capital reserve. Upon the completion of registration with the Ningbo Administration for Market Regulation (寧波市市場監督管理局) on March 23, 2021, our Company was converted into a joint stock company with limited liability, and renamed as Jenscare Scientific Co., Ltd. (寧波健世科技股份有限公司).

Series C Financing

Pursuant to a capital increase agreement dated April 26, 2021 by and amongst our Company and the following Series C Investors and the then existing shareholders of our Company, our registered share capital was increased from RMB360,000,000 to RMB409,090,890, for a total subscription price of USD163,636,300. Details of the subscription of the increased registered capital by the following Series C Investors (the "**Series C Financing**") was as follows:

Series C Investors	Amount of Registered Capital (RMB)	Subscription Price (USD)
AUT-VII HK Holdings Limited	21,750,000	72,500,000
Janecox Investment IV HK Limited	10,500,000	35,000,000
Duckling Fund, L.P.	5,440,890	18,136,300
CORMORANT GLOBAL HEALTHCARE MASTER FUND, LP	3,000,000	10,000,000
ChinaAMC Summerbrook Fund	2,100,000	7,000,000
FOREBRIGHT KEEN ASCENT LIMITED	2,100,000	7,000,000
FutureX Investment I Company Limited	2,100,000	7,000,000
Start New Limited	2,100,000	7,000,000
Total	**49,090,890**	**163,636,300**

The consideration of the Series C Financing was determined after arm's length negotiations between our Company and the Series C Investors with reference to the then status of the business development of our Company. For further details, see "— Pre-IPO Investments" in this section.

Upon completion of the Series C Financing on May 21, 2021 and as of the Latest Practicable Date, the shareholding structure of our Company was as follows:

Shareholder	Number of Shares	Shareholding
Hainan Maidi *Note*	41,236,200	10.08%
Shanghai Shidi *Note*	39,368,160	9.62%
Mr. Lv *Note*	39,255,840	9.60%
Ningbo Sangdi *Note*	30,934,440	7.56%
Ningbo Mukang *Note*	25,890,840	6.33%
Ningbo Linfeng *Note*	21,108,600	5.16%
Ningbo Kefeng *Note*	12,998,160	3.18%
Hainan Hualing	32,727,240	8.00%
AUT-VII HK Holdings Limited	21,750,000	5.32%
Zhuhai Yuheng	18,618,120	4.55%
Qiushixingde	14,400,000	3.52%
Janecox Investment IV HK Limited	10,500,000	2.57%
Suzhou Chenzhide	14,180,400	3.47%
Hangzhou Chende	10,935,720	2.67%
China Life Chengda	13,091,040	3.20%
Tianjin Fanchuan	9,221,760	2.25%
Beijing PICC	7,999,920	1.96%
Hangzhou Proxima	5,958,720	1.46%
Suzhou Proxima	3,740,400	0.91%
Duckling Fund L.P.	5,440,890	1.33%
GP Healthcare Capital II Fund	3,740,400	0.91%
Mr. WU Danke	3,504,960	0.86%
Tianjin Fanshi	3,061,800	0.75%
CORMORANT GLOBAL HEALTHCARE MASTER FUND, LP	3,000,000	0.73%
Shanghai Changxiang	2,909,160	0.71%
CICC Pucheng	2,618,280	0.64%
Mr. MA Ji	2,499,840	0.61%
ChinaAMC Summerbrook Fund	2,100,000	0.51%
FOREBRIGHT KEEN ASCENT LIMITED	2,100,000	0.51%
FutureX Investment I Company Limited	2,100,000	0.51%
Start New Limited	2,100,000	0.51%
Total	**409,090,890**	**100.00%**

Note: The total registered capital controlled by the Concert Parties was RMB210,792,240, amounting to approximately 51.53% equity interest in our Company.

REORGANIZATION

Incorporation of Ningbo Diochange

Ningbo Diochange was established in the PRC on January 15, 2014 with an initial registered capital of RMB10,000,000. Upon incorporation, it was owned as to 40%, 30%, 18%, 6% and 6% by Ningbo Linfeng, Mr. Lv, Ms. LI Qinrong, Mr. ZHONG Wei and Ms. WANG Li, respectively. Each of Ms. LI Qinrong, Mr. ZHONG Wei and Ms. WANG Li were individual investors who have then exited their investments in Ningbo Diochange as further described below.

Equity Transfers and Capital Increase in 2018

Pursuant to the shareholders' resolutions dated September 6, 2018, (i) Mr. ZHONG Wei transferred the RMB100,000 registered capital he held to Ningbo Linfeng at par value and the unpaid RMB500,000 registered capital he held to Ningbo Dixiang for nil consideration; (ii) Ms. WANG Li transferred the RMB100,000 registered capital she held to Ningbo Linfeng at par value and the unpaid RMB500,000 registered capital she held to Ningbo Dixiang for nil consideration; and (iii) Mr. Lv transferred the RMB3,000,000 registered capital he held to Ningbo Mukang for a consideration of RMB400,000, representing the amount of registered capital that was paid up.

Pursuant to the shareholders' resolutions dated October 18, 2018, the registered capital of Ningbo Diochange was increased from RMB10,000,000 to RMB15,000,000, amongst the increased registered capital of RMB5,000,000, Ningbo Linfeng subscribed for RMB2,500,000 and Ningbo Dixiang subscribed for RMB2,500,000, both at par value.

Upon completion of the abovementioned equity transfers and capital increase on November 26, 2018, Ningbo Diochange was owned as to 44.67%, 23.33%, 20% and 12% by Ningbo Linfeng, Ningbo Dixiang, Ningbo Mukang and Ms. LI Qinrong, respectively.

Equity Transfer in 2020

Pursuant to the equity transfer agreements dated August 24, 2020 entered into between Mr. Lv and each of Ms. LI Qinrong, Ningbo Dixiang and Ningbo Mukang, (i) Ms. LI Qinrong transferred the RMB1,800,000 registered capital she held in Ningbo Diochange to Mr. Lv for a consideration of RMB400,000, representing the amount of registered capital that was paid up; (ii) Ningbo Dixiang transferred RMB3,500,000 unpaid registered capital to Mr. Lv for nil consideration; and (iii) Ningbo Mukang transferred RMB3,000,000 registered capital to Mr. Lv for a consideration of RMB400,000, representing the amount of registered capital that was paid up.

Pursuant to an equity transfer agreement dated August 24, 2020 entered into between Ningbo Linfeng and Mr. WU Danke, Ningbo Linfeng transferred the RMB1,500,000 registered capital it held in Ningbo Diochange to Mr. WU Danke at par value. Mr. Wu is an individual investor and a relative of Ms. Li.

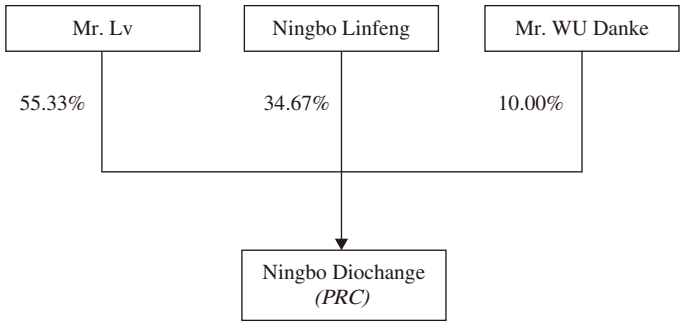
Upon completion of the abovementioned equity transferred on September 8, 2020, Ningbo Diochange was owned as to 55.33%, 34.67% and 10% by Mr. Lv, Ningbo Linfeng and Mr. WU Danke, respectively.

Equity Swap

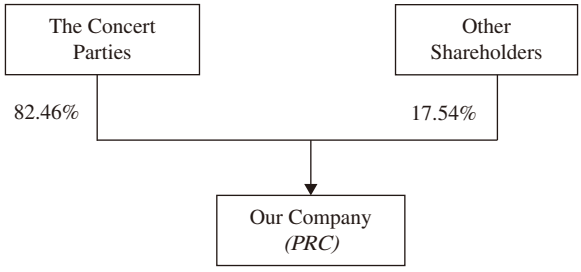
For reasons stated in the paragraph headed "Reasons for the Equity Swap" below, the equity interests in Ningbo Diochange, a company focused on the development of innovative medical devices for the treatment of heart failure, held by Ningbo Linfeng, Mr. Lv and Mr. WU Danke were acquired by our Company in return for subscription of equity interests in our Company by each of them in the proportion of approximately 6.67% equity interest in Ningbo Diochange to 1% equity interest in our Company (the "**Equity Swap**"). The conversion ratio was determined after arm's length negotiations with reference to the valuation of our Company and that of Ningbo Diochange as reflected in the valuation reports issued by Shanghai Lixin Asset Valuation Co., Ltd. (上海立信資產評估有限公司), an independent valuer.

Pursuant to the valuation reports, as at December 31, 2019, (i) the net asset value of our Company and Ningbo Diochange was RMB20,946,100 and RMB-1,208,700, respectively; and (ii) the value of shareholders' rights and interests of our Company and Ningbo Diochange was RMB845,000,000 and RMB149,000,000, respectively.

A simplified corporate structure of Ningbo Diochange immediately prior to the Equity Swap was as follows:



A simplified corporate structure of our Company immediately prior to the Equity Swap was as follows:



The relevant steps involved in the Equity Swap are as follows:

Capital Increase and Subscription in Our Company

Pursuant to the shareholders' resolutions dated September 15, 2020, the registered capital of our Company was increased from RMB13,622,100 to RMB16,026,000. Among the increased registered capital of RMB2,403,900, (i) Mr. Lv subscribed for RMB1,330,078 registered capital; (ii) Ningbo Linfeng subscribed for RMB833,432 registered capital; and (iii) Mr. WU Danke subscribed for RMB240,390 registered capital, each in return for their transfer of equity interests in Ningbo Diochange to our Company as described below. The capital increase and subscription was completed on September 27, 2020.

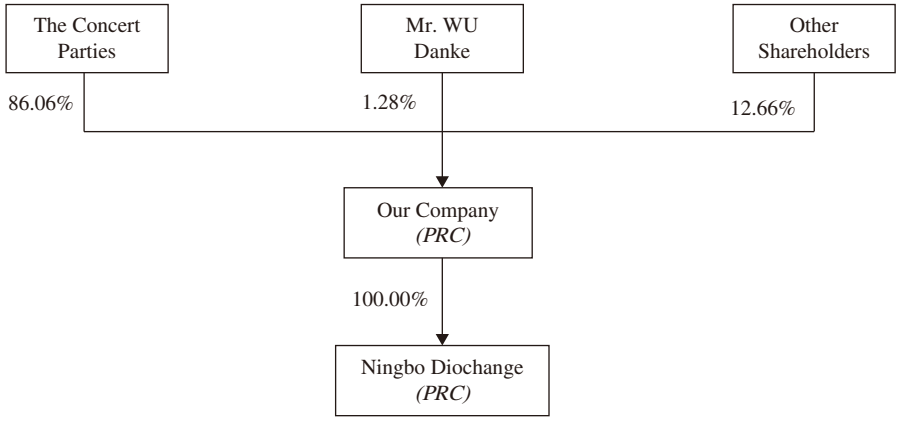
Equity Transfers at Ningbo Diochange

Pursuant to the equity transfer agreements dated September 16, 2020 entered into by our Company and each of Mr. Lv, Ningbo Linfeng and Mr. WU Danke, (i) Mr. Lv transferred RMB8,300,000 registered capital in Ningbo Diochange to our Company; (ii) Ningbo Linfeng transferred RMB5,200,000 registered capital in Ningbo Diochange to our Company; and (iii) Mr. Wu transferred RMB1,500,000 registered

capital in Ningbo Diochange to our Company, each representing their entire equity interests in Ningbo Diochange, in return for their subscription of equity interests in our Company as described above.

Upon completion of the equity transfers on September 29, 2020, Ningbo Diochange became a wholly-owned subsidiary of our Company under merger accounting.

Upon completion of the Equity Swap, our simplified corporate structure was as follows:



Reasons for the Equity Swap

Given that both our Company and Ningbo Diochange were held as to more than 30% by the Concert Parties and Ningbo Diochange has been consolidated into our Group by way of business combination under common control throughout the Track Record Period under merger accounting, and that the operations and management of both of our Company and Ningbo Diochange were led and overseen by Mr. Lv, in order to (i) integrate the businesses of our Company and Ningbo Diochange, which focuses on the development of innovative medical devices for the treatment of heart failure; (ii) restructure the corporate structures of our Company and Ningbo Diochange for us to become an integrated platform provider of minimally-invasive transcatheter devices for structural heart diseases; and (iii) restructure the interests of our Controlling Shareholders.

Prior to the Equity Swap, both companies operated as separate business units. Whilst the strategic management and operations of both companies were led and overseen by Mr. Lv, the day-to-day administration of each company, including human resources, finance and accounting functions, operated separately. Upon and subsequent to the Equity Swap, the respective functions in the day-to-day administration of both companies were consolidated. Our Directors are of the view that the integration was beneficial to the Group, given the cost and operational efficiencies generated from unified business processes, centralized procurement and manufacturing, and sharing of working relationships with KOLs, physicians and hospitals within the Group. Accordingly, as a result of the Equity Swap, there was considerable integration of the day-to-day administration of the businesses of our Company and Ningbo Diochange.

We expect the synergetic effects resulting from the restructuring of the businesses of our Company and Ningbo Diochange would be to save costs and improve operational efficiency, mitigate significant uncertainties and risks involved in the development of innovative medical devices, and help us expand our product portfolio and expedite our product iteration. For further details, see "Business — Our Competitive Strengths" in this prospectus.

Our PRC Legal Adviser has confirmed that the increases of registered capital and equity transfers in respect of our Company and Ningbo Diochange, and the Equity Swap as described above have been properly and legally completed and all regulatory approvals have been obtained in accordance with PRC laws and regulations.

ACQUISITIONS DURING THE TRACK RECORD PERIOD

Pursuant to an equity transfer agreement dated May 10, 2021 entered into by and amongst Starway Medical Technology, Inc. (北京華醫聖傑科技有限公司) ("**Starway**"), AUT-VII HK Holdings Limited and our Company, we acquired from AUT-VII HK Holdings Limited RMB24,975,868 of the registered capital of Starway, representing approximately 24.98% equity interests in Starway for a consideration of USD72,500,000. The consideration was decided after arm's length negotiations between our Company and AUT-VII HK Holdings Limited with reference to the business profile and product portfolio of Starway and the appraised value of Starway of approximately RMB2,002 million as at March 31, 2021 pursuant to a valuation report issued by a third party valuer. Starway is a limited company established in the PRC in 2002 and is principally engaged in the research and development, manufacturing and sales of interventional medical devices for congenital heart diseases including patent foramen ovale (PFO) occluder, ventricular septal defect (VSD) occluder, patent ductus arteriosus (PDA) occluder and atrial septal defect (ASD) occluder. We believe that our acquisition of the equity interest in Starway puts us in a strong position and is beneficial for our efforts to become a global leading medical device platform with a comprehensive offering of interventional cardiovascular devices. Starway has sophisticated in-house business development and marketing functions and a well-established sales network for its commercialized medical devices used in procedures for congenital heart diseases. As we plan to establish our distribution network by cooperating with reputable distributors with proven sales records in high-growth regions in China, we expect that the well-established distribution network of Starway would have strong synergy with, and could supplement, the sales channels we will build ourselves in the future. None of Starway's products are in direct or indirect competition with our Core Products and other products currently developed by the Group. According to the audited accounts of Starway for 2021 and the management accounts of Starway for the six months ended June 30, 2022, as of December 31, 2021 and June 30, 2022, the total assets of Starway were approximately RMB282.7 million and RMB378.1 million, respectively. Starway generated revenue of approximately RMB229.2 million and RMB157.1 million for 2021 and the six months ended June 30, 2022, respectively. Further, the net profit generated by Starway was approximately RMB75.8 million and RMB74.2 million for 2021 and the six months ended June 30, 2022, respectively. For details of Starway's summarized financial information after adjustments made for fair value and amortization of intangible assets identified at the time of acquisition and reconciled to the carrying amount, as stated in our consolidated statements of financial position and consolidated statements of profit or loss and other comprehensive income, see Note 16 to the Accountants' Report in Appendix I to this prospectus. Upon completion of the equity transfer on May 18, 2021, Starway became owned as to 75.02% and 24.98% by AUT-VII HK Holdings Limited, an Independent Third Party, and our Company, respectively. Our acquisition of Starway and AUT-VII HK Holdings Limited's investment in our Company under the Series C Financing are not connected and both our acquisition of Starway and the Series C Financing were conducted after arm's length negotiations between the relevant parties.

CONCERT PARTY ARRANGEMENT

Pursuant to a concert party agreement dated March 16, 2021 entered into by Mr. Lv and Ms. Li, the Concert Parties confirmed that they have been acting in concert in the management and operation of our Group since January 1, 2018, and they have agreed to continue to act in concert and reach consensus on proposals related to the daily management and operation of our Group presented to the general meeting of the Shareholders of our Company for voting. As of the Latest Practicable Date, the Concert Parties are entitled to exercise voting rights of approximately 51.53% voting rights in our Company. In particular, Mr. Lv is able to exercise approximately 36.75% voting rights in our Company through (i) his personal capacity as to approximately 9.60%; (ii) Ningbo Sangdi as to approximately 7.56%; (iii) Ningbo Mukang as to approximately 6.33%; (iv) Ningbo Kefeng as to approximately 3.18%; and (v) Hainan Maidi as to approximately 10.08%. Mr. Lv controls the general partner of each of Ningbo Sangdi, Ningbo Mukang, Ningbo Kefeng and Hainan Maidi, namely, Ningbo Dixiang. Ningbo Dixiang is entitled to exercise the voting power held by each of Ningbo Sangdi, Ningbo Mukang, Ningbo Kefeng and Hainan Maidi in our Company pursuant to their respective partnership agreements. Ms. Li is able to exercise approximately 14.78% voting rights in our Company through (a) Shanghai Shidi as to 9.62%; and (b) Ningbo Linfeng as to 5.16%.

Ningbo Sangdi and Hainan Maidi are our ESOP Platforms. Ningbo Dixiang, a limited company established in the PRC which is owned as to 98%, by Mr. Lv, is the sole general partner of both Ningbo Sangdi and Hainan Maidi. As of the Latest Practicable date, Mr. Lv, Mr. PAN Fei ("**Mr. Pan**", our executive Director) and Mr. Li Biao (a director of Ningbo Diochange, our subsidiary) are amongst the limited partners of Ningbo Sangdi. As of the Latest Practicable Date, Mr. Lv and Hainan Huahui Investment L.P. (Limited Partnership) (海南華暉投資合夥企業(有限合夥)), a limited partnership with Hainan Yize (a limited company owned as to 99% by Mr. Pan) as its sole general partner and Mr. Pan as its sole limited partner, are amongst the limited partners of Hainan Maidi. All other limited partners of Ningbo Sangdi and Hainan Maidi are Independent Third Parties. For details, please refer to the section headed "Employee Incentive Platforms" in this section.

Ningbo Mukang is a limited partnership established in the PRC with Ningbo Dixiang as its sole general partner and Mr. Lv as its sole limited partner. Ningbo Kefeng is a limited partnership established in the PRC with Ningbo Dixiang as its sole general partner and Mr. Wu Xudong, an Independent Third Party, as the sole limited partner.

Shanghai Shidi is a limited company established in the PRC and is wholly-owned by Ms. Li. Ningbo Linfeng is a limited company established in the PRC and is held by Shanghai Shidi, Ms. WANG Tingxiang (王婷香), Mr. LI Yao (李堯), Mr. XIE Changqing (謝長慶), Mr. LOU Junjian (樓君建), Ms. Xie and Mr. YUAN Jiang (元江) as to 65%, 20%, 5%, 2.5%, 2.5%, 2.5% and 2.5%, respectively. Save for Ms. Xie who is our non-executive Directors and Ms. WANG Tingxiang who is the mother-in-law of Ms. Li, the other individual shareholder of Ningbo Linfeng are Independent Third Parties.

EMPLOYEE INCENTIVE PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, Hainan Hualing, Hainan Maidi and Ningbo Sangdi were established in the PRC as employee incentive platforms.

The participants and incoming participants of our employee incentive plans (the "**selected participants**") shall become direct/indirect limited partners of the ESOP Platforms upon vesting of their awards and registration of their interests. The capital contribution made by the selected participants to the ESOP Platforms shall be sourced from their own funds. All management powers of the ESOP Platforms shall irrevocably reside with the respective general partner. In effect, the selected participants do not have any voting rights in our Company, but they are beneficially interested in our Shares through their partnership interests in the ESOP Platforms and the voting power of the Shares held by the ESOP Platforms is exercisable by the respective general partners.

Upon exit by the selected participants (the "**exiting participant**") pursuant to the exiting events under the partnership agreements, employee incentive plans and the award grants agreements, the general partners shall have the discretion to (i) dispose of the Shares held by the relevant ESOP Platform in proportion to the exiting participant's percentage of partnership interests in the relevant ESOP Platform and repurchase the partnership interests held by such exiting participants; (ii) designate another person or entity to purchase the partnership interest from the exiting participant; or (iii) purchase the partnership interest from the exiting participant and retaining the same for potential future grants.

Hainan Hualing

Hainan Hualing Investment L.P. (Limited Partnership) (海南華翎投資合夥企業(有限合夥)) was established in the PRC on February 19, 2021 and Hainan Yize Medical Technology Co., Ltd. (海南一則醫療科技有限公司) ("**Hainan Yize**"), a limited company established in the PRC which is owned as to 99% by Mr. PAN Fei, our executive Director. Hainan Yize is the sole general partner with 0.31% partnership interests and is responsible for the management of Hainan Hualing. As of the Latest Practicable Date, Hainan Hualing had two limited partners, namely, Mr. Lv and Mr. Pan who held approximately 94.34% and 5.35% partnership interests, respectively. As of the Latest Practicable Date, no other grants had been made. Partnership interest corresponding to a total of 18,477,240 underlying shares in our Company remains available for future grants. Upon vesting of the relevant awards and registration of relevant interests, the capital contribution of Hainan Hualing will be increased and the employee grantees will subscribe for such increased capital contribution, thereby diluting the partnership interests held by the current partners. Upon vesting of all awards corresponding to the 18,477,240 underlying shares in our Company, it is expected that Mr. Lv's interests will be diluted to approximately 38.2%. All voting rights held by Hainan Hualing in our Company is exercisable by Hainan Yize only.

Hainan Maidi

Hainan Maidi Enterprise Management L.P. (Limited Partnership) (海南脈迪企業管理合夥企業(有限合夥)) was established in the PRC on July 17, 2020 and Ningbo Dixiang, a limited company established in the PRC which is owned as to 98%, by Mr. Lv, is the sole general partner which is responsible for the management of Hainan Maidi. As of the Latest Practicable Date, Hainan Maidi had three limited partners, namely (i) Mr. Lv, (ii) Mr. Guo Hongping (郭宏平), an employee of our Group, and (iii) Hainan Huahui Investment L.P. (Limited Partnership) (海南華暉投資合夥企業(有限合夥)) ("**Hainan Huahui**"), a limited partnership with Hainan Yize as its sole general partner and Mr. Pan as its sole limited partner. The largest limited partner is Mr. Lv who holds 71.44% partnership interest. As of the Latest Practicable Date, incentive awards for a total partnership interest corresponding to 19,876,643 underlying shares have been granted to 49 other employees including six senior management members, namely, Mr. Li Yibin, Mr. Li Biao, Dr. Wang Na, Mr. Xia Lei, Mr. Xu Bin and Mr. Wu Yuchuan, and 43 other employees, all of whom will become limited partners of Hainan Maidi upon the vesting of the

awards and registration of their interests. Mr. Li Biao is a director of Ningbo Diochange, our subsidiary, and is a connected person of our Company. Hainan Huahui is controlled by Mr. Pan, our executive Director, and as such is also a connected person of our Company. Ms. Tan Jiazhen (譚嘉臻) is a supervisor of Jenscare Hainan, our subsidiary, and is a connected person of our Company. Save for Mr. Li Biao, Hainan Huahui, Ms. Tan Jiazhen and Mr. Lv, none of the other limited partners and grantees is a connected person of our Group. Partnership interest corresponding to a total of 2,112,833 underlying shares remains available for future grants. Upon vesting of the relevant awards and registration of relevant interests, the capital contribution of Hainan Maidi will be increased and the employee grantees will subscribe for such increased capital contribution, thereby diluting the partnership interests held by the current partners. Upon vesting of all awards (including the abovementioned granted awards corresponding to 19,876,643 underlying shares in our Company and the awards corresponding to 2,112,833 underlying shares in our Company which remains available for future grants), it is expected that Mr. Lv's interests will be diluted to approximately 33.24%.

Ningbo Sangdi

Ningbo Sangdi Investment Management L.P. (Limited Partnership) (寧波桑迪投資管理合夥企業(有限合夥)) was established in the PRC on December 20, 2017 and Ningbo Dixiang is the sole general partner and is responsible for the management of Ningbo Sangdi. As of the Latest Practicable Date, Ningbo Sangdi had 23 limited partners including Mr. Lv, Mr. Pan, our senior management members, namely Mr. Li Yibin, Dr. Wang Na and Mr. Li Biao, 17 other employees of our Group and one early individual investor of our Group. Mr. Lv is the largest limited partner with 44.25% partnership interest. Mr. Li Biao is a director of Ningbo Diochange, our subsidiary, and is a connected person of our Company. Save for Mr. Lv, Mr. Pan and Mr. Li Biao, none of the other limited partners is a connected person of our Group. Awards corresponding to all underlying shares in our Company have been granted and no future grants will be made.

PRE-IPO INVESTMENTS

The Pre-IPO Investments include: (i) Series A Financing; (ii) Equity transfers in 2019; (iii) Equity transfers in 2020; (iv) Series B Financing; (v) the Concurrent Equity Transfers; (vi) Equity transfers in 2021; and (vii) Series C Financing. Our Company became acquainted with each of the Pre-IPO Investors through introduction by the Shanghai Haohui Management Consulting Co., Ltd. (上海浩薈管理諮詢有限公司), an Independent Third Party financial advisor engaged by our Company for the purpose of the Pre-IPO Investments or through introduction by friends or in networking activities in the medical technology industry.

	Series A Financing	Equity transfers in 2019	Equity transfers in 2020	Series B Financing	Concurrent Equity Transfers	Equity transfer in 2021	Series C Financing
Date of agreement	March 30, 2018	December 28, 2018	September 29, 2020	October 14, 2020	October 14, 2020	December 20, 2020	April 26, 2021
Date of which investment was fully settled	December 6, 2018	February 26, 2019	September 30, 2020	October 22, 2020	November 17, 2020	January 11, 2021	May 21, 2021

	Series A Financing	Equity transfers in 2019	Equity transfers in 2020	Series B Financing	Concurrent Equity Transfers	Equity transfer in 2021	Series C Financing
Approximate cost per Share paid[(1)]	RMB2.2860	RMB2.2860	RMB5.3470	RMB7.6385	RMB6.8747	RMB6.8747	USD3.3333
Discount to the Offer Price[(2)]	90.62%	90.62%	78.06%	68.66%	71.79%	71.79%	5.72%
Amount of consideration paid	RMB50,000,000	RMB13,622,100	RMB50,000,000	RMB400,000,000	RMB122,850,000	RMB21,051,100	USD163,636,300
Post-money valuation of our Company[(3)]	Approximately RMB454 million	Approximately RMB454 million	Approximately RMB1,470 million	Approximately RMB2,500 million	Approximately RMB2,250 million	Approximately RMB2,250 million	Approximately USD1,364 million

Lock-Up Period Subject to a lock-up period of 12 months following the Listing Date pursuant to the PRC Company Law.

Use of proceeds from the Pre-IPO Investments The proceeds have been used to support the research and development activities of our Group, including the research and development activities conducted for our Core Products, as well as to support the working capital needs of our Group. As of the Latest Practicable Date, approximately 59% of the net proceeds from the Pre-IPO Investors were utilized. We intend to utilize the remaining net proceeds from the Pre-IPO Investments after the Global Offering.

Strategic benefits of the Pre-IPO Investors brought to our Company At the time of the Pre-IPO Investments, our Directors were of the view that our Company could benefit from the additional capital that would be provided by the Pre-IPO Investors' investments in our Company and the Pre-IPO Investors' knowledge and experience. Further, our non-executive Directors represent certain of our Pre-IPO Investors and they complement our executive Directors to support good corporate governance.

Notes:

(1) Calculated based on the amount of consideration paid divided by the number of Shares as adjusted after joint stock reform.

(2) Calculated based on the currency translation of HK$1 to RMB0.8782 and HK$7.8488 to US$1 and on the basis of the Offer Price of HK$27.75 per H Share, the mid-point of the proposed range of the Offer Price.

(3) The increase in valuation from Series A Financing to Series B Financing was mainly due to the commencement of feasibility clinical trials of LuX-Valve and Ken-Valve, and the increase in valuation from the Series B Financing to the Series C Financing was mainly due to the completion of the feasibility clinical trials of LuX-Valve and Ken-Valve and the commencement of confirmatory clinical trials of the same, and the completion of the Equity Swap and the consolidation of the business of Ningbo Diochange into our Group.

Rights of the Pre-IPO Investors

The Pre-IPO Investors were granted customary special rights, including but not limited to divestment right, right of first refusal and tag-along rights, directors appointment right and anti-dilution right, all of which ceased to be effective on May 31, 2021, i.e., the date when we obtained the letter of acceptance from the CSRC. Such rights are only exercisable if the Listing does not take place and shall be automatically restored only upon the termination or rejection of the listing application submitted by the Company.

Information About Our Pre-IPO Investors

Information of our Pre-IPO Investors are as set out below:

1. **Hillhouse**: AUT-VII HK Holdings Limited is a limited company incorporated in Hong Kong. AUT-VII HK Holdings Limited is ultimately managed and controlled by Hillhouse Investment Management, Ltd. ("**Hillhouse**"), an exempted company incorporated under the laws of Cayman Islands. Founded in 2005, Hillhouse is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse's investment approach. Hillhouse partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting innovation and technological transformation. Hillhouse invests in the healthcare, consumer, TMT, consumer technology, financial and business services sectors in companies across all equity stages. Hillhouse and its group members manage assets on behalf of global institutional clients.

   Zhuhai Yuheng Equity Investment L.P. (Limited Partnership) (珠海嶼恒股權投資合夥企業(有限合夥)) is a limited partnership established in the PRC, the general partner of which is Shenzhen Gao Ling Tiancheng III Investment Co., Ltd. (深圳高瓴天成三期投資有限公司), and the limited partner investors of which are private equity funds managed by Zhuhai Gao Ling Equity Investment Management Co., Ltd. (珠海高瓴股權投資管理有限公司) ("**Zhuhai Gao Ling**"), and such private equity funds are invested by over 100 ultimate limited partners on a very decentralized base. Shenzhen Gao Ling Tiancheng III Investment Co., Ltd. is jointly held by Zhang Haiyan (張海燕), Ma Cuifang (馬翠芳), Cao Wei (曹偉), Li Liang (李良) and Zhu Jia (祝佳). Zhuhai Gao Ling is jointly held by Ma Cuifang (馬翠芳), Li Liang (李良) and Cao Wei (曹偉). Zhuhai Gao Ling is a sophisticated investor. The minimum assets under Zhuhai Gao Ling's management exceeded HK$1 billion. Private equity funds managed by Zhuhai Gao Ling have also invested in healthcare or biotechnology companies that are listed on the Shanghai Stock Exchange and Hong Kong Stock Exchange such as Shanghai Junshi Biosciences Co., Ltd. (288180.SH and 1877.HK). Zhuhai Gao Ling partners with exceptional entrepreneurs and management teams to create value with a focus on enacting innovation and technological transformation. Zhuhai Gao Ling invests in the healthcare, consumer, TMT, consumer technology, financials and business services sectors in companies across all equity stages.

2. **Primavera Capital**: Qiushixingde (Tianjin) Investment Center (Limited Partnership) (秋實興德(天津)投資中心(有限合夥)) is a limited partnership established in the PRC with Qiushi (Tianjin) Equity Investment Management Partnership (Limited Partnership) (秋實(天津)股權投資管理合夥企業(有限合夥)) as its general partner with approximately 0.04% partnership interest and Primavera Xingkang (Tianjin) Investment Center (Limited Partnership) (春華興康(天津)投資中心(有限合夥)) and Primavera Xingan (Tianjin) Investment Center (Limited Partnership) (春華興安(天津)投資中心(有限合夥)) as its limited partners holding approximately 66.37% and 33.59% partnership interests, respectively. Janecox Investment IV HK Limited is a limited company incorporated in Hong Kong wholly owned by Janecox Investment IV Limited, a BVI company, which is in turn wholly owned by Primavera Capital Fund IV L.P., a limited partnership established in the Cayman Islands managed by its general partner Primavera Capital GP IV Ltd, which is in turn a limited company incorporated in the Cayman Islands and controlled by Fred Zuliu Hu, Richard Ruffer and Leon Rhule. Both Qiushixingde and Janecox Investment IV HK Limited are investment vehicles of Primavera Capital Group. Primavera Capital Group was established in 2010 by Dr. Fred Hu (胡祖六), a well-known economist. Primavera Capital Group manages multiple RMB and US dollar private equity investment funds, and manages assets for professional investors such as the world's leading financial institutions, sovereign funds, pension funds, corporate annuities and family offices with a management scale of more than ten billion US dollars. Primavera Capital focuses on the new growth model in China, and explores tremendous investment opportunities arising from rapid urbanization, a vast and expanding middle class, vibrant technological innovation, and accelerating transition to a carbon-free economy. It has invested in other medical devices companies such as Noah Medical Corporation and Zap Surgical Systems, Inc. Mr. ZHENG Jiaqi, our non-executive Director is a partner of Primavera Capital Group.

3. **CD Capital**: Each of Hangzhou Chende and Suzhou Chenzhide is a limited partnership established in the PRC. Hangzhou Chende has 16 limited partners with the largest limited partner holding 20.00% partnership interest and Suzhou Chenzhide has 42 limited partners with the largest limited partner holding approximately 19.96% partnership interest. Both of them are managed by Shanghai Jiachen Investment Co., Ltd. (上海甲辰投資有限公司) and are investment vehicles of CD Capital, a venture capital firm specialized in life sciences and medical technology industries with over US$1 billion of assets under management. It has invested in other biotechnology companies such as Guangzhou Kingmed Diagnostics Co., Ltd. (廣州金域醫學檢驗集團股份有限公司)(603882.SH), iRay Technology (上海奕瑞光電子科技股份有限公司) (688301.SH), Shanghai Bio-heart Biological Technology Co., Ltd. (上海百心安生物技術股份有限公司) (2185.HK) and MicroTech Medical (Hangzhou) Co., Ltd. (微泰醫療器械(杭州)股份有限公司) (2235.HK). Shanghai Jiachen Investment Co., Ltd. is wholly owned by Mr. Tan Yuren (談玉仁). Our non-executive Director, Mr. TAN Ching is the executive director and general manager of Shanghai Jiachen Investment Co., Ltd.

4. **Proxima Ventures**: Each of Hangzhou Proxima Innovative Investment L.P. (Limited Partnership) (杭州比鄰星創新投資合夥企業(有限合夥)) and Suzhou Proxima Venture Investment L.P. (Limited Partnership) (蘇州比鄰星創業投資合夥企業(有限合夥)) is a limited partnership established in the PRC. Hangzhou Proxima has 25 limited partners with the largest limited partner holding 13.00% partnership interest and Suzhou Proxima has 28 limited partners with the largest limited partner holding approximately 10.61% partnership

interest. They are both managed by Hangzhou Proxima Innovative Investment Management L.P. (Limited Partnership) (杭州比鄰星創新投資管理合夥企業(有限合夥)). Proxima Ventures focuses in the healthcare industry to support outstanding enterprises with innovative technologies that have tremendous potential. Proxima Ventures has approximately RMB2 billion assets under management and has invested in a number of other entities in the healthcare industry including but not limited to Jiangsu B. H. Med Co., Ltd. (江蘇海萊新創醫療科技有限公司), AccuMedical Medical Device (Beijing) Ltd. (艾柯醫療器械(北京)有限公司), Hangzhou Matridx Biotechnology Co Ltd (杭州傑毅生物技術有限公司) and Beijing Biosis Healing Biological Technology Co., Ltd (北京博輝瑞進生物科技有限公司). Currently, Hangzhou Proxima Innovative Investment Management L.P. (Limited Partnership) is owned as to 66.6% by Liang Shuang (梁爽) as a limited partner and its general partner is Shanghai Proxima Asset Management Co., Ltd. (上海比鄰星資產管理有限公司) which is owned by Sun Xiaolu (孫曉路) and Xu Chunlin (徐春林).

5. **China Life Chengda**: China Life Chengda (Shanghai) Healthcare Equity Investment Center (Limited Partnership) (國壽成達(上海)健康產業股權投資中心(有限合夥)) is a private equity fund incorporated under the laws of the PRC and is controlled by its general partner, China Life Chengda (Shanghai) Healthcare Equity Investment Management Co., Ltd., a limited liability company indirectly owned by China Life Insurance (Group) Company, a state-owned enterprise. The ultimate limited partners of China Life Chengda are China Life Insurance Company Limited, a company listed on the New York Stock Exchange (ticker symbol: LFC), the Hong Kong Stock Exchange (stock code: 2628) and the Shanghai Stock Exchange (stock code: 601628) which is also the largest limited partner of China Life Chengda with 74.94% partnership interest, and the State Council of the PRC. China Life Chengda is the first private equity fund backed by an insurance company approved by the China Insurance Regulatory Commission, with total assets under management of RMB12 billion and its portfolio companies include, amongst others, JD Health International Inc. (6618.HK), Innovent Biologics, Inc. (1801.HK) and Wuxi AppTec Co., Ltd. (2359.HK). Leveraging the strong support and resource of China Life Insurance (Group) Company, it aims to become the leading healthcare investment platform. China Life Chengda is a 6.65% limited partner of Suzhou Chenzhide, a Pre-IPO Investor.

6. **Tianjin Fanchuan and Tianjin Fanshi**: Each of Tianjin Fanchuan and Tianjin Fanshi is a limited partnership established in the PRC and is managed by their general partner, Yunchuan (Tianjin) Management Consulting Co., Ltd. (雲川(天津)管理諮詢有限公司) ("**Yunchuan**") which is in turn owned by Li Xiaotang (李曉棠) and Lin Guixiang (林桂祥). Zhang Xiaofan (張曉帆), Tianjin Fanshan Management Consulting L.P. (Limited Partnership) (天津梵山管理諮詢合夥企業(有限合夥)) ("**Tianjin Fanshan**"), Dr. LIN Shoukang (our independent non-executive Director), Ye Xiaoyi (葉小藝) and Chen Xibin (陳喜斌) are the limited partners of Tianjin Fanchuan and each of them owns 31.52%, 31.52%, 27.42%, 4.73% and 4.73% partnership interests, respectively. Dr. LIN Shoukang (our independent non-executive Director) is also a 14.96% limited partner of Tianjin Fanshan. Tianjin Fanshi has one limited partner, namely, Zhou Aisheng (周愛生), an Independent Third Party.

7. **PICC Capital**: Beijing PICC Healthcare Investment Fund, L.P. (北京人保健康養老產業投資基金(有限合夥)) ("**PICC Capital**") is a limited partnership established in the PRC and is managed by PICC Capital Equity Investment Company Ltd. (人保資本股權投資有限公司) as

its general partner with approximately 0.30% partnership interest, the main alternative investment platform with assets under management of around RMB6 billion and a wholly owned subsidiary of The People's Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司), a company dual listed on both the Hong Kong Stock Exchange (stock code: 1339) and the Shanghai Stock Exchange (stock code: 601319). The limited partners of PICC Capital are the People's Life Insurance Co., Ltd. (中國人民人壽保險股份有限公司) and PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 2328)), holding approximately 66.47% and 33.23% partnership interests, respectively. PICC Capital has invested in other biotechnology or healthcare companies such as Abogen Therapeutics Limited (艾博生物), Biocytogen Pharmaceuticals (Beijing) Co., Ltd. (百奧賽圖(北京)醫藥科技股份有限公司) (2315.HK) and Jiangxi Rimag Group Co., Ltd. (江西一脈陽光集團股份有限公司).

8. **Duckling Fund L.P.**: Duckling Fund, L.P. is a limited partnership incorporated under the laws of Cayman Islands on June 16, 2020, with more than US$500 million in assets under management. The general partner of Duckling Fund, L.P. is Grandiflora Hook GP Limited. The sole limited partner of Duckling Fund, L.P. is Lionet Fund, L.P., which is also managed by its general partner, Grandiflora Hook GP Limited. The sole ultimate shareholder of Grandiflora Hook GP Limited is Eric Li. Duckling Fund, L.P. focuses on logistics, healthcare, TMT (including telecommunication, media and technology) and consumer industries investment. Lionet Fund, L.P. has more than 15 limited partners, none of which holds more than one third of the interest in Lionet Fund, L.P. and it has made multiple investments in the healthcare sector, including its investment in ClouDr Group Limited.

9. **GP Healthcare Capital**: GP Healthcare Capital is a professional fund under GP Capital that focuses on equity investment in the medical and health industry, with a management scale of over RMB2 billion. Since GP Healthcare Capital's establishment in 2015, it has invested in more than 40 companies in the fields of biotechnology and pharmaceuticals, medical devices, IVD and medical services, all of which hold leading positions in the industry. GP Healthcare Capital has a core value of "Stick to the truth. Strive for excellence." and a corporate culture of sharing and growth. It is committed to exploring and creating values of its portfolio companies, and helping exceptional entrepreneurs build successful companies together. GP Healthcare Capital has also invested in Gaotu Techedu Inc. (NYSE: GOTU), Adagene Inc (NASDAQ: ADAG), Zylox-Tonbridge Medical Technology Co., Ltd. (2190.HK) and JW (Cayman) Therapeutics Co. Ltd (2126.HK), Hyperfine, Inc. (NASDAQ: HYPR) and Shanghai MicuRx Pharmaceutical Co., Ltd. (上海盟科藥業股份有限公司) (688373.SH). GP Healthcare Capital Phase II has 15 limited partners with the largest limited partner holding approximately 17.86% partnership interest. It has two general partners, namely (i) GP Healthcare Capital Co., Ltd. (上海金浦醫療健康股權投資基金管理有限公司) which holds 0.006% partnership interest, which is in turn controlled by GP Capital Co., Ltd. (金浦產業投資基金管理有限公司), which is in turn owned as to 49.5% by Shanghai International Group Asset Management Co., Ltd. (上海國際集團資產管理有限公司), a state-owned enterprise, and (ii) Shanghai Xianliti Enterprise Management Center (Limited Partnership) (上海線粒體企業管理中心(有限合夥)) which holds approximately 3.21% partnership interest, which is in turn managed by its sole executive partner Shanghai Wubingeryu Investment Co., Ltd. (上海五餅二魚投資有限公司) (a company owned as to 85% by Ms. JI Dongmei (吉冬梅)) and owned as to approximately 65.93% partnership interest by Ms. Ji as the largest limited partner.

10. **Cormorant**: CORMORANT GLOBAL HEALTHCARE MASTER FUND, LP is a limited partnership established in Cayman Islands with 136 limited partners and the largest limited partner holds approximately 10.9% partnership interest. CORMORANT GLOBAL HEALTHCARE MASTER FUND, LP is managed by its investment manager Cormorant Asset Management, LP ("**Cormorant**"). Cormorant was founded by Ms. Bihua Chen and is a prominent life sciences investment firm focused on innovative biotech, medtech and life science companies with over US$3 billion of assets under management as of June 2021. Cormorant has invested in a number of biotechnology or healthcare companies including but not limited to Innovent Biologics, Inc. (1801.HK), Kangji Medical Holdings Limited (9997.HK) and Hansoh Pharmaceutical Group Company Limited (3692.HK). Cormorant is driven by a deep focus on fundamental scientific principles and provides financial resources to support the most innovative and promising publicly traded and private companies in biotech and allied sectors.

11. **Shanghai Changxiang**: Shanghai Changxiang is a limited partnership established in the PRC managed by Lin Yongli (林永利) who holds 10% partnership interest, it has two limited partners each holding 45% partnership interest, namely Hao Zhizhao (郝支召) and Beijing Dingtaijiashang Technology Center (Limited Partnership) (北京鼎泰嘉尚科技中心(有限合夥)), which is in turn held by Chen Qiufang (陳秋芳) and Guan Jian (管健).

12. **CICC Pucheng**: CICC Pucheng is a company established in the PRC with limited liability, and is wholly owned by China International Capital Corporation Limited (a company listed on the Stock Exchange (stock code: 3908)) and the Shanghai Stock Exchange (stock code: 601995.SH)) ("**CICC**"). CICC Pucheng is a mature investor focusing on different industries including technology, finance and healthcare and its portfolio companies include Shanghai HeartCare Medical Technology Corporation Limited (上海心瑋醫療科技股份有限公司) (6609.HK), Creative Biosciences (Guangzhou) Co., Ltd. (廣州康立明生物科技股份有限公司) and Shenzhen Edge Medical Co., Ltd. (深圳市精鋒醫療科技股份有限公司). As at December 31, 2020, the total assets of CICC Pucheng was approximately RMB11.13 billion. CICC Qiyuan National Emerging Fund, a limited partnership whose general partner is a wholly-owned subsidiary of CICC, is a limited partner of Suzhou Chenzhide, a Pre-IPO Investor. Further, Ms. DU Jiliu, our independent non-executive Director, was an employee of CICC Fund Management Limited.

13. **ChinaAMC Summerbrook Fund**: ChinaAMC Summerbrook Fund (the "**Fund**") is an exempted company with limited liability incorporated in the Cayman Islands. The Fund's investment manager and sole shareholder, China Asset Management (Hong Kong) Limited (the "**Manager**"), is a wholly-owned subsidiary of China Asset Management Co., Ltd. ("**ChinaAMC**"), which is in turn owned as to 62.2% by CITIC Securities Company Limited (a company listed on both Shanghai Stock Exchange (stock code: 600030) and Hong Kong Stock Exchange (stock code: 6030). Established on April 9, 1998 with approval from the CSRC, ChinaAMC is one of the first nation-wide fund management firms in Mainland China and is currently one of the largest fund management companies in Mainland China in terms of assets under management (RMB1.43 trillion as of 30 September 2020). The Manager was established in September 2008 as ChinaAMC's first venture in expanding its overseas activities. The Manager is now an integral part and extension of ChinaAMC's overseas investment and research team, providing international clients with investment products and

discretionary investment management services. The Manager is a licensed corporation by the Securities and Futures Commission of Hong Kong for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities. The Fund has invested in a number of Hong Kong listed companies in the biotechnology and healthcare industries including CSPC Pharmaceutical Group Limited (stock code: 1093), Sino Biopharmaceutical Limited (stock code: 1177), Innovent Biologics, Inc. (stock code: 1801), Akeso, Inc. (stock code: 9926) and Wuxi Biologics (Cayman) Inc. (stock code: 2269).

14. **FOREBRIGHT KEEN ASCENT LIMITED**: FOREBRIGHT KEEN ASCENT LIMITED ("**Forebright**") (a company incorporated in Hong Kong with limited liability) is a special purpose company established for investment in the Group. As at the Latest Practicable Date, Forebright was wholly owned by Forebright New Opportunities Fund II, L.P. ("**FNOF II**"). The general partner of FNOF II is FNOF GP II Limited (which is in turn wholly owned by Forebright Global Limited, a company incorporated in the British Virgin Islands on November 14, 2016 with limited liability, the "**Forebright Global**"). FNOF II is an investment fund with a size of approximately US$300 million, and focuses on investment opportunities in software and business services, advanced manufacturing and healthcare in the PRC. It has 21 limited partners with the largest limited partner holding 19.90% partnership interest and it has invested in other healthcare companies such as Kindstar Globalgene Technology, Inc. (康聖環球基因技術有限公司) and Sirnaomics, Ltd. The ultimate beneficial owners of Forebright Global are Mr. Ip Kun Wan and Mr. Liu Cheng, who hold approximately 41.4% and 58.6% equity interest in Forebright Global, respectively.

15. **FutureX Investment I Company Limited**: FutureX Investment I Company Limited is a limited company incorporated in Hong Kong on December 24, 2020 and it is an investment holding company. FutureX Investment I Company Limited is wholly-owned by FutureX ICT Opportunity Fund II LP (the "**Fund**"). FutureX Innovation II Limited, a limited company incorporated in the Cayman Islands, is the general partner of the Fund and is in turn indirectly wholly owned by Zhang Qian. As of June 30, 2022, the Fund had 23 limited partners who are all Independent Third Parties with the largest limited partner holding 17.39% partnership interest. As of the second quarter of 2022, the Fund has USD126.65 million assets under management. The Fund focuses on investment opportunities in new technologies (e.g., artificial intelligence, big data and cloud computing) and in the healthcare industry. The Fund has invested in other medical technology companies such as Cryofocus Medtech (Shanghai) Co., Ltd. (康灃生物科技(上海)有限公司).

16. **Start New Limited**: Start New Limited is a company incorporated in Hong Kong with limited liability. It is an indirect wholly-owned subsidiary of ABC International Holdings Limited, which in turn is a subsidiary of Agricultural Bank of China Limited, a company dual listed on the Shanghai Stock Exchange (stock code: 601288) and Hong Kong Stock Exchange (stock code: 1288). Start New Limited has also invested in Venus Medtech (Hangzhou) Inc. (2500.HK). As of August 29, 2022, Start New Limited has made investments of a total of HK$416 million.

Save as disclosed above and to the best knowledge of our Directors, (i) our Pre-IPO Investors and their ultimate beneficial owners are Independent Third Parties (ii) there is no past or present relationships

amongst the Pre-IPO Investors; and (iii) there is no past or present relationship (business, employment, family, financing or otherwise) between each of the Pre-IPO Investors and our Company, our subsidiaries, our Shareholders, Directors, senior management and their respective associates.

Compliance With Interim Guidance and Guidance Letters

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

THE A SHARE LISTING

We may conduct the offering and listing of A shares at an appropriate time after the Global Offering, and have submitted our registration application for pre-A share listing tutoring which was accepted by the Ningbo Supervisory Commission (寧波證監局) of the CSRC in July 2022. As of the Latest Practicable Date, we have not determined the size and scope of the contemplated A share offering and have not made any application to any recognized stock exchange in the PRC for approval for the listing of any A shares. There is no assurance we will conduct an A share offering in the future.

CONVERSION OF UNLISTED SHARES

Our Company has applied for H-share full circulation to convert certain Unlisted Shares into H Shares as per the instructions of the relevant Shareholders. Following the completion of the Global Offering, our Unlisted Shares that will and will not be converted into H Shares for each Shareholder are set forth as below:

Shareholders	Number of Shares	Number of Shares that will be converted into H Shares following the completion of the Global Offering	Percentage of number of Shares that will be converted into H Shares in the unlisted Shares held by each Shareholder	Number of Shares that will not be converted into H Shares following the completion of the Global Offering	Percentage of number of Shares that will not be converted into H Shares in the unlisted Shares held by each Shareholder
Hainan Maidi	41,236,200	–	–	41,236,200	100%
Shanghai Shidi	39,368,160	13,778,856	35%	25,589,304	65%
Mr. Lv	39,255,840	13,739,544	35%	25,516,296	65%
Ningbo Sangdi	30,934,440	10,827,054	35%	20,107,386	65%
Ningbo Mukang	25,890,840	9,061,794	35%	16,829,046	65%
Ningbo Linfeng	21,108,600	7,388,010	35%	13,720,590	65%
Ningbo Kefeng	12,998,160	4,549,356	35%	8,448,804	65%
Hainan Hualing	32,727,240	–	–	32,727,240	100%
AUT-VII HK Holdings Limited	21,750,000	–	–	21,750,000	100%
Zhuhai Yuheng	18,618,120	–	–	18,618,120	100%
Qiushixingde	14,400,000	5,040,000	35%	9,360,000	65%

Shareholders	Number of Shares	Number of Shares that will be converted into H Shares following the completion of the Global Offering	Percentage of number of Shares that will be converted into H Shares in the unlisted Shares held by each Shareholder	Number of Shares that will not be converted into H Shares following the completion of the Global Offering	Percentage of number of Shares that will not be converted into H Shares in the unlisted Shares held by each Shareholder
Janecox Investment IV HK Limited	10,500,000	3,675,000	35%	6,825,000	65%
Suzhou Chenzhide	14,180,400	4,254,120	30%	9,926,280	70%
China Life Chengda	13,091,040	4,581,864	35%	8,509,176	65%
Hangzhou Chende	10,935,720	10,935,720	100%	–	–
Tianjin Fanchuan	9,221,760	3,227,616	35%	5,994,144	65%
Beijing PICC	7,999,920	2,799,972	35%	5,199,948	65%
Hangzhou Proxima	5,958,720	5,958,720	100%	–	–
Duckling Fund L.P.	5,440,890	1,904,312	35%	3,536,578	65%
Suzhou Proxima	3,740,400	1,122,120	30%	2,618,280	70%
GP Healthcare Capital II Fund	3,740,400	1,309,140	35%	2,431,260	65%
Mr. WU Danke	3,504,960	3,504,960	100%	–	–
Tianjin Fanshi	3,061,800	1,071,630	35%	1,990,170	65%
CORMORANT GLOBAL HEALTHCARE MASTER FUND, LP	3,000,000	3,000,000	100%	–	–
Shanghai Changxiang	2,909,160	1,018,206	35%	1,890,954	65%
CICC Pucheng	2,618,280	916,398	35%	1,701,882	65%
Mr. MA Ji	2,499,840	2,499,840	100%	–	–
ChinaAMC Summerbrook Fund	2,100,000	2,100,000	100%	–	–
FOREBRIGHT KEEN ASCENT LIMITED	2,100,000	1,050,000	50%	1,050,000	50%
FutureX Investment I Company Limited	2,100,000	2,100,000	100%	–	–
Start New Limited	2,100,000	2,100,000	100%	–	–
Total	**409,090,890**	**123,514,232**	**30.19%**	**285,576,658**	**69.81%**

CAPITALIZATION OF OUR COMPANY

Following the completion of the Global Offering and the conversion of our Unlisted Shares to H Shares, assuming the Over-allotment Option is not exercised, our Domestic Shares, Unlisted Foreign Shares and H Shares that will be held by each of our existing Shareholders are set forth as below:

Name of Shareholders	Number of Shares held upon Listing	Percentage of number of Shares in the relevant class of Shares upon Listing	Percentage of number of Shares in the total issued share capital of our Company as of the date of this prospectus	Percentage of number of Shares in the issued share capital of our Company as of the Listing Date
Shareholders holding Domestic Shares				
Hainan Maidi	41,236,200	16.34%	10.08%	9.88%
Shanghai Shidi	25,589,304	10.14%	6.26%	6.13%
Mr. Lv	25,516,296	10.11%	6.24%	6.12%
Ningbo Sangdi	20,107,386	7.97%	4.92%	4.82%
Ningbo Mukang	16,829,046	6.67%	4.11%	4.03%
Ningbo Linfeng	13,720,590	5.44%	3.35%	3.29%
Ningbo Kefeng	8,448,804	3.35%	2.07%	2.03%
Hainan Hualing	32,727,240	12.97%	8.00%	7.85%
Zhuhai Yuheng	18,618,120	7.38%	4.55%	4.46%
Suzhou Chenzhide	9,926,280	3.93%	2.43%	2.38%
Qiushixingde	9,360,000	3.71%	2.29%	2.24%
China Life Chengda	8,509,176	3.37%	2.08%	2.04%
Tianjin Fanchuan	5,994,144	2.37%	1.47%	1.44%
Beijing PICC	5,199,948	2.06%	1.27%	1.25%
Suzhou Proxima	2,618,280	1.04%	0.64%	0.63%
GP Healthcare Capital II Fund	2,431,260	0.96%	0.59%	0.58%
Tianjin Fanshi	1,990,170	0.79%	0.49%	0.48%
Shanghai Changxiang	1,890,954	0.75%	0.46%	0.45%
CICC Pucheng	1,701,882	0.67%	0.42%	0.41%
Subtotal (Domestic Shares)	**252,415,080**	**100%**	**61.72%**	**60.51%**
Shareholders holding Unlisted Foreign Shares				
AUT-VII HK Holdings Limited	21,750,000	65.59%	5.31%	5.21%
Janecox Investment IV HK Limited	6,825,000	20.58%	1.67%	1.64%
Duckling Fund L.P.	3,536,578	10.66%	0.86%	0.85%
FOREBRIGHT KEEN ASCENT LIMITED	1,050,000	3.17%	0.26%	0.25%
Subtotal (Unlisted Foreign Shares)	**33,161,578**	**100%**	**8.10%**	**7.95%**

Name of Shareholders	Number of Shares held upon Listing	Percentage of number of Shares in the relevant class of Shares upon Listing	Percentage of number of Shares in the total issued share capital of our Company as of the date of this prospectus	Percentage of number of Shares in the issued share capital of our Company as of the Listing Date
Shareholders holding H Shares				
Shanghai Shidi	13,778,856	11.16%	3.37%	3.30%
Mr. Lv	13,739,544	11.12%	3.36%	3.29%
Ningbo Sangdi	10,827,054	8.77%	2.64%	2.60%
Ningbo Mukang	9,061,794	7.34%	2.22%	2.17%
Ningbo Linfeng	7,388,010	5.98%	1.81%	1.77%
Ningbo Kefeng	4,549,356	3.68%	1.11%	1.09%
Hangzhou Chende	10,935,720	8.85%	2.67%	2.62%
Hangzhou Proxima	5,958,720	4.82%	1.46%	1.43%
Qiushixingde	5,040,000	4.08%	1.23%	1.21%
China Life Chengda	4,581,864	3.71%	1.12%	1.10%
Suzhou Chenzhide	4,254,120	3.44%	1.04%	1.02%
Janecox Investment IV HK Limited	3,675,000	2.98%	0.90%	0.88%
Mr. WU Danke	3,504,960	2.84%	0.86%	0.84%
Tianjin Fanchuan	3,227,616	2.61%	0.79%	0.77%
CORMORANT GLOBAL HEALTHCARE MASTER FUND, LP	3,000,000	2.43%	0.73%	0.72%
Beijing PICC	2,799,972	2.27%	0.68%	0.67%
Mr. MA Ji	2,499,840	2.02%	0.61%	0.60%
FutureX Investment I Company Limited	2,100,000	1.70%	0.51%	0.50%
ChinaAMC Summerbrook Fund	2,100,000	1.70%	0.51%	0.50%
Start New Limited	2,100,000	1.70%	0.51%	0.50%
Duckling Fund L.P.	1,904,312	1.54%	0.47%	0.46%
GP Healthcare Capital II Fund	1,309,140	1.06%	0.32%	0.31%
Suzhou Proxima	1,122,120	0.91%	0.27%	0.27%
Tianjin Fanshi	1,071,630	0.87%	0.26%	0.26%
FOREBRIGHT KEEN ASCENT LIMITED	1,050,000	0.85%	0.26%	0.25%
Shanghai Changxiang	1,018,206	0.82%	0.25%	0.24%
CICC Pucheng	916,398	0.74%	0.22%	0.22%
Subtotal (H Shares)	**123,514,232**	**100%**	**30.18%**	**29.61%**
Investors taking part in the Global Offering	8,076,400	–	–	1.94%
Total	**417,167,290**	**–**	**100.00%**	**100.00%**

The 285,576,658 Shares held by our Shareholders as of the Latest Practicable Date, representing approximately 69.81% of our total issued Shares as of the Latest Practicable Date, or approximately 68.46% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised), or approximately 68.26% of our total issued Shares upon exercise of the Over-allotment Option in full, will not be considered as part of the public float as the Shares are Unlisted Shares which will not be converted into H Shares and listed following the completion of the Global Offering.

The 64,169,618 Shares held by Hangzhou Chende, Hangzhou Proxima, Qiushixingde, China Life Chengda, Suzhou Chenzhide, Janecox Investment IV HK Limited, Mr. WU Danke, Tianjin Fanchuan, CORMORANT GLOBAL HEALTHCARE MASTER FUND, LP, Beijing PICC, Mr. MA Ji, FutureX Investment I Company Limited, ChinaAMC Summerbrook Fund, Start New Limited, Duckling Fund L.P., GP Healthcare Capital II Fund, Suzhou Proxima, Tianjin Fanshi, FOREBRIGHT KEEN ASCENT LIMITED, Shanghai Changxiang and CICC Pucheng, representing approximately 15.69% of our total issued Shares as of the Latest Practicable Date, or approximately 15.38% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised), or approximately 15.34% of our total issued Shares upon exercise of the Over-allotment Option in full, are unlisted Shares which will be converted into H Shares and listed following the completion of the Global Offering. As these individuals and entities will not be core connected persons of our Company upon Listing, 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 Shares held by them will count towards the public float for the purpose of Rule 8.08 of the Listing Rule after Listing.

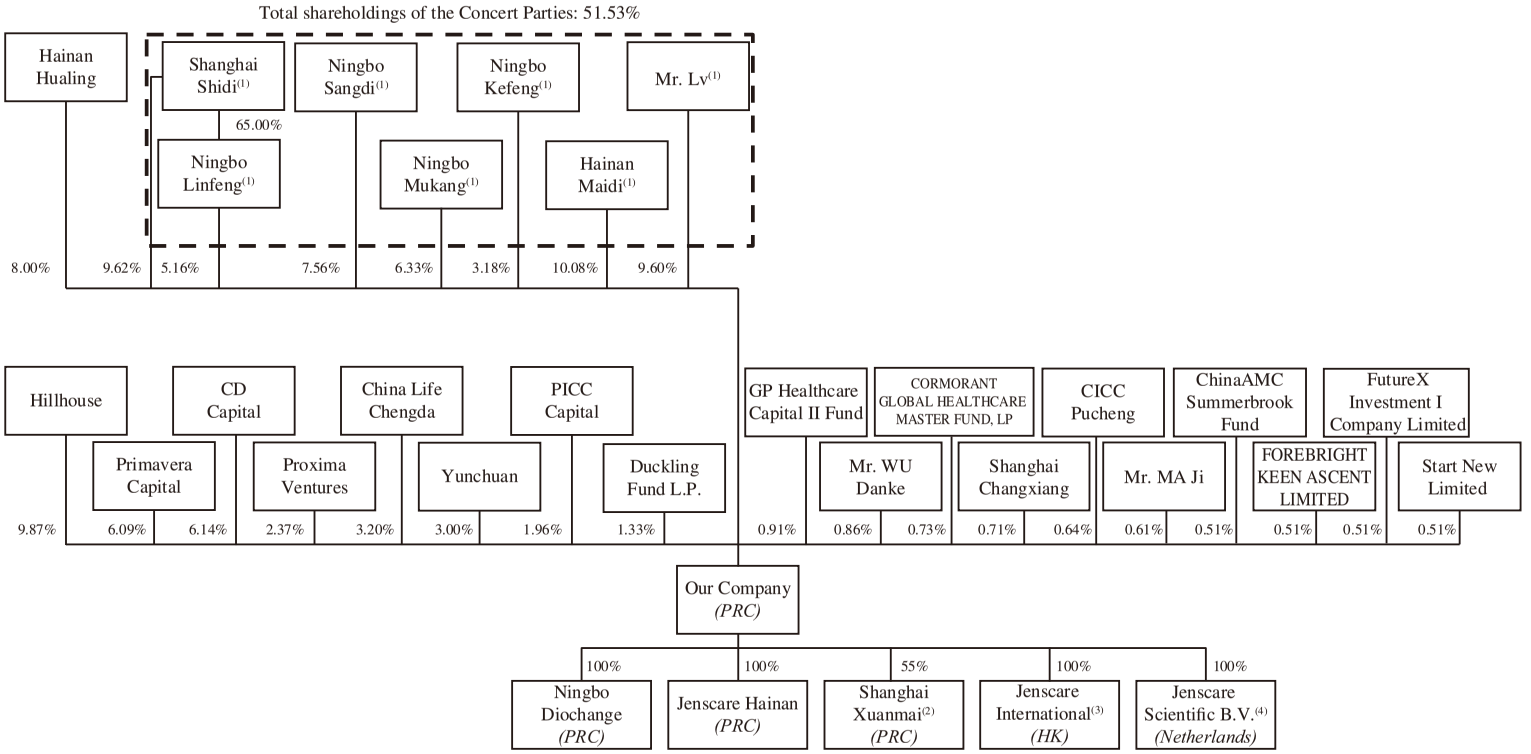
Shanghai Shidi, Ningbo Sangdi, Hainan Maidi, Ningbo Mukang, Ningbo Linfeng and Ningbo Kefeng are controlled by the Concert Parties, who are our Controlling Shareholders. As a result, the 59,344,614 Unlisted Shares, representing approximately 14.51% of our total issued Shares as of the Latest Practicable Date, or approximately 14.23% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised), or approximately 14.18% of our total issued Shares upon exercise of the Over-allotment Option in full, which will be converted into H Shares and listed following the completion of the Global Offering controlled by our Controlling Shareholders will not count towards the public float for the purpose of Rule 8.08 of the Listing Rule after Listing.

Immediately upon completion of the Global Offering, assuming that (i) 8,076,400 H Shares are issued and sold in the Global Offering; (ii) the Over-allotment Option is not exercised; (iii) 417,167,290 Shares are issued and outstanding upon completion of the Global Offering; (iv) the conversion of Unlisted Shares into H Shares under H-shares full circulation as mentioned in the paragraph headed "Conversion of Unlisted Shares" in this section is completed, based on an Offer Price of HK$27.75 per H Share, being the mid-point of the proposed range of the Offer Price, approximately 17.32% of our Company's total number of issued shares will count towards the public float and our Company will have a market capitalization of at least HK$375 million held by the public.

We have applied to the Stock Exchange to request the Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules, and the Stock Exchange has granted our Company a waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Listing Rules, pursuant to which the public float of our Company may fall below 25% of the issued share capital of our Company. For details of the relevant waiver, see "Waivers from strict compliance with the Listing Rules and exemptions from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver in respect of public float requirements" in this prospectus.

OUR STRUCTURE IMMEDIATELY PRIOR TO THE GLOBAL OFFERING

The following chart sets forth our Group's corporate structure immediately prior to the completion of the Global Offering.



Notes:

(1) Ningbo Kefeng, Ningbo Linfeng, Hainan Maidi, Ningbo Mukang, Ningbo Sangdi and Shanghai Shidi are entities controlled by the Concert Parties. For further details of the concert party arrangement, please refer to the sub-section headed "Concert Party Arrangement" in this section.

The remaining 35% equity interests of Ningbo Linfeng is held by Ms. WANG Tingxiang (王婷香), Mr. LI Yao (李堯), Mr. XIE Changqing (謝長慶), Mr. LOU Junjian (樓君建), Ms. XIE Youpei (謝優佩) and Mr. YUAN Jiang (元江) as to 20%, 5%, 2.5%, 2.5%, 2.5% and 2.5%, respectively. To the best knowledge of our Directors, save for Ms. XIE Youpei who is our non-executive Directors and Ms. WANG Tingxiang who is the mother-in-law of Ms. Li, the other individuals are Independent Third Parties.

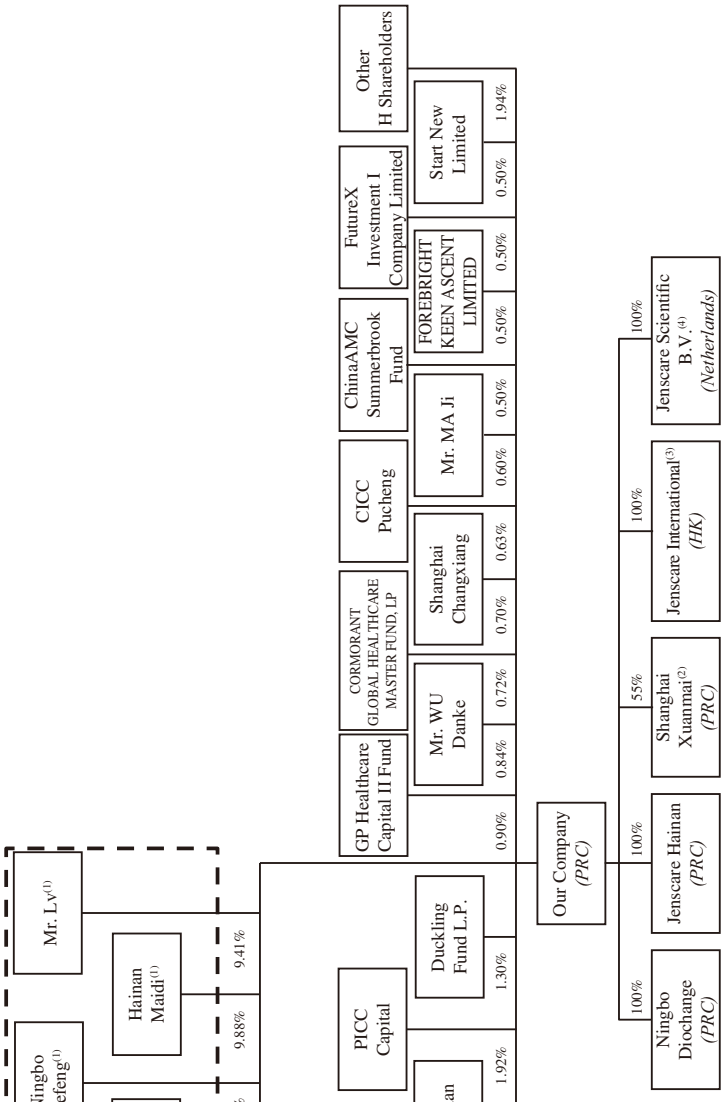
(2) The remaining 45% equity interests in Shanghai Xuanmai is held by Mr. LV Xiao (呂驍) and Ms. YUAN Dan (袁丹) as to 30% and 15%, respectively. Both Mr. LV Xiao and Ms. YUAN Dan are Independent Third Parties.

(3) Jenscare International Co., Limited (健世國際有限公司) ("**Jenscare International**") was established on March 29, 2022 in Hong Kong and is a wholly-owned subsidiary of our Company.

(4) Jenscare Scientific (Netherlands) B.V. ("**Jenscare Scientific B.V.**") was established on March 22, 2022 in the Netherlands and is a wholly-owned subsidiary of our Company.

OUR STRUCTURE IMMEDIATELY FOLLOWING THE GLOBAL OFFERING

The following chart sets forth our Group's corporate structure immediately after the Global Offering (assuming no exercise of the Over-allotment Option).



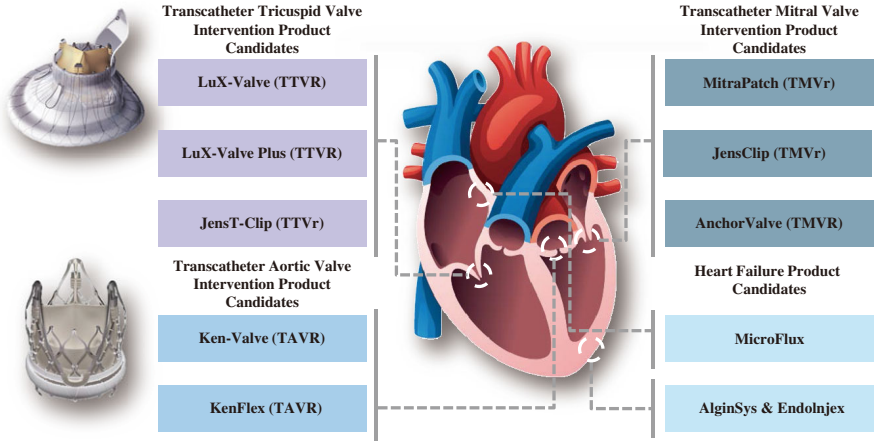
Note: Please refer to the notes to "— Our Structure Immediately Prior to the Global Offering" in this section.

OVERVIEW

We are a China-based medical device company dedicated to the development of interventional products for the treatment of structural heart diseases. Our Company was established in the PRC in November 2011. Since then we have developed a series of treatment solutions targeting different types of structural heart diseases, including tricuspid valve diseases, aortic valve diseases, mitral valve diseases and heart failure. LuX-Valve, our Core Product, has the potential for treating severe tricuspid regurgitation, and is expected to become one of the first transcatheter tricuspid valve replacement (TTVR) products approved for commercialization globally given that it was the first product candidate worldwide to complete the subject enrollments for confirmatory clinical trial, according to Frost & Sullivan. In addition, LuX-Valve was designated as a "breakthrough device" by the FDA under the Breakthrough Devices Program in November 2021, and was the first domestically-developed medical device receiving such designation in the field of heart valve disease treatment, according to Frost & Sullivan. Ken-Valve, our another Core Product, is designed for the treatment of severe aortic regurgitation (or combined with aortic stenosis), and is expected to address the needs of a larger patient pool than those transcatheter aortic valve replacement (TAVR) systems that are indicated for the treatment of aortic stenosis alone. We are also developing eight other product candidates featuring advanced technologies, including (i) JensClip, an innovative clip-based transcatheter mitral valve repair (TMVr) system embedded with many unique designs differentiating it from other TMVr systems on the market, (ii) MitraPatch, an innovative TMVr product candidate that can repair mitral valves using leaflet patching technologies, as well as a wide array of other advanced product candidates targeting different types of valvular diseases and heart failure.

Primarily driven by population aging, structural heart diseases are becoming increasingly prevalent both in China and worldwide. Among all structural heart diseases, valvular heart diseases are the most prevalent. According to Frost & Sullivan, approximately 221.4 million patients worldwide, including approximately 37.5 million patients in China, suffered from valvular heart diseases in 2021. Despite the high prevalence, there were few safe and effective treatments for structural heart diseases (and valvular heart diseases in particular): pharmacotherapy can only help to relieve the symptoms, but cannot cure the diseases; traditional open-heart surgeries might be effective in curing the diseases, but are highly invasive and risky to conduct. In recent years, interventional therapies have been developing rapidly and are progressively replacing traditional therapies in the treatment of structural heart diseases. Interventional therapies generally involve shorter procedure time, cause fewer post-procedural complications, enable faster recovery, and provide options for patients who can not tolerate traditional open-heart surgeries. As a result of technological innovation, favorable government policies, increasing healthcare expenditure, as well as the significant advantages of interventional treatment solutions over traditional therapies, the market for interventional structural heart devices in China has experienced significant growth in recent years, and is expected to maintain its growth momentum. According to Frost & Sullivan, the market size of interventional structural heart devices in China will continue to rise and is estimated to reach RMB49.0 billion in 2030.

To capitalize on this market opportunity and to fulfill the unmet medical needs of patients with structural heart diseases, we have developed a broad product pipeline that covers various structural heart diseases.



Abbreviations: TTVR = transcatheter tricuspid valve replacement; TTVr = transcatheter tricuspid valve repair; TAVR = transcatheter aortic valve replacement; TMVr = transcatheter mitral valve repair; TMVR = Transcatheter mitral valve replacement

- **Product candidates for the treatment of tricuspid valve diseases.** LuX-Valve, our Core Product and our proprietary first-generation TTVR system, has the potential for treating severe tricuspid regurgitation, and is expected to become one of the first TTVR products approved for commercialization globally given that it was the first product candidate worldwide to complete the subject enrollments for confirmatory clinical trial, according to Frost & Sullivan. LuX-Valve was recognized as an innovative medical device by the NMPA in 2019, and is therefore eligible for an expedited approval process. In September 2020, we successfully completed the multi-center feasibility clinical trial of LuX-Valve. In August 2021, we completed the enrollment of 120 subjects for the confirmatory clinical trial of LuX-Valve. In February 2022, we completed the six-month follow-up for the confirmatory clinical trial of LuX-Valve, and thereafter proceeded with the one-year follow-up for the confirmatory clinical trial of LuX-Valve, which had been completed as of the Latest Practicable Date. After the completion of confirmatory clinical trial, we expect to submit the trial results for NMPA approval in the fourth quarter of 2022 and obtain the NMPA approval for the commercialization of LuX-Valve in the second half of 2023. In addition, LuX-Valve was designated as a "breakthrough device" by the FDA under the Breakthrough Devices Program in November 2021, and was the first domestically-developed medical device receiving such designation in the field of heart valve disease treatment, according to Frost & Sullivan. In addition to LuX-Valve, we have also been developing LuX-Valve Plus, our second-generation TTVR system, and JensT-Clip, our proprietary clip-based TTVr system, to further enhance our tricuspid valve product offerings. We have completed the feasibility clinical trial of LuX-Valve Plus in China and are currently conducting the confirmatory clinical trial. We also plan to initiate the feasibility clinical trial of JensT-Clip in the second half of 2023.

- **Product candidates for the treatment of aortic valve diseases.** We have also developed a series of innovative TAVR product candidates targeting severe aortic regurgitation. Ken-Valve, our Core Product and our proprietary first-generation TAVR system, is designed for the treatment of severe aortic regurgitation (or combined with aortic stenosis), and is expected to address the needs of a larger patient pool than those TAVR systems that are indicated for the treatment of aortic stenosis alone. Based on the current clinical trial progresses of all TAVR product candidates with AR as an indication, Ken-Valve is expected to become the second TAVR product in China and the third TAVR product in the world approved for commercialization with such indication, according to Frost & Sullivan. In March 2021, we successfully completed the multi-center feasibility clinical trial of Ken-Valve. In March 2022, we completed the enrollment of 140 subjects for the confirmatory clinical trial of Ken-Valve, and, as of the Latest Practicable Date, we were conducting the required follow-up for the confirmatory clinical trial of Ken-Valve in China. We expect to obtain the NMPA approval for the commercialization of Ken-Valve in the first half of 2024. In addition, KenFlex, our new-generation TAVR product candidate, is expected to enter the feasibility clinical trial in the fourth quarter of 2022.

- **Product candidates for the treatment of mitral valve diseases.** Capitalizing on our existing technological expertise, we have also developed a series of product candidates for the treatment of mitral valve diseases. JensClip, our proprietary TMVr system and an easy-to-use clip-based TMVr system featuring an advanced locking mechanism, entered the feasibility clinical trial in August 2022. MitraPatch, our another TMVr system, will enter the feasibility clinical trial in the second quarter of 2023. In addition, we have also been developing AnchorValve, a TMVR system, to further enhance our mitral valve product offerings. We believe that the variety of product offerings provides physicians with the flexibility to choose the most suitable treatment approach for their patients.

- **Product candidates for the treatment of heart failure.** We have also developed a number of innovative medical devices for the treatment of heart failure. As part of our strategy to build an integrated platform offering treatment solutions for different types of structural heart diseases, we acquired Ningbo Diochange in September 2020 to expand our heart failure business unit. For the treatment of heart failure with preserved or mildly reduced ejection fraction, we are developing MicroFlux, our proprietary atrial septal stent and delivery system, and currently expect to initiate the feasibility clinical trial of the product candidate in the fourth quarter of 2022. In addition, for the treatment of heart failure with reduced ejection fraction, we have been developing AlginSys and EndoInjex, our myocardial filling hydrogel product candidate and its injection device, which can enhance the strength of contraction of the heart muscle, therefore can address the treatment needs of patients who do not respond well to pharmacotherapy.

The following chart summarizes the development status of our product candidates as of the Latest Practicable Date.

Product Candidates	Product Categories	Pre-Clinical	Clinical	Registration	Upcoming Milestones	Expected Commercialization	Commercial Rights	Competent Authority
Valvular Heart Diseases Product Candidates								
★ *LuX-Valve*	**Transcatheter tricuspid valve replacement (TTVR) system**	NMPA approval: Completed the feasibility clinical trial and the confirmatory clinical trial			• Submission for NMPA approval (2022Q4)	2023H2	Global	NMPA
		CE Marking: In the process of initiating the clinical trial FDA: Designated as the "breakthrough device"			• Completion of the subject enrollments (2023Q4)	2024H2		The Notified Body of EU FDA
★ *Ken-Valve*	**Transcatheter aortic valve replacement (TAVR) system**	NMPA approval: Completed the feasibility clinical trial, in the process of conducting the confirmatory clinical trial			• Completion of the confirmatory clinical trial (2023Q1)	2024H1	Global	NMPA
LuX-Valve Plus	Transcatheter tricuspid valve replacement (TTVR) system*	NMPA approval: Completed the feasibility clinical trial, in the process of conducting the confirmatory clinical trial			• Completion of the subject enrollments (2023Q1)	2024H1	Global	NMPA
		CE Marking: In the process of initiating the clinical trial			• Completion of the subject enrollments (2023Q4)	2024H2		The Notified Body of EU
KenFlex	Transcatheter aortic valve replacement (TAVR) system*	NMPA approval: Preparing for the feasibility clinical trial			• Initiation of the feasibility clinical trial (2022Q4)	2025H1	Global	NMPA
JensClip	Transcatheter mitral valve repair (TMVr) system	NMPA approval: In the process of conducting the feasibility clinical trial			• Completion of the subject enrollments (2022Q4)	2025H1	Global	NMPA
		CE Marking: Preparing for the feasibility clinical trial			• Initiation of the feasibility clinical trial (2023Q1)	2025H2		The Notified Body of EU
JensT-Clip	Transcatheter tricuspid valve repair (TTVr) system	NMPA approval: Animal studies stage			• Initiation of the feasibility clinical trial (2023H2)	2025H2	Global	NMPA
		CE Marking: Animal studies stage			• Initiation of the feasibility clinical trial (2023H2)	2025H2		The Notified Body of EU
MitraPatch	Transcatheter mitral valve repair (TMVr) system	NMPA approval: Preparing for the feasibility clinical trial			• Initiation of the feasibility clinical trial (2023Q2)	2025H2	Global	NMPA
		CE Marking: Preparing for the feasibility clinical trial			• Initiation of the feasibility clinical trial (2023Q2)	2025H2		The Notified Body of EU
AnchorValve	Transcatheter mitral valve replacement (TMVR) system	NMPA approval: Animal studies stage			• Initiation of the feasibility clinical trial (2023Q3)	2026H1	Global	NMPA
Heart Failure Diseases Product Candidates								
MicroFlux	Atrial septostomy stent & delivery system	NMPA approval: Preparing for the feasibility clinical trial			• Initiation of the feasibility clinical trial (2022Q4)	2025H1	Global	NMPA
AlginSys & EndoInjex	Myocardial filling hydrogel & injection system	NMPA approval: Animal studies stage			• Initiation of the feasibility clinical trial (2023Q2)	2025H2	Global	NMPA

★ Core Products PRC registration Global registration

* The product designs, structures and treatment access paths of Lux-Valve and LuX-Valve Plus (via transvascular access path) are different. Therefore, pursuant to the *Guidelines on Medical Device Registration Unit Classification*, we expect that they will be registered under separate registration certificates to be issued by the NMPA, and we intend to sell them as separate products. Similarly, we expect that Ken-Valve and KenFlex (via transvascular access path) will be registered under separate registration certificates, and we intend to sell them as separate products.

OUR COMPETITIVE STRENGTHS

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

One of the Manufacturers with Clinically Approved Technologies in the Tricuspid Valve Replacement Device Market

We are one of the manufacturers in the tricuspid valve replacement device market in the world and have developed a suite of product candidates with proven clinical efficacy to treat tricuspid valve diseases. LuX-Valve, our Core Product and our proprietary first-generation TTVR product candidate, has the potential for treating severe tricuspid regurgitation, and is expected to become one of the first TTVR products approved for commercialization globally given that it was the first product candidate worldwide to complete subject enrollments for confirmatory clinical trial, according to Frost & Sullivan. In addition, LuX-Valve was designated as a "breakthrough device" by the FDA under the Breakthrough Devices Program in November 2021, and was the first domestically-developed medical device receiving such designation in the field of heart valve disease treatment, according to Frost & Sullivan. LuX-Valve is widely regarded as a promising interventional devices for treating severe tricuspid regurgitation.

Tricuspid valve diseases, and tricuspid regurgitation in particular, are highly prevalent both in China and globally. According to Frost & Sullivan, the number of tricuspid regurgitation patients globally

increased from 47.6 million in 2017 to 51.7 million in 2021, and is expected to increase further to 60.7 million in 2030. In China, the number of tricuspid regurgitation patients increased from 8.8 million in 2017 to 9.3 million in 2021, and is estimated to increase further to 10.6 million in 2030. According to Frost & Sullivan, patients with tricuspid regurgitation generally experience low quality of life and high mortality (approximately 36% of severe tricuspid regurgitation patients die within one year, and approximately 47.8% die within five years, after positive diagnosis), and therefore, generally have strong needs for treatment. It is expected that by 2030, the number of interventional therapies conducted in China for tricuspid valve diseases will reach approximately 200.9 thousand, as compared with 109.5 thousand for aortic valve diseases and 54.1 thousand for mitral valve diseases, according to Frost & Sullivan. The global market for TTVI products is expected to grow from US$10.0 million in 2021 to US$11.3 billion in 2030, and the market for TTVI products in China is expected to reach RMB20.3 billion in 2030.

Despite the high prevalence of tricuspid regurgitation, currently, there is no mature and effective treatment for tricuspid regurgitation, and as of the Latest Practicable Date, there was no approved TTVR product globally, leaving a large market underpenetrated, according to Frost & Sullivan. In September 2020, we completed the feasibility clinical trial of LuX-Valve, and the trial results preliminarily demonstrated the product's safety and efficacy. Based on the feasibility clinical trial results of LuX-Valve, the all-cause mortality rate was nil at discharge and nil at 30 days. We have also completed the one-year follow-up for the confirmatory clinical trial of LuX-Valve, and plan to obtain the NMPA approval for the commercialization of LuX-Valve in the second half of 2023. We believe that once approved, LuX-Valve can quickly capture the large and underpenetrated tricuspid regurgitation interventional treatment market in China and globally. In addition, as the first step of our globalization strategy, we conducted early feasibility clinical trial of LuX-Valve in Canada. The results of such early feasibility clinical trial were published on the 2020 annual meeting of the ISMICS and were recognized by the ISMICS Subramanian Innovation Award. Furthermore, such results were also cited in ESC/EACTS Guidelines in August 2021. We believe such endeavor has preliminarily proven the safety and efficacy of LuX-Valve when applied to patients of other ethnic groups (i.e., other than Chinese), and plan to continue to conduct such feasibility clinical trial with an aim to demonstrate LuX-Valve's potentials to be applied in a much broader population base.

We attribute LuX-Valve's proven clinical trial results to its innovative and unique features. According to Frost & Sullivan, TTVR products are much more difficult to develop than TAVR products and TMVR products because the annular dimension of tricuspid valves is much larger, the leaflets of tricuspid valves are more fragile than the other valves, and tricuspid valves lack stable adjacent structures, making it difficult to anchor a bioprosthetic valve at the target position. Because of the extreme difficulties in developing TTVR products, although a large number of companies, including many global medical device companies, attempted to develop TTVR products, as of the Latest Practicable Date, only four TTVR product candidates entered into the confirmatory clinical trial stage. LuX-Valve utilizes a series of first-in-the-world innovative designs to address such challenges. LuX-Valve adopts an innovative multi-dimensional fixation design, anchoring the valve on the interventricular septum and grasping the anterior leaflet using two clampers. According to Frost & Sullivan, LuX-Valve is the world's first TTVR product that anchors itself by apposition instead of radial forces. As a result, LuX-Valve is capable of accommodating different annular sizes, minimizing the anatomical impact on the tricuspid valve, and limiting the risks of myocardial tissue damage and bundle branch block. The three prosthetic valve leaflets are made of bovine pericardium and are pre-treated with our proprietary JeniGal anti-calcification technology. We expect that the use of bovine pericardium and pre-treatment technology will improve the durability of our product. For greater safety, LuX-Valve also incorporates a retrievable

and steerable delivery system, allowing convenient adjustment of the release position and release angle, as well as valve retrieval in case of suboptimal initial release. Multiple international high-profile honors have been awarded for our development of LuX-Valve or for its clinical use, including the finalist in the 2019 Transcatheter Cardiovascular Therapeutics Shark Tank Innovation Competition, the Second Prize in the 2019 China Innovation and Entrepreneurship Competition and the 2020 ISMICS Subramanian Innovation Award.

In addition to LuX-Valve, we are also developing two other TTVI devices, namely LuX-Valve Plus and JensT-Clip. LuX-Valve Plus, our second-generation TTVR product with multi-angle steerable function, is expected to enhance the operational convenience and further improve the overall success rate of the procedure. We have completed the feasibility clinical trial of LuX-Valve Plus in China and are currently conducting the confirmatory clinical trial. We are also in the process of initiating the clinical trial overseas. In addition, procedures implementing LuX-Valve Plus have also been successfully performed at St. Paul's Hospital in Canada on eleven subjects and for the first time in Europe at the University Hospital of Bordeaux in France in July 2022, followed by another such procedure successfully performed in Germany in September 2022 and more procedures to be further performed in countries including the U.S., France and Spain in the near future. For JensT-Clip, our clip-based TTVr system, we are currently conducting animal studies. We expect to initiate its feasibility clinical trial in China and overseas in the second half of 2023.

Broad Product Portfolio Targeting Various Structural Heart Diseases

Leveraging our existing technological expertise on tricuspid valve diseases, we have developed a broad product pipeline targeting various other structural heart diseases, including aortic valve diseases, mitral valve diseases and heart failure.

Product Candidates for the Treatment of Aortic Valve Diseases

Aortic regurgitation is one of the most prevalent types of aortic valve diseases. According to Frost & Sullivan, in 2021, 27.5 million patients worldwide (including 4.0 million patients in China) suffered from aortic regurgitation, and a significant percentage of aortic stenosis patients also suffered from aortic regurgitation. However, only approximately 6,630 TAVR procedures were performed in China in 2021, leaving ample opportunities for all the major players in the industry. It is expected that the number of TAVR procedures will increase to 109.5 thousand in China in 2030. With the growing acceptance of TAVR procedures, it is expected that the TAVR market in China will grow tremendously from RMB911.5 million in 2021 to RMB11.4 billion in 2030 at a CAGR of 52.0% from 2021 to 2025 and 18.5% from 2025 to 2030. As of the Latest Practicable Date, most of the TAVR products approved in China were only indicated for treating aortic stenosis, but not aortic regurgitation, therefore, there are pressing patient needs for TAVR products that can treat aortic regurgitation according to Frost & Sullivan.

We have developed two TAVR products for the treatment of severe aortic regurgitation (or combined with aortic stenosis). Based on the current clinical trial progresses of all TAVR product candidates with AR as an indication, Ken-Valve is expected to become the second TAVR product in China and the third TAVR product in the world designed for the treatment of severe aortic regurgitation (or combined with aortic stenosis), according to Frost & Sullivan. In March 2021, we completed the feasibility clinical trial of Ken-Valve, and the trial results demonstrated the product's safety and efficacy. As of the Latest Practicable Date, we were conducting the required follow-up for the confirmatory clinical trial and currently expect to obtain the NMPA approval for the commercialization of Ken-Valve

in the first half of 2024. We believe that once approved, our Ken-Valve can quickly capture the underserved aortic valve diseases treatment market in China.

We believe the proven safety and efficiency of Ken-Valve are attributable to its innovative and unique features. To ensure the exact positioning and stable fixation, Ken-Valve adopts a one-piece positioning clamp design that allows exact positioning and anchoring to the native annulus. It also utilizes an adaptive anti-leakage ring, which helps further minimize paravalvular leak. Ken-Valve incorporates a steerable delivery system, allowing physicians to adjust the angle of the valve to easily fit different sizes of annulus. In addition to Ken-Valve, we are developing KenFlex, our new-generation TAVR product. The advanced delivery system of KenFlex allows the physician to recapture the valve if the original release position or orientation is not ideal, and to readjust the position and orientation during the procedure. We currently expect to initiate the feasibility clinical trial of KenFlex in the fourth quarter of 2022 and to commercialize the product in the first half of 2025.

Product Candidates for the Treatment of Mitral Valve Diseases

JensClip, our proprietary clip-based TMVr system, features an innovative claw wall and wedge-shaped locking mechanism, with a simple structure design that can grasp the valve leaflets bilaterally. We initiated the feasibility clinical trial of JensClip in August 2022. MitraPatch, our innovative proprietary TMVr system, that can repair mitral valves using leaflet patching technologies. MitraPatch utilizes a unique anchoring and positioning design to reliably fix the prosthetic supplemental leaflet in the atrial wall. We currently expect to initiate the feasibility clinical trial of MitraPatch in the second quarter of 2023. Moreover, we also have AnchorValve, a TMVR product candidate, as part of our mitral valve product offerings.

Product Candidates for the Treatment of Heart Failure

Heart failure is believed as the final battlefield of structural heart diseases. We strategically acquired Ningbo Diochange in September 2020 to further enrich our product offerings in the heart failure market. For the treatment of HFpEF, we are developing MicroFlux, our proprietary atrial septal stenting system. We currently expect to initiate the feasibility clinical trial of MicroFlux in the fourth quarter of 2022. In addition, for the treatment of HFrEF, we have been developing AlginSys and EndoInjex, our myocardial filling hydrogel product candidate and its injection device, as part of our heart failure product offerings.

We believe that our multi-faceted product offerings will help us diversify our revenue sources, and integrate our R&D, manufacturing and commercialization activities.

An Integrated Platform with the Capability to Translate Strategic Concepts into Real-World Product Candidates

We believe that our strong product development capabilities are the driving force behind our success.

R&D

We have established a full-cycle R&D function, from the discovery of medical needs through product development to commercialization. As of the Latest Practicable Date, our research and

development team consisted of 77 members in total. Our senior management and research and development team members review and discuss feedback from KOLs, physicians and academic institutions to identify potential research and development opportunities. Through those communications, we identify clinical needs and develop or adjust our products to fulfill those needs, which ensures market acceptance of, and demand for, our products later on. We also examine the regulatory pathways and proactively communicate with relevant regulatory authorities to obtain clinical trial approvals and marketing approvals in China.

Our research and development team has a full suite of capabilities, including biological material, suturing techniques, structure design and processing techniques. In addition, we have set up a biological laboratory aimed at developing innovative anti-calcification animal-derived valve materials. For example, we chose bovine pericardium as valve tissue and resolved issues related to pericardial biocompatibility. Compared to porcine pericardium, bovine pericardium has better durability and hemodynamic performance. We have also developed innovative anti-calcification pre-treatment technologies. Applied to our prosthetic valve product candidates, the anti-calcification pre-treatment is expected to prevent the valves from function deterioration. In addition, we have established a simulation laboratory integrating both computer-aided engineering (CAE) analysis and valve testing. The simulation laboratory enables us to conduct *in vitro* experiments to dissect the mechanisms of our product candidates during the process development stage. Going forward, we will continuously expand our product pipeline through our research and development efforts to strengthen our competitive advantages.

Clinical Development

Through our over ten years of R&D experience in the class III medical device field, we have accumulated abundant experience in conducting every critical stage of clinical trials including planning, designing, execution, data management and data analysis. We also engage reputable, experienced CROs to support our day-to-day clinical development execution. Thus, we aim to encompass the full cycle from market demand to product development to commercialization.

Manufacturing

There exist high entry barriers for the manufacturing of interventional structural heart devices given the stringent manufacturing standards and high quality requirements. For instance, experienced technicians must suture the bovine pericardium to the frame by hand, which is a key manufacturing step that currently does not lend itself to automation as it requires human dexterity and tactile experience in sensing the thickness and hardness of bovine pericardia. As of the Latest Practicable Date, we employed 25 highly skilled full-time technicians for the suturing task. In addition, we have full manufacturing capabilities, including production lines for stents, valves, and delivery systems, respectively. In anticipation of forthcoming product launches, we have completed the expansion of our annual manufacturing capacity from 3,500 sets to approximately 4,000 to 5,000 sets in 2021, and expect to continue to expand our manufacturing capacity by reaching approximately 10,000 sets by the end of 2024. Additionally, we procured equipment and machinery from reputable suppliers and completed comprehensive commissioning and qualification steps to verify that the equipment and programs are installed according to the requisite specifications. We believe our manufacturing capability will give us an edge on clinical trials and future commercialization.

Readiness for Rapid Penetration into Hospitals in China, Supported by Established Reputation among Industry-Leading KOLs, PIs, and Hospitals

We rely on academic outreach to build our brand recognition and raise market awareness of our products under development. We participated in, or sponsored, industry-leading academic conferences, and we plan to continue to do so. For example, our LuX-Valve and Ken-Valve were introduced at China Heart Congress ("**CHC**") 2020 in conjunction with the 5th China Vascular Congress ("**CVC**"), a national week-long conference encompassing over 370 academic events and 1,500 academic lectures with more than ten million onsite and online views. Our products were also introduced at EuroPCR 2021, which is an official annual meeting of the European Association of Percutaneous Cardiovascular Interventions (EAPCI), as well as China Valve (Hangzhou) 2020, which was an international conference. By frequently participating in academic conferences and maintaining close interactions with physicians and hospitals, we have nurtured lasting cooperative relationships in this field. We have also invited industry-wide KOLs to participate in our product design and clinical trials to raise the awareness of, and confidence in, our products. On the strength of the encouraging clinical trial results of LuX-Valve and strong KOL endorsements of our products, TTVR procedures using LuX-Valve had been successfully performed at St. Paul's Hospital in Canada in December 2019 as part of an early feasibility study. In addition, as of the Latest Practicable Date, we had been conducting clinical trials at more than 20 leading hospitals in China. We believe our strong relationships with KOLs, PIs and hospitals, together with our well-established reputation in the medical device industry, will give us significant advantages in terms of scientific know-how, research and development and the future commercialization of our product candidates upon their approvals.

Experienced, Dedicated, and Visionary Senior Management Supported by Well-Known Investors

We have a visionary and experienced management team of veteran entrepreneurs in the interventional cardiovascular medical device industry. We believe that our success is, to a large extent, driven by our management team's global vision, as well as their local expertise in the R&D, clinical trials, regulatory affairs, manufacture, and commercialization of interventional cardiovascular products.

Our chairman, CEO and CTO, Mr. LV Shiwen, has over 20 years of experience in the medical devices industry, especially in research and development, and production. Mr. LV is responsible for the overall management of business operation, strategy and corporate development of our Group. Mr. Lv led or otherwise participated in the invention of around 100 types of medical devices, including cardiovascular products, minimally invasive spine products, and endoscopic products. His leadership, we believe, has significantly enhanced our research and development capabilities. Mr. LI Yibin, our vice president, is responsible for the overall daily operation of our Group, including quality control, regulatory registration and IP related works. He has more than ten years of experience in the medical device industry and used to serve as a R&D engineer at MicroPort Medical (Shanghai) Co., Ltd. Furthermore, Ningbo Diochange's management is a valuable addition to our management. Mr. LI Biao, executive director and general manager of Ningbo Diochange, has more than ten years of experience in the medical device industry. Mr. LI is responsible for the overall research and development activities and overall business operations of Ningbo Diochange. Mr. PAN Fei, our vice president and CFO, has more than 12 years of experience working in renowned investment banks and investment firms, and has directed investments in a number of innovative medical device companies.

We also received strong endorsements from well-known investors, including Hillhouse, Primavera Capital, Cormorant, ChinaAMC, Duckling Fund, L.P., China Life Insurance and PICC. They have extensive experience in partnering with medical device companies with an in-depth understanding of market trends. They have provided significant support to our management team.

OUR STRATEGIES

Our vision is to become a global leading medical device platform with a comprehensive offering of innovative products for the treatment of structural heart diseases. We plan to implement the following strategies to achieve our goal:

Expedite the Development and Commercialization of Our Product Candidates and Solidify Our Market Position

We intend to expedite the commercialization of our product candidates, especially our Core Product, LuX-Valve, in order to enjoy the first-mover advantage in the underpenetrated and fast-growing TTVR market. LuX-Valve was recognized as an innovative medical device by the NMPA, and is therefore eligible for an expedited approval process in China. In September 2020, we had successfully completed the multi-center feasibility clinical trial of LuX-Valve. As of the Latest Practicable Date, we had completed the one-year follow-up for the confirmatory clinical trial in China and expect to submit trial results to the NMPA in the fourth quarter of 2022 for its approval. LuX-Valve has the potential for treating severe tricuspid regurgitation, and is expected to become one of the first TTVR products approved for commercialization globally given that it was the first product candidate worldwide to complete the subject enrollments for confirmatory clinical trial, according to Frost & Sullivan. We also obtained the "breakthrough device" designation from the FDA for LuX-Valve in November 2021 and are eligible for an expedited assessment and review process once we make the registration submission for LuX-Valve to the FDA. In addition to LuX-Valve, we plan to expedite the commercialization of our other Core Product, Ken-Valve. In March 2021, we had successfully completed the multi-center feasibility clinical trial of Ken-Valve. In March 2022, we completed subject enrollments for the confirmatory clinical trial of Ken-Valve, and expect to submit the trial results for NMPA approval in the third quarter of 2023.

In preparation for the upcoming commercialization of our product candidates, we plan to further enhance our manufacturing capabilities and introduce new equipment and technology, enabling us to handle increased levels of product standard and product complexity. We have expanded our annual production capacity to approximately 4,000 to 5,000 sets in 2021, and expect to continue to expand our manufacturing capacity by reaching approximately 10,000 sets by the end of 2024. We also plan to further deepen our relationships with KOLs in our target fields and intend to continue to actively participate in academic outreach, such as sponsoring industry conferences and providing training to physicians. In anticipation of the commercial launch of our product candidates in the near future, we are also building our marketing infrastructure to grow our brand recognition in the structural heart disease medical device market in China. We plan to build our core commercial leadership team by hiring experienced national sales directors, regional managers, and sales representatives. We expect our commercial team to cover a growing number of selected hospitals and physicians in our targeted fields in China to prepare for the commercialization of our product candidates. Additionally, we acquired 24.98% equity interest in Starway in May 2021, which is an interventional medical device company for congenital heart diseases with established distribution network. We expect such collaboration will help us build downstream connections closely with KOLs and hospitals. By leveraging and collaborating the existing distribution

network of Starway, we plan to establish our distribution network by cooperating with reputable distributors with proven sales records in high-growth regions in China.

Specialize in Structural Heart Diseases and Further Enrich Our Comprehensive Product Offering

We focus on the field of structural heart diseases, and intend to develop a comprehensive, diversified and robust product pipeline for heart valve diseases and heart failure. We plan to lead the field with our tricuspid valve products, differentiate ourselves from our competitors with our aortic valve and mitral valve products, and provide diverse heart failure solutions. We plan to develop and commercialize our existing pipeline products and branch out to additional product candidates. Our goal is to further expand our product coverage by both updating our current product candidates over time and simultaneously increasing the breadth of our product candidate pool in each product category.

We will continue to develop our preclinical product candidates with the aim of advancing a number of additional product candidates into clinical trials or commercialization each year. For our TTVI product candidates, such as LuX-Valve Plus and JensT-Clip, we will strive to maintain a leading position in the field, continue to refine our product range, and further expand our product portfolio. For example, we have completed the feasibility clinical trial of LuX-Valve Plus in China and are currently conducting the confirmatory clinical trial. We expect to commercialize the product in the first half of 2024. In addition, procedures implementing LuX-Valve Plus have also been successfully performed at St. Paul's Hospital in Canada on eleven subjects and for the first time in Europe at the University Hospital of Bordeaux in France in July 2022, followed by another such procedure successfully performed in Germany in September 2022 and more procedures to be further performed in countries including the U.S., France and Spain in the near future. For aortic valve products, we plan to differentiate ourselves from our competitors by treating dual indications of severe aortic regurgitation and stenosis. Additionally, for the mitral valve products and heart failure products, we plan to develop multiple treatment solutions and expand our target patient group coverage based on patients' physical conditions.

We will continue to identify strategic opportunities and develop new devices with substantial clinical benefits and market potential. In the long term, we expect to add one to two product candidates into our pipeline every year. To that end, we will continue to channel our in-house development efforts and resources into technological innovation to strengthen our new product R&D capabilities and enhance our competitiveness.

Build upon Our R&D Capabilities and Seek Strategic Collaborations to Expand Our Product Portfolio

We aim to continue to develop innovative technologies and endeavor to apply those technologies to our pipeline products. As a key player in the structural heart diseases medical device markets in China, we strive to maintain and reinforce our R&D capabilities to solidify our leading position and to fuel our long-term growth. We intend to continue to leverage our astute judgment of the technology trends and our insights into market needs to identify opportunities in fields with high growth potential. We plan to further grow our in-house R&D team by attracting and retaining high-caliber talents and enhancing our fundamental R&D capabilities. Our R&D team will continue to actively communicate with reputable PIs, KOLs, physicians, and hospitals, as well as leading scientists and researchers, to keep abreast of the cutting-edge R&D trends, and to adapt our product candidates to the latest clinical needs, thus ensuring that our innovative product development remains market-oriented.

We also plan to actively seek opportunities for strategic acquisitions or investments to grow our business, expand our product pipeline and IP portfolio, and enhance our R&D capabilities and our market position. Leveraging our experience in the heart failure medical device market through the acquisition of Ningbo Diochange in 2020, we plan to identify pioneering projects or companies with high growth potential in China and overseas. We may also consider acquiring the IP portfolio of, or pursuing licensing arrangements with, third parties, where we elect not to conduct in-house R&D. In the short term, we plan to focus primarily on the China market, and may consider acquiring or licensing advanced IP portfolios that are complementary to our existing portfolio, especially in the field of transcatheter valve therapies. In the mid- to long-term, we plan to gradually increase our acquisition and investment efforts as our operations and financial resources grow. In addition to acquiring technologies, we may consider acquiring, or investing in, companies with mature product lines or with operations outside China. We believe our proprietary technologies, R&D capabilities, product registration experience, and growing commercialization infrastructure will enable us to integrate those acquired products effectively and expedite their commercialization. As of the Latest Practicable Date, we had not identified any target for strategic acquisition, investment, partnership or licensing.

Expand Our Footprint to Become an Industry Leader

As an interventional cardiovascular device company in China with global ambitions, we plan to continue our endeavors in various international markets and are determined to build a world-class company with global influence. Leveraging our in-house R&D capabilities, we have built a global proprietary patent portfolio, which spans across domestic and overseas markets. We also plan to collaborate with global medical device companies, research institutions, and hospitals to develop and implement our international strategy.

We are preparing various clinical trials in Europe, and plan to expand our presence in emerging markets. For example, we plan to conduct the clinical trials of LuX-Valve Plus, MitraPatch, JensClip and JensT-Clip in Europe for CE Marking. We are currently in the process of initiating the clinical trial for LuX-Valve Plus and expect to initiate the clinical trials for MitraPatch, JensClip and JensT-Clip in 2023. With our extensive experience in product development, we believe LuX-Valve Plus has the potential to become the first TTVR product developed in China and marketed in Europe. We will also seek product registrations in other overseas markets, especially countries that recognize CE Marking or the NMPA approval, such as South Korea, Brazil, Thailand, Argentina and Singapore. We are also evaluating opportunities in other territories and may consider entering those territories and conducting local clinical trials for product registration in those territories in the future. We expect that the procedures implementing LuX-Valve Plus that have been successfully performed in Canada, France and Germany and those to be further performed in countries including the U.S., France and Spain in the near future will facilitate the product's overseas registration and commercialization as part of our global strategies.

As part of our international strategy, we will steadily expand our academic coverage into overseas markets and continue to participate in international heart valve conferences and academic events, such as the Transcatheter Cardiovascular Therapeutics ("**TCT**") conference and congenital and structural valvular heart intervention conference ("**CSI**"). We plan to continue to actively participate in or sponsor key industry conferences and events in the future to promote our brand in China and globally.

OUR PRODUCT CANDIDATES

We have adopted a self-development business model, and self-developed the key technologies used in our product candidates. As of the Latest Practicable Date, our product pipeline included (i) three product candidates at the confirmatory clinical trial stage, namely, our Core Products, LuX-Valve and Ken-Valve, and our Lux-Valve Plus; (ii) one product candidate at the feasibility clinical trial stage, namely, JensClip; (iii) three product candidates at the feasibility clinical trial preparation stage, namely, KenFlex, MitraPatch and MicroFlux; and (iv) three product candidates at the pre-clinical stage. Our product candidates are subject to approval by relevant authorities, such as the NMPA and/or its local counterparts before commercialization in China and other relevant jurisdictions. For details, see "Regulatory Overview — Laws and Regulations Relating to Medical Devices" in this prospectus. As of the Latest Practicable Date, we had not received any material comments or concerns raised by the relevant regulatory authorities with respect to our product candidates, and we believe we will be able to obtain relevant regulatory approval and commercialize our product candidates as planned. The following chart illustrates our pipeline and summarizes the development status of our product candidates as of the Latest Practicable Date:

Product Candidates	Product Categories	Pre-Clinical	Clinical	Registration	Upcoming Milestones	Expected Commercialization	Commercial Rights	Competent Authority
Valvular Heart Diseases Product Candidates								
★ *LuX-Valve*	**Transcatheter tricuspid valve replacement (TTVR) system**	NMPA approval: Completed the feasibility clinical trial and the confirmatory clinical trial			• Submission for NMPA approval (2022Q4)	2023H2	Global	NMPA
		CE Marking: In the process of initiating the clinical trial FDA: Designated as the "breakthrough device"			• Completion of the subject enrollments (2023Q4)	2024H2		The Notified Body of EU FDA
★ *Ken-Valve*	**Transcatheter aortic valve replacement (TAVR) system**	NMPA approval: Completed the feasibility clinical trial, in the process of conducting the confirmatory clinical trial			• Completion of the confirmatory clinical trial (2023Q1)	2024H1	Global	NMPA
LuX-Valve Plus	Transcatheter tricuspid valve replacement (TTVR) system*	NMPA approval: Completed the feasibility clinical trial, in the process of conducting the confirmatory clinical trial			• Completion of the subject enrollments (2023Q1)	2024H1	Global	NMPA
		CE Marking: In the process of initiating the clinical trial			• Completion of the subject enrollments (2023Q4)	2024H2		The Notified Body of EU
KenFlex	Transcatheter aortic valve replacement (TAVR) system*	NMPA approval: Preparing for the feasibility clinical trial			• Initiation of the feasibility clinical trial (2022Q4)	2025H1	Global	NMPA
JensClip	Transcatheter mitral valve repair (TMVr) system	NMPA approval: In the process of conducting the feasibility clinical trial			• Completion of the subject enrollments (2022Q4)	2025H1	Global	NMPA
		CE Marking: Preparing for the feasibility clinical trial			• Initiation of the feasibility clinical trial (2023Q1)	2025H2		The Notified Body of EU
JensT-Clip	Transcatheter tricuspid valve repair (TTVr) system	NMPA approval: Animal studies stage			• Initiation of the feasibility clinical trial (2023H2)	2025H2	Global	NMPA
		CE Marking: Animal studies stage			• Initiation of the feasibility clinical trial (2023H2)	2025H2		The Notified Body of EU
MitraPatch	Transcatheter mitral valve repair (TMVr) system	NMPA approval: Preparing for the feasibility clinical trial			• Initiation of the feasibility clinical trial (2023Q2)	2025H2	Global	NMPA
		CE Marking: Preparing for the feasibility clinical trial			• Initiation of the feasibility clinical trial (2023Q2)	2025H2		The Notified Body of EU
AnchorValve	Transcatheter mitral valve replacement (TMVR) system	NMPA approval: Animal studies stage			• Initiation of the feasibility clinical trial (2023Q3)	2026H1	Global	NMPA
Heart Failure Diseases Product Candidates								
MicroFlux	Atrial septostomy stent & delivery system	NMPA approval: Preparing for the feasibility clinical trial			• Initiation of the feasibility clinical trial (2022Q4)	2025H1	Global	NMPA
AlginSys & EndoInjex	Myocardial filling hydrogel & injection system	NMPA approval: Animal studies stage			• Initiation of the feasibility clinical trial (2023Q2)	2025H2	Global	NMPA

★ Core Products PRC registration Global registration

* The product designs, structures and treatment access paths of Lux-Valve and LuX-Valve Plus (via transvascular access path) are different. Therefore, pursuant to the *Guidelines on Medical Device Registration Unit Classification*, we expect that they will be registered under separate registration certificates to be issued by the NMPA, and we intend to sell them as separate products. Similarly, we expect that Ken-Valve and KenFlex (via transvascular access path) will be registered under separate registration certificates, and we intend to sell them as separate products.

Tricuspid Valve Product Candidates

LuX-Valve — Our Core Product

LuX-Valve, our Core Product and our proprietary first-generation TTVR system, is designed to treat symptomatic patients with both severe tricuspid regurgitation and high surgical risk. LuX-Valve works by replacing the function of a patient's dysfunctional native tricuspid valve with a prosthetic

valved stent without the need for conventional open-heart surgery. LuX-Valve is a Class III medical device under the classification criteria of the NMPA. As of the Latest Practicable Date, we held 13 patents and seven patent applications in relation to LuX-Valve. LuX-Valve was admitted into the Special Examination for Innovative Medical Devices (the "**Green Path**") by the NMPA in January 2019, and therefore is eligible for an expedited approval process in China in accordance with the Special Procedures for Examination and Approval of Innovative Medical Devices (創新醫療器械特別審查程序). For details, see "Regulatory Overview — Laws and Regulations Relating to Medical Devices — Special Procedures for Examination and Approval of Innovative Medical Devices" in this prospectus. In June 2020, we initiated the feasibility clinical trial of LuX-Valve in China. In September 2020, we successfully completed the multi-center feasibility clinical trial*. The protocols of the multi-center feasibility clinical trial were approved by the NMPA, and the feasibility clinical trial forms a key part of the registration application required by the NMPA. For details, see "Regulatory Overview — Laws and Regulations Relating to Medical Devices — Registration and Filings of Medical Device Products" in this prospectus. In August 2021, we completed the enrollment of 120 trial subjects for the confirmatory clinical trial of LuX-Valve. In February 2022, we completed the six-month follow-up for the confirmatory clinical trial of LuX-Valve, and thereafter proceeded with the one-year follow-up for the confirmatory clinical trial of LuX-Valve, which had been completed as of the Latest Practicable Date. After the completion of confirmatory clinical trial, we expect to submit the trial results for NMPA approval in the fourth quarter of 2022 and obtain the NMPA approval for the commercialization of LuX-Valve in the second half of 2023. LuX-Valve has the potential for treating severe tricuspid regurgitation, and is expected to become one of the first TTVR products approved for commercialization globally given that it was the first product candidate worldwide to complete the subject enrollments for confirmatory clinical trial, according to Frost & Sullivan. In addition, LuX-Valve was designated as a "breakthrough device" by the FDA under the Breakthrough Devices Program in November 2021, and was the first domestically-developed medical device receiving such designation in the field of heart valve disease treatment, according to Frost & Sullivan. For details, see "Industry Overview — Tricuspid Valve Disease — TTVI Market — Competitive Landscape" in this prospectus.

Product Structure

LuX-Valve consists of (i) a prosthetic tricuspid valve ("**PTV**"); (ii) a delivery catheter system ("**DCS**") and (iii) a loading system ("**LS**"). The LS compresses the PTV to a suitable diameter to be loaded into the DCS, and then positions the PTV in its target release position to replace the function of a patient's dysfunctional native tricuspid valve. The DCS and LS of LuX-Valve are key parts of LuX-Valve self-developed by us. Such DCS and LS can only be used in LuX-Valve since they are customized for LuX-Valve only, and are designed based on PTV's structure, size, access routes and other product features.

* For LuX-Valve, it took us approximately three months from June 2020 to September 2020 to complete the feasibility clinical trial; for Ken-Valve, it took us approximately 22 months from May 2019 to March 2021 to complete the feasibility clinical trial. Such length in the feasibility clinical trial of Ken-Valve was primarily because (i) we experienced slight delay in the patient enrollment for the feasibility clinical trial of Ken-Valve in 2020 due to the COVID-19 pandemic; (ii) LuX-Valve is planned to be our first commercialized product, and we strategically allocate more resources on LuX-Valve; and (iii) tricuspid valve diseases have high prevalence rates, and LuX-Valve is one of the products in the tricuspid valve interventional treatment market in China. Therefore, we face less competition in subject enrollments. However, TAVR market is a relatively mature market with many commercialized products. The feasibility clinical trial of Ken-Valve is likely to compete with other clinical trials that are in the same TAVR areas. This potentially reduces 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.

PTV

The PTV consists of five parts: (i) a self-expandable nitinol valve stent covered with a layer of polyethylene terephthalate ("**PET**"); (ii) a soft self-adaptive annular sealing ring; (iii) two anterior leaflet-grasping clips; (iv) a tongue-shaped ventricular septum anchoring component; and (v) bovine pericardial leaflets. Key features of the PTV of LuX-Valve are summarized below:

- **First-in-the-world radial force-independent design.** According to Frost & Sullivan, TTVR products are much more difficult to develop than TAVR products and TMVR products because the annular dimension of tricuspid valves is much larger, the leaflets of tricuspid valves are more fragile than other valves, and tricuspid valves lack stable adjacent structures, making it difficult to anchor a bioprosthetic valve at the target position. According to Frost & Sullivan, LuX-Valve is the world's first TTVR product that anchors itself by apposition instead of through radial forces. A soft self-adaptive annular sealing ring, is attached to the stent, preventing perivalvular leak, allowing the valve to easily fit different sizes of annulus with little impact on the anatomy of the tricuspid valves, and thereby avoiding the risks of myocardial tissue damage and bundle branch block.

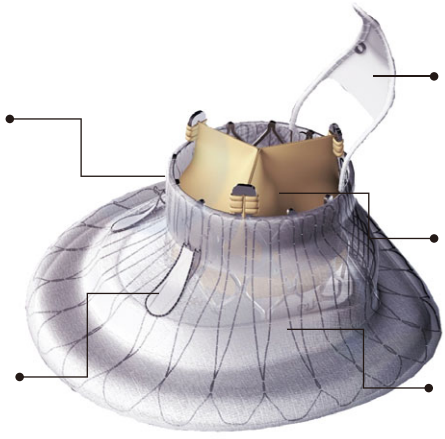
- **Innovative multi-dimensional fixation design.** LuX-Valve utilizes an innovative multi-dimensional fixation design, whereby it anchors on the ventricular septum with a tongue-shaped ventricular septal anchor and with two anterior leaflet-grasping clips. The tongue-shaped ventricular septal anchor is coupled to the stent, and provides a polyester anchoring area through which anchoring needle reliably fix the valve to the septum. The ventricular septum is suitable for anchoring purposes because of its immobility throughout cardiac cycles and its simpler anatomical structure than that of the free wall. Our means for fixing the valve exerts less pressure and stays clear of the cardiac conduction system, thus avoiding bundle branch block. After implantation, the device is secured on the anterior leaflet which is locked between the atrial disc and leaflet-grasping clips.

- **Bovine pericardium with JeniGal anti-calcification pre-treatment.** The prosthetic trileaflet valve is made of bovine pericardium and is pre-treated with our proprietary JeniGal anti-calcification technology. We chose bovine pericardium for our valve tissue over other alternatives, such as porcine pericardium, because of bovine pericardium's demonstrated superiority in key performance aspects. According to Frost & Sullivan, existing clinical trial data on conventional surgical aortic valve replacement ("**SAVR**") has demonstrated that bovine material can provide superior durability and hemodynamic performance than porcine material and contribute to lower risks of postoperative complications. In addition, according to the same source, calcium build-up in the valve tissue could cause the valve to become rigid and dysfunctional. Given that calcification has been demonstrated to be the major reason for prosthetic valve function deterioration, according to Frost & Sullivan, it is expected that bovine pericardia with anti-calcification pre-treatment will be much more durable than those without.

- **Self-expandable nitinol frame.** The nickel-titanium frame is laser-cut, heat- and surface-treated so that it can be easily compressed into a smaller size, while providing adequate strength, durability and flexibility during deployment. Once the frame is deployed from the DCS at the target location in the heart, it self-expands into its memorized, predesignated shape as it is warmed up by the body temperature.

- **Multiple size options.** We are developing six models of PTV, each with a different dimension in valve size and frame height. Those multiple options allow physicians to choose an ideal PTV for patients with different physical conditions.

The picture below illustrates the key features of the PTV.



Nitinol shape-memory stent
Optimized design to improve long-term fatigue performance

Leaflet-grasping clip
Used with the ventricular septum anchoring device to form a multi-dimensional fixation structure

Ventricular septum anchoring device
The tongue-shaped frame couple to the main stent, providing a polyester anchoring area with an anchoring needle that is inserted into the septum for reliable fixation and support

Bovine pericardial leaflets
Valve tissue made of bovine pericardium and subjected to JeniGal anti-calcification pretreatment, expected to have improved durability

Self-adaptive braided ring
Radial force-independent tricuspid valve design. The soft braided ring self-adaptively fits against the native valve annulus to reduce paravalvular leakage, which facilitates the recovery of heart function

DCS

DCS is an integral delivery catheter device that is used to deliver and release the PTV to the target position via transatrial approach. It includes a visible tip, an outer sheath, a controllable needle-insertion system, valve connectors, and a handle. The outer sheath can be bent more than 45 degrees to assist the delivery of the PTV and to ensure coaxiality.

- LuX-Valve incorporates a retrievable (i.e., allow multiple releases to identify the most optimal valve position) and steerable (i.e., finetune the valve position to lightly sit in the tricuspid annulus) delivery system and is designed to support the post-release adjustment of the PTV. During the procedure, physicians can conveniently adjust the release position and release angle, and thereafter retrieve, reposition, and reshape the valve before release if the initial position is not ideal. By contrast, in conventional TTVI procedures, physicians may have difficulties monitoring and precisely placing the device at the target position, leading to a greater number of incidence of complications, such as open-heart surgeries, permanent pacemaker implantation, paravalvular leak or even mortality. The steerable and retrievable delivery system can significantly reduce the risk of severe adverse events and increase the procedural success rate by allowing multiple attempts to adjust the release position and orientation. Flexion of the delivery catheter helps ensure coaxiality and centering of the delivery catheter to the tricuspid annulus.

- The delivery catheter has a controllable release function. After expansion at the annulus, the PTV could still be adjusted through the handle of the DCS for the appropriate orientation

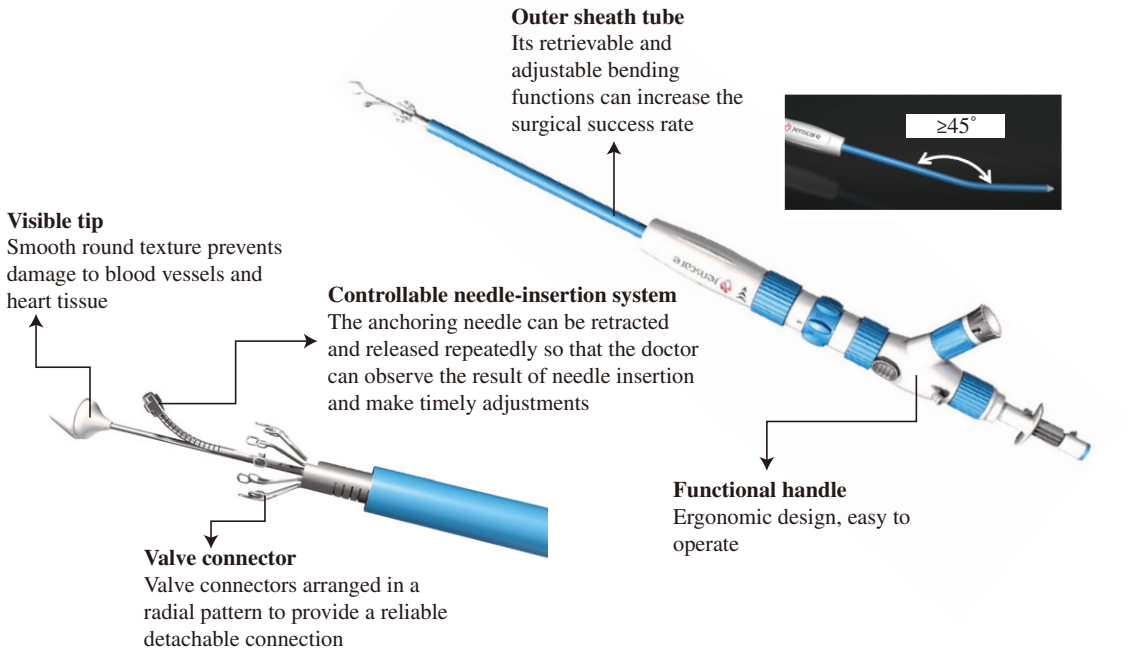
and position before being firmly anchored to the septum. That feature can effectively prevent migration and displacement, allowing the physicians maximum controllability in the procedure.

- LuX-Valve has a controlled needle-insertion system which allows the nitinol anchor needle to be released and retrieved as needed. Furthermore, there is a separate channel to release an anchoring needle and insert it into the ventricular septum, fixing the valve firmly.

- The distal end of the DCS features a radiopaque catheter tip to monitor the valve release position during the procedure in order to reduce the risk of apical injury and ensure correct relative position between annulus and valve.

- The handle is on the proximal end of the catheter and is used to deploy the PTV when it reaches the target position. The ergonomically designed handle is user-friendly, allowing physicians to improve controllability during the procedure. There is a radiopaque alignment marker on the DCS for precisely monitoring the PTV's position during implantation. Once the PTV reaches the target position, the physician then deploys the PTV.

The picture below illustrates a diagram of the DCS.



LS

The LS compresses the PTV to a suitable diameter so that it can be loaded into the DCS.

Operation Procedure

The operation is performed in a sterile environment where the patients are under general anesthesia. The procedure is guided by trans-esophageal echocardiography ("**TEE**") and fluoroscopy.

TEE is used to guide the delivery of the catheter, release of the valve and adjust the valve position during the procedure. To establish access, the physician prepares the intended site via transatrial approach. The delivery catheter is then introduced in the right ventricle under the guidance of TEE and fluoroscopy. Coaxiality and centering of the delivery catheter to the tricuspid annulus is ensured by flexion of the delivery catheter. A simple turn knob system allows the release of the septal anchor, followed by two leaflet-grasping clips. After correct positioning and rotation of the clips under the anterior leaflet with the aid of TEE and fluoroscopy, the prosthetic valve and atrial disc are subsequently deployed and the valve starts to work. The septal tongue is then immobilized by pinning the three-pronged nitinol anchor needle onto the ventricular septum. Finally, the delivery catheter is drawn back and removed. The procedure on average takes approximately 17 minutes from the insertion to the removal of the catheter.

Summary of Clinical Trial Results

We were approved by the NMPA to conduct the multi-center feasibility clinical trial of LuX-Valve in March 2020. In September 2020, we completed the multi-center feasibility clinical trial of LuX-Valve on 31 subjects in China. 31 subjects were included in both the full analysis set ("**FAS**") and per protocol set ("**PPS**")*. The primary safety endpoint was the all-cause mortality of the trial subjects within 30-day post interventional procedure. The secondary endpoints included procedure success rate, major adverse event rate, NYHA Classification and performance evaluation of the implanted valve. Throughout the one-month (30-days) follow-up period, we observed zero all-cause mortality, 96.77% interventional procedure success rate, and improved cardiac functions for the majority of the trial subjects after the procedures. In addition, the currently available interim 6-month follow-up clinical data for the feasibility clinical trial for LuX-Valve showed significant improvements in the patients' cardiac functions after the TTVR procedures with a low all-cause mortality rate (namely, 3.23% all-cause mortality rate during the 6-month follow-up), which further demonstrated the favorable safety and efficacy profile of LuX-Valve.

We initiated the multi-center confirmatory clinical trial of LuX-Valve in China in October 2020. In August 2021, we completed the enrollment of 120 trial subjects for the confirmatory clinical trial of LuX-Valve. Although we experienced some minor delays in trial subject enrollments in 2020 because of the impact of COVID-19, the entire patient enrollment process for the confirmatory clinical trial of LuX-Valve completed as originally scheduled. As confirmed by Frost & Sullivan, the overall speed of the patient enrollment process for the confirmatory clinical trial of LuX-Valve was generally in line with industry practice. The primary endpoint of this confirmatory clinical trial was the all-cause mortality of the trial subjects within twelve months post intervention. Secondary endpoints include procedure success rate, major adverse event rate, NYHA Classification and performance evaluation of the implanted valve.

Each of the trial subjects for the multi-center feasibility clinical trial and the multi-center confirmatory clinical trial met the following conditions:

- the patient is at or over the age of 50;
- the patient is diagnosed with severe tricuspid regurgitation by echocardiography;

* The "FAS" refers to the patient set used for the primary analysis according to the "Intent To Treat" principle, which include all subjects who received treatment and underwent baseline efficacy evaluation. The "PPS" refers to the subset of subjects whose compliance with the protocol was tight enough to ensure that their data would likely exhibit the effects of treatment according to the underlying scientific model. In the clinical trial of LuX-Valve, one subject became lost to follow-up after the operation. Another subject showed class II valve regurgitation after the operation and thus failed to meet the criteria for successful operation. Subsequent evaluations were carried out on the remaining 29 subjects. Nonetheless all 31 subjects were included in the FAS and the PPS for efficacy analysis.

- the patient has severe tricuspid regurgitation which was Class III or above under the NYHA classification; and
- the patient has normal left ventricular function ejection fraction; and
- the patient is evaluated as not suitable for conventional surgery by at least one cardiology physician and two cardiac surgeons.

Multi-Center Feasibility Clinical Trial Data

Safety Indicators

The safety of LuX-Valve is primarily measured by the all-cause mortality rate, which refers to all of the deaths that occur, regardless of whether the death is related to the procedure. The all-cause mortality rate was nil at discharge, nil at 30 days and 3.23% at 6 months. Other key considerations to evaluate the safety of LuX-Valve are incidences of adverse events during the follow-up period, mainly including myocardial injury, thoracic hemorrhage stroke, atrioventricular block III level or permanent pacemaker implantation. The table below illustrates the number and percentage of each type of serious adverse event that occurred among the 31 subjects during the respective follow-up period after the implantation.

	30 days	**6 months**
	(N=31)	*(N=31)*
All-Cause mortality	0 (0.0%)	1 (3.23%)*
– Cardiogenic death	0 (0.0%)	1 (3.23%)
– Non-cardiogenic death	0 (0.0%)	0 (0.0%)
Myocardial Injury	1 (3.23%)	1 (3.23%)
Thoracic hemorrhage	2 (6.45%)	2 (6.45%)
Stroke	0 (0.0%)	0 (0.0%)
Atrioventricular block III level or permanent pacemaker implantation	0 (0.0%)	0 (0.0%)
Myocardial Infarction	0 (0.0%)	0 (0.0%)
Infective endocarditis	0 (0.0%)	0 (0.0%)
Renal Failure	0 (0.0%)	0 (0.0%)

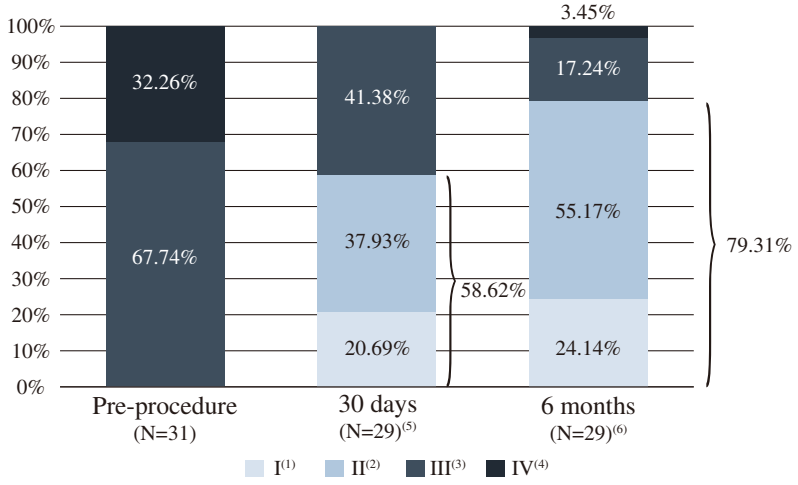
* One death occurred with a subject, who was admitted and diagnosed with tricuspid regurgitation and cardiac amyloidosis, among other things. Yet, such subject was found to meet all the enrollment criteria and none of the exclusion criteria, and enrolled in our clinical trial. TTVR was performed successfully on August 31, 2020. Such subject recovered well, and released on September 12, 2020. When contacted on August 16, 2021 during the follow-up period, the family reported that such subject died due to renal artery occlusion and cardiac amyloidosis. The death was found to be possibly unrelated to the device and possibly unrelated to the procedure. The death of such subject was reported to the full form of SAE as required and the regulatory authorities had no further comments in this regard.

Efficacy Indicators

The efficacy of LuX-Valve is measured by the physical conditions of subjects during the follow-up period, including, among others, cardiac functions under the NYHA Classification, severity of valve regurgitation, and severity of paravalvular leak. The following charts demonstrate the improvements in the physical conditions of the subjects before the procedure and at the follow-up time. All data presented average numbers (± standard deviation) among all the subjects examined at the respective time.

Cardiac Functions under the NYHA Classification

We have observed a significant improvement in subjects' cardiac function, measured by the NYHA Classification. As shown in the table below, the proportion of the subjects with a Class III or Class IV cardiac function under the NYHA classification decreased significantly after the procedures. Prior to the implantation, all of the subjects were classified as Class III or Class IV under the NYHA Classification, which significantly improved to (i) 20.69% of the subjects were classified as Class I; (ii) 37.93% of the subjects were classified as Class II; and (iii) 41.38% of the subjects were classified as Class III, at 30-day follow-up evaluation, respectively; and further improved to (i) 24.14% of the subjects were classified as Class I; (ii) 55.17% of the subjects were classified as Class II and (iii) 17.24 % of the subjects were classified as Class III, at 6-month follow-up evaluation, respectively.



Notes:

(1) Patients with cardiac disease but without resulting limitations of physical activity. Ordinary physical activity does not cause undue fatigue, palpitation, dyspnea, or anginal pain.

(2) Patients with cardiac disease resulting in slight limitation of physical activity. They are comfortable at rest. Ordinary physical activity results in fatigue, palpitation, dyspnea, or anginal pain.

(3) Patients with cardiac disease resulting in marked limitation of physical activity. They are comfortable at rest. Less-than-ordinary physical activity causes fatigue, palpitation, dyspnea, or anginal pain.

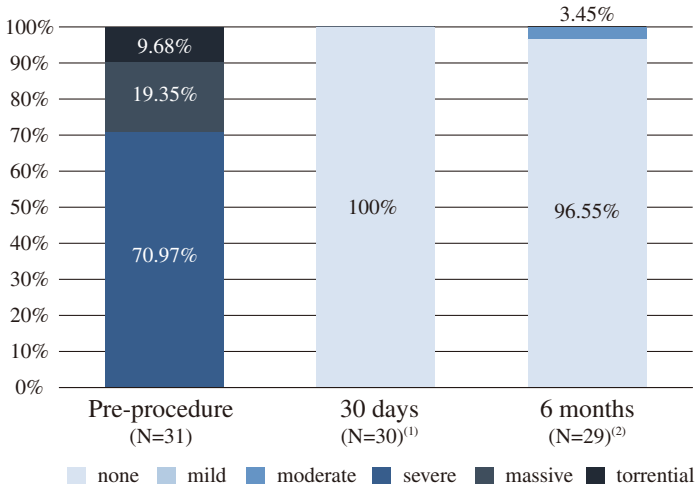
(4) Patients with cardiac disease resulting in inability to carry on any physical activity without discomfort. Symptoms of cardiac insufficiency or of the anginal syndrome may be present even at rest. If any physical activity is undertaken, discomfort is increased.

(5) Only 29 trial subjects were observed at the 30-day follow-up time because (i) one trial subject did not show up for the follow-up and lost contact with us and the hospital, and (ii) another trial subject could not be evaluated for NYHA classification at the 30-day follow-up time because of a personal health issue not related to our device.

(6) Only 29 subjects were observed because one subject died during the 6-month follow-up period. For more details, see "— Safety Indicators" in this section.

Severity of Valve Regurgitation

100% of the subjects suffered severe or worse valve regurgitation before the procedure. At the time of the 30-day follow-up conducted with 30 trial subjects, as shown in the table below, none of the trial subject suffered from any valve regurgitation. In addition, at the time of the 6-month follow-up, 96.55% of the subjects were not suffered from any valve regurgitation. The table below illustrates the severity of valve regurgitation at the follow-up period indicated as compared with the pre-procedure level of valve regurgitation.



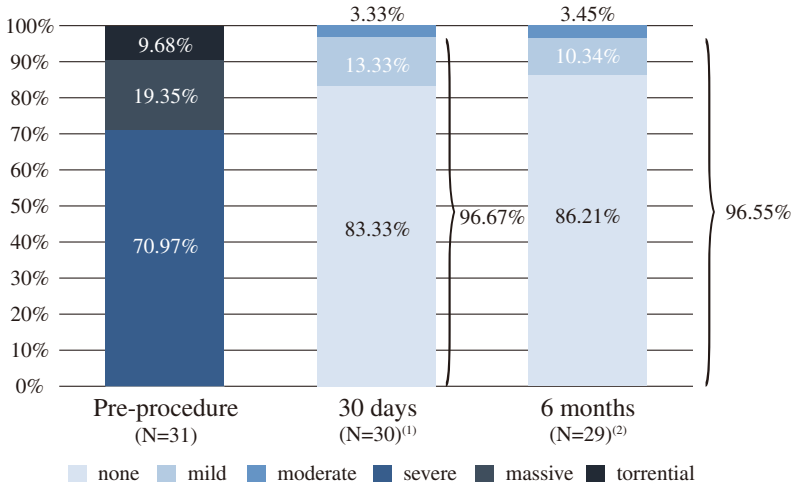
Notes:

(1) Only 30 trial subjects were observed at the 30-day follow-up time because one trial subject did not show up for the follow-up and lost contact with us and the hospital.

(2) Only 29 subjects were observed because one subject died during the 6-month follow-up period. For more details, see " — Safety Indicators" in this section.

Severity of Paravalvular Leak ("**PVL**")

At the time of the 30-day follow-up, (i) 83.33% subjects were classified as no PVL; (ii) 13.33% subjects were classified as suffering mild PVL; and (iii) 3.33% subjects were classified as suffering moderate PVL. In addition, at the time of the 6-month follow-up, (i) 86.21% subjects were classified as no PVL; (ii) 10.34% subjects were classified as suffering mild PVL; and (iii) 3.45% subjects were classified as suffering moderate PVL. The table below illustrates the level of PVL at the follow-up period indicated as compared with the pre-procedure level of valve regurgitation.



Notes:

(1) Only 30 trial subjects were observed because one trial subject did not show up for the follow-up and lost contact with us and the hospital.

(2) Only 29 subjects were observed because one subject died during the 6-month follow-up period. For more details, see " — Safety Indicators" in this section.

Market Opportunity and Competition

TR is increasingly prevalent in recent years. According to Frost & Sullivan, over 51.7 million patients worldwide, including over 9.3 million in China, suffered from TR in 2021. Driven by the aging population and the advantages of TTVI procedures, the global market for TTVI products is expected to grow from US$10.0 million in 2021 to US$11.3 billion in 2030, and the market for TTVI products in China is expected to reach RMB20.3 billion in 2030. For more details related to market size and growth drivers in China, see "Industry Overview — Tricuspid Valve Disease — TTVI Market — China Market" in this prospectus.

According to Frost & Sullivan, despite the high prevalence of TR, currently, there is no approved TTVR product for TR, resulting in a large and underpenetrated market. As of the Latest Practicable Date, according to Frost & Sullivan, LuX-Valve and LuX-Valve Plus were the only TTVR product candidates at confirmatory clinical trial stage in China. We believe, once approved, LuX-Valve can quickly capture the underserved TR treatment market in China. LuX-Valve is believed as a promising treatment method for treating severe tricuspid regurgitation, and is expected to be one of the first TTVR products approved for commercialization globally given that it was the first product candidate worldwide to complete the subject enrollments for confirmatory clinical trial, according to Frost & Sullivan. The table below lists the relevant TTVR product candidates under clinical trials globally:

Company Name	Product[1]	Expanding Mechanism	Pericardium Material	Design Features	Access	Phase	First Posted	Indication
Jenscare Scientific	LuX-Valve	SE	BP	Radial force-independent; leaflet-grasping clips; ventricular septal anchor	Transatrial	Confirmatory clinical trial[2]	2020.06.18	TR
	LuX-Valve Plus	SE	BP	Radial force-independent; leaflet-grasping clips; ventricular septal anchor; multi-angle adjustable and steerable	Transjugular	Confirmatory clinical trial	2021.11.29	TR
Edwards Lifesciences	EVOQUE	SE	BP	Intra-annular sealing skirt and anchors	Transfemoral	Confirmatory clinical trial[3]	2020.07.22	TR
Cardiovalve	Cardiovalve	N/A	BP	Leaflet grasping and atrial flange delivery	Transfemoral	Early feasibility study	2019.09.24	TR
NaviGate Cardiac Structures	GATE System	SE	Equine Pericardial	Atrial winglets, ventricular graspers	Transjugular/ Transatrial	Early feasibility study	2019.11.22	TR
Medtronic	Intrepid	SE	BP	Integrates self-expanding, dual-stent technology with a replacement tissue heart valve	Transfemoral	Early feasibility study	2020.06.16	TR
Trisol Medical	Trisol Valve	SE	PP ventricular skirt and BP leaflet	Axial force; retrievable, repositionable	Transjugular	Early feasibility study	2021.05.27	TR
TRiCares	Topaz	SE	BP	Self-expanding bovine pericardial valve mounted on nitinol stent frame	Transfemoral	Early feasibility study	2021.11.18	TR

Notes: SE = Self-expanding; BP=Bovine pericardium; PP=Porcine pericardium

(1) Only including products for complete replacement use, and excluding products for only valve-in-valve use.

(2) In August 2021, the enrollment of subjects for the confirmatory clinical trial of LuX-Valve was completed. In February 2022, the six-month follow-up for the confirmatory clinical trial was completed. The one-year follow-up for the confirmatory clinical trial had been completed as of the Latest Practicable Date.

(3) As of the Latest Practicable Date, this confirmatory clinical trial was in the process of enrolling subjects.

Source: ClinicalTrials, Literature Review, Company Websites, Frost & Sullivan Analysis

According to Frost & Sullivan, as of the Latest Practicable Date, there was no commercialized TTVR product in the global market. There were eight TTVR product candidates under clinical trials globally as of the same date, of which (i) three product candidates entered into the confirmatory clinical trial stage and (ii) five product candidates only completed, or were still in the process of completing,

early feasibility studies. As of the Latest Practicable Date, LuX-Valve and LuX-Valve Plus were the only TTVR product candidates known to be under clinical trials in China, and LuX-Valve is expected to become one of the first TTVR products approved for commercialization globally given that it was the first product candidate worldwide to complete the subject enrollments for the confirmatory clinical trial, according to Frost & Sullivan. We believe LuX-Valve has several advantages, such as enhanced anchor design and more accurate positioning. Specifically, the radial force-independent design is expected to enhance the device fixation while avoiding the risks of myocardial tissue damage and bundle branch block. Because the design is radial force-independent, LuX-Valve has multiple annular size to suit a larger patient pool while the LuX-Valve PTV has a smaller size, which means less pressure exerted on the valve annulus, less use of metallic materials in the implant, and less chance of clotting. Also due to the smaller size and the proprietary JeniGal pretreatment, calcification is slowed down. The self-adaptive skirt is highly flexible, accommodates the contractions of the valve annulus, and prevents perivalvular leak. In addition, the steerable and retrievable delivery system can significantly reduce the risk of severe adverse events and increase the procedural success rate by allowing physicians multiple attempts to adjust the release position and orientation. As a result, LuX-Valve is widely regarded as a promising treatment method in the world for severe tricuspid regurgitation.

Development Plan

As of the Latest Practicable Date, we were in the process of conducting the confirmatory clinical trial of LuX-Valve. In August 2021, we completed the enrollment of 120 subjects for the confirmatory clinical trial of LuX-Valve. In February 2022, we completed the six-month follow-up for the confirmatory clinical trial of LuX-Valve, and thereafter proceeded with the one-year follow-up for the confirmatory clinical trial of LuX-Valve, which had been completed as of the Latest Practicable Date. As of the Latest Practicable Date, the NMPA (and/or its local branches) had not raised any objection to the continued conduct of the confirmatory clinical trial. We expect to submit the results to the NMPA in the fourth quarter of 2022. We estimated, and Frost & Sullivan confirmed, that it would generally take a PRC-based medical device company approximately nine months to obtain the registration certificate for an innovative Class III medical device after the application is submitted, therefore, we expect to commercialize LuX-Valve in the second half of 2023. Additionally, we are in the process of initiating the clinical trial of LuX-Valve in Europe for CE Marking.

Material Communication with the Competent Authorities

LuX-Valve was admitted into the Special Examination for Innovative Medical Devices by the NMPA in January 2019, and is therefore eligible for an expedited approval process. In March 2020, we were approved by the NMPA to conduct the multi-center feasibility clinical trial of LuX-Valve, as required by the Notice of Publication of the List of Class III Medical Devices Requiring Clinical Trial Approval (《關於發佈需進行臨床試驗審批的第三類醫療器械目錄的通告》) promulgated by the CFDA on August 25, 2014. We then completed the filings with the Zhejiang Medical Products Administration (浙江省藥品監督管理局) ("**Zhejiang MPA**"), which is a competent authority supervising the clinical trials conducted by our company. In May 2021, we had a meeting with the Zhejiang MPA to discuss the regulatory pathway of LuX-Valve. At the meeting, the Zhejiang MPA confirmed that (i) the clinical trial of LuX-Valve can be conducted with reference to the Guidelines for Clinical Trials of Transcatheter Aortic Valve Implantation (《經導管植入式人工主動脈瓣膜臨床試驗指導原則》); (ii) the feasibility clinical trial of LuX-Valve forms a key part of the application required by the NMPA for the product registration of LuX-Valve; (iii) the feasibility clinical trial was completed, and was conducted on human subjects; (iv) the feasibility clinical trial and the confirmatory clinical trial are two standalone trials as

required by the NMPA; (v) we had fully complied with all regulatory procedures in conducting the feasibility clinical trial and the confirmatory clinical trial of LuX-Valve; and (vi) the Zhejiang MPA had no objection to our conduction of the confirmatory clinical trial of LuX-Valve. In addition, though upon registration approval of LuX-Valve, the registration certificate will be issued by the NMPA, the Zhejiang MPA confirmed that it has the authority to interpret the relevant regulations to the medical device enterprises located within Zhejiang Province, including us. As confirmed by our PRC Legal Adviser, the Zhejiang MPA, as the provincial level governing body responsible for the supervision and administration of medical device registrations, filings and clinical trials within Zhejiang Province, according to the Measures for the Administration of Registration and Filing of Medical Devices (《醫療器械註冊與備案管理辦法》) and the Good Clinical Practice for Medical Devices (《醫療器械臨床試驗質量管理規範》), has the authority to provide the relevant confirmations, and the confirmations are appropriate for LuX-Valve under the requirements of the Regulations of Medical Devices (2021 Revision), the Good Clinical Practice for Medical Devices and the Guidelines for Clinical Trials of Transcatheter Aortic Valve Implantation. Other than the above, we have not had any material regulatory communication with the NMPA or its branch regarding LuX-Valve, and we are not aware of any material concern raised by the NMPA or its branch in connection with LuX-Valve.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP OR MARKET LUX-VALVE SUCCESSFULLY.

LuX-Valve Plus

LuX-Valve Plus, our proprietary second-generation TTVR system, is designed for patients with severe tricuspid regurgitation. LuX-Valve Plus works by functionally replacing the patient's dysfunctional native tricuspid valve with a prosthetic valve stent without the need for conventional open-heart surgery. LuX-Valve Plus is a Class III medical device under the classification criteria of the NMPA. In comparison to LuX-Valve, LuX-Valve Plus uses a transvascular delivery system through transjugular approach. We expect the transvascular access path to effectively simplify the operation procedure with shorter device procedure time, smaller incision and less damage to the heart tissue. In addition, the delivery system of LuX-Valve Plus is multi-angle adjustable and steerable, allowing physicians to more conveniently adjust the release position and release angle, and thereby further increasing the product's safety profile. In August 2022, we completed the enrollment of 15 subjects for the feasibility clinical trial of LuX-Valve Plus in China, and then completed the one-month follow-up in September 2022. As of the Latest Practicable Date, we were conducting the confirmatory clinical trial of LuX-Valve Plus, the subject enrollments of which are expected to be completed in the first quarter of 2023. In addition, procedures implementing LuX-Valve Plus have also been successfully performed at St. Paul's Hospital in Canada on eleven subjects and for the first time in Europe at the University Hospital of Bordeaux in France in July 2022, followed by another such procedure performed in Germany in September 2022 and more procedures to be further performed in countries including the U.S., France and Spain in the near future.

Product Structure

Like LuX-Valve, LuX-Valve Plus comprises a PTV, a DCS and a LS. The PTV adopts the same design as LuX-Valve. The LS compresses the PTV to a suitable diameter to be loaded into the DCS, which then delivers the PTV to the target position via transvascular access to replace the autologous valve function. The key upgrade lies in its transvascular delivery system, with the multi-angle adjustable and steerable function. Such function allows the physicians to steer the position and orientation of the valve during the procedure by a maximum angle of no less than 90 degree. The upgraded delivery system will increase the accuracy of the PTV positioning and further improve the overall success rate of the procedure.

Operation Procedure

The operation procedure of LuX-Valve Plus is generally similar to that of LuX-Valve. The key difference is in the multi-angle steerable function of the DCS system of LuX-Valve Plus. Its multi-angle controllable bend-adjusting sheath solves the problem of tight bends along the transvascular access pathway, reducing the incidents of access complications. An added three-dimensional position control feature enables the axial rotation, axial movement, and bidirectional swing of the PTV. Such features allow physicians to readjust the position and orientation with a high degree of maneuverability and precision during the procedure. In addition, it used transvascular access approach, which is established by placing the introducer guidewire into a femoral vein or transjugular vein.

Development Plan

We completed the filings with the Zhejiang MPA for conducting the feasibility clinical trial in February 2022. In August 2022, we completed the subject enrollments for the feasibility clinical trial of LuX-Valve Plus in China, and then completed the one-month follow-up in September 2022. As of the Latest Practicable Date, we were conducting the confirmatory clinical trial of LuX-Valve Plus, and expect to complete the subject enrollments in the first quarter of 2023. Given the timeline for the regulatory authorities' review process, we expect to commercialize LuX-Valve Plus in the first half of 2024. Additionally, we are in the process of initiating the clinical trial of LuX-Valve Plus in Europe for CE Marking and have submitted the application documents to competent authorities in France and Spain in July 2022, and in Italy in August 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP OR MARKET LUX-VALVE PLUS SUCCESSFULLY.

JensT-Clip

JensT-Clip, our proprietary clip-based TTVr system, is a minimally invasive treatment for severe, tricuspid regurgitation patients who are not suitable for conventional surgery. JensT-Clip is delivered through transvascular access path (namely, transfemoral approach) and works by clipping together a portion of the leaflets of the tricuspid valve to reduce the backflow of blood. As part of our offering in tricuspid valve products, we have developed JensT-Clip to broaden our product portfolio and optimize our business structure. As of the Latest Practicable Date, we were conducting animal studies for JensT-Clip.

Product Structure

JensT-Clip consists of a clip with two articulated arms, a steerable guide catheter and a delivery system. After the two articulated arms grasp and pull the valve leaflets, the device can be fixed by a central locking mechanism. The delivery system of JensT-Clip is designed specifically for the tricuspid valve. It has a steerable guiding catheter system, which enables physicians to independently grasp and effectively clip leaflets of the tricuspid valve to reduce regurgitation. The handle of the catheter controls the deployment of the device and allows the independent movement of the clip. We are developing clips of different sizes, allowing physicians to select the ideal size for the patient's medical condition.

Operation Procedure

The operation is performed under general anesthesia. The device is delivered to right atrium via transvascular access path, namely, the transfemoral approach. Transfemoral access is established by placing the introducer guidewire into a femoral vein. The clip-loaded DCS then is delivered to the right ventricle under ultrasound and digital subtraction angiography ("**DSA**") guidance. The clip is then adjusted to the appropriate position and rotated under ultrasound and DSA guidance. Once properly positioned, the clip is opened and rotated. Once turned to the right orientation, the clip is closed down to a half-open state, and pushed forward toward the right ventricle. The clip is then reopened, and pulled back toward the right atrium. After the anterior and septum tricuspid valve leaflets are captured and clamped by the clip, the clip is closed and the DCS is removed.

Development Plan

As of the Latest Practicable Date, we had not engaged in any material regulatory communications with the NMPA for JensT-Clip. As of the Latest Practicable Date, we were conducting animal studies. We plan to initiate the feasibility clinical trial of JensT-Clip in the second half of 2023 and complete the subject enrollments in the third quarter of 2023. Upon the completion of the feasibility clinical trial, we plan to initiate the confirmatory clinical trial in the third quarter of 2023 and expect to complete the subject enrollments in first quarter of 2024. We plan to conduct a one-year follow-up for all subjects enrolled in the confirmatory clinical trial and expect to complete the follow-up evaluation and submit the results to the NMPA in the second quarter of 2025. Given the timeline for the regulatory authorities' review process, we expect to commercialize JensT-Clip in the second half of 2025. Additionally, we plan to initiate the clinical trial of JensT-Clip in Europe for CE Marking in the second half of 2023.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP OR MARKET JENST-CLIP SUCCESSFULLY.

Comparison of Different Access Routes of TTVI Product Candidates

Among all our TTVI product candidates, LuX-Valve, LuX-Valve Plus and JensT-Clip, we deliver the device via different access routes. For LuX-Valve, we use transcatheter access path (namely, transapical approach); for LuX-Valve Plus, we use transvascular access path (namely, transjugular approach); and for JensT-Clip, we use transvascular access path (namely, transfemoral approach). The use of TEE is not necessarily related to the choice of access routes, but it could help the physicians to evaluate the function of the valve or the size of the valve ring. It also helps the physicians to locate the valve before the valve is fully released, allowing controllability during the procedure. The following table sets out the comparison of different access routes for our TTVR and TTVr operation.

	Advantages	Disadvantages
Transatrial Approach	• The mini-right anterior thoracotomy approach can provide excellent exposure to the right atrium. • Avoid resternotomy and cardiopulmonary bypass • Very short distance to the valve	• Probably not be well tolerated in some high-risk patients
Transfemoral Approach	• Sufficient evidence proving the feasibility • Convenient and more familiar for surgeons	• Bleed easily • Serious complications can result from improper operations including Local hematoma, arteriovenous fistula, femoral arterial thrombosis, etc
Transjugular Approach	• Provide a better angle and a more stable aligned position during valve deployment because tricuspid valve is often directed towards the superior vena cava	• Requires a vein large enough to accommodate the sheath (a tube placed in an artery or vein during a procedure to help a doctor with insertion of catheter) without being damaged

Aortic Valve Product Candidates

Ken-Valve — Our Core Product

Ken-Valve, our Core Product and our proprietary first-generation TAVR system, is designed for the treatment of severe aortic regurgitation (or combined with aortic stenosis). Ken-Valve is a Class III medical device under the classification criteria of the NMPA. As of the Latest Practicable Date, we held four patents in relation to Ken-Valve. In May 2019, we initiated the feasibility clinical trial of Ken Valve in China. In March 2021, we successfully completed the multi-center feasibility clinical trial of Ken-Valve and subsequently initiated the confirmatory clinical trial, for which all subject enrollments were completed in March 2022. After the completion of confirmatory clinical trial, we expect to obtain the NMPA approval for the commercialization of Ken-Valve in the first half of 2024. Based on the current clinical trial progresses of all TAVR product candidates with AR as an indication, Ken-Valve is expected to become the second TAVR product in China and the third TAVR product in the world approved for the treatment of severe aortic regurgitation (or combined with aortic stenosis), according to Frost & Sullivan. For details, see "Industry Overview — Aortic Valve Disease — TAVR Market — Competitive Landscape" in this prospectus.

Product Structure

Ken-Valve is a TAVR device that primarily consists of a prosthetic aortic valve ("**PAV**"), a DCS and a LS. The DCS and LS of Ken-Valve are self-developed. Such DCS and LS can only be used in Ken-Valve since they are customized for Ken-Valve only, and are designed based on the PAV's structure, size, access routes and other product features.

PAV

The PAV consists of a self-expandable nitinol valve stent and a trileaflet prosthetic valve made of bovine pericardial tissue. It is designed to replace and serve the physiological function of the patient's native aortic heart valve without the need for an open-heart surgery. Key features of the PAV of Ken-Valve are summarized below.

- **One-piece positioning clamp design.** A long-standing problem for the TAVR treatment of aortic regurgitation is the exact positioning and stable fixation of the prosthetic valve in the aortic annulus. Our Ken-Valve solves this by a one-piece pre-assembled positioning clamp that allows precise positioning of the prosthetic valve to the native leaflets, Such design simplifies the procedure, reduces the chance of failure, ensures co-axiality, prevents fluttering, maintains a high effective orifice area, reduces surgery time and shows high leaflets durability. The leaflets of our PAV are positioned in a relatively lower position on the frame to minimize the risk of coronary blockage.

- **Leakproof self-adaptive ring.** Similar to LuX-Valve, Ken-Valve is equipped with a soft self-adaptive sealing ring, which is designed to fill the non-circular calcified annulus and reduce paravalvular leakage.

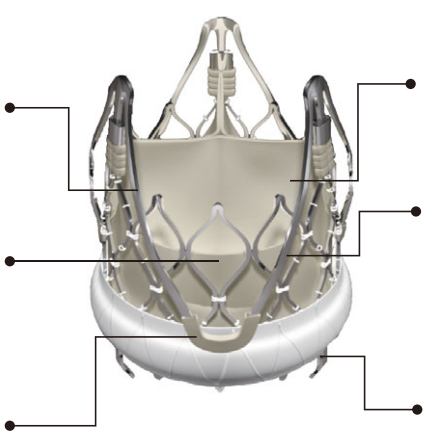
- **Bovine pericardium valve tissue with JeniGal anti-calcification pre-treatment.** Similar to LuX-Valve, the trileaflet of Ken-Valve is made of bovine pericardium and is pre-treated with our proprietary JeniGal anti-calcification technology.

- **Single-point marker guidance.** The PAV comes with an alignment marker, which is to be centered at the aortic annular level to provide three-dimensional perception and ensure coaxiality in the intervention.

- **Less radial support.** The PAV of the Ken-Valve has less radial support and allows the physician to choose a smaller valve size depending on the patient's annulus size. Such design allows less annulus dilation, avoid compression of any conduction bundle, and reduces the need for the permanent implantation of a pacemaker.

- **Multiple size options.** We are developing five models of PAV, with different valve sizes and frame heights. The physicians can choose the PAV of the ideal size for the patient's physical conditions.

The picture below illustrates the key features of the PAV of Ken-Valve.



Nitinol shape-memory stent
Optimized design to improve long-term fatigue performance, with a large mesh design to avoid blocking the coronary arteries, leaving room for future coronary intervention therapy

Sealing skirt
Together with the native valve leaflet, forms an inner and outer double seal around the stent

Single-Point Guidance Marker
Improves three-dimensional perception during surgical operation

Bovine pericardial leaflets
Valve tissue made of bovine pericardium and subjected to Jenigal anti-calcification pretreatment, expected to have improved durability

One-piece leaflet-grasping clamp
Precise positioning to ensure co-axiality upon valve release, better fixation and sealing performance after release by making us of the native valve leaflets

Self-adaptive braided ring
The nitinol skeleton is covered with a polytetrafluoroethylene membrane, which adapts to, and pads, the rough or non-circular calcified annulus

DCS

The DCS is an integral delivery catheter device that is used to deliver and release the PAV to the target position. It includes a tip, a sheath tube, and a handle. Depending on the model of the valve, we offer two models of DCS, including one with an additional apical sheath kit to better protect the apical tissue.

- The steerable function allows physicians to adjust the angle of the valve during deployment, to accommodate patients' anatomical structures and to improve the accuracy of valve positioning.

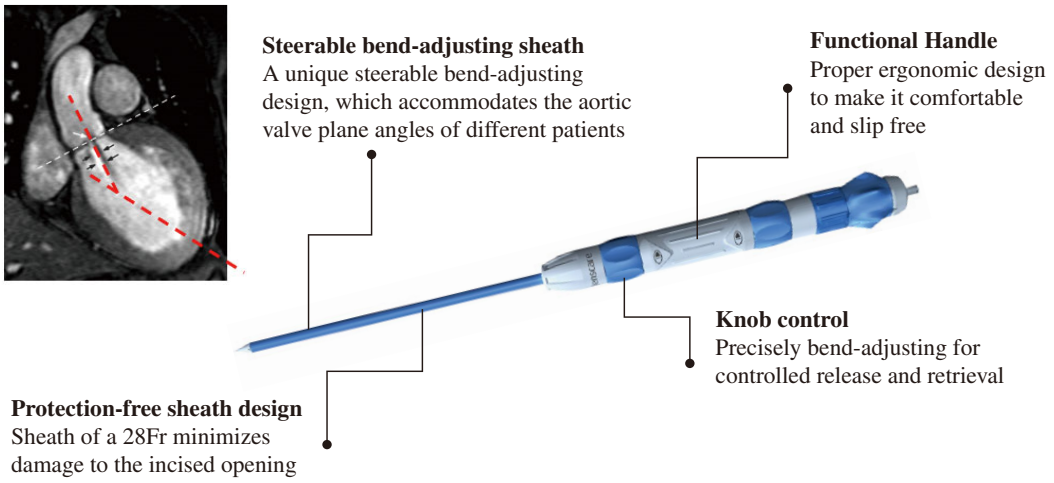
- The distal end of the DCS features a radiopaque catheter tip that indicates the valve's release position during valve implantation, reducing the risk of vascular and aortic damage.

- The smallest sheath tube is compatible with a 0.038-inch guidewire and it is designed to fit different patients' anatomical structures.

- The handle on the proximal end of the catheter is used to deploy the PAV when it reaches the target position. The handle design affords better maneuverability during procedures and is sufficiently responsive to the releasing process. Once the PAV reaches the target position, the physician can operate the DCS' handle to deploy the PAV.

- The bend-adjusting feature of DCS accommodates a wide range of annular-to-apical angles, ensuring coaxiality. Such design contributes to greater maneuverability and safety.

The diagram below illustrates the DCS of Ken-Valve.



LS

The LS compresses the PAV to a suitable shape to be loaded into the DCS.

Operation Procedure

The operation is performed under sterile conditions with hemodynamic monitoring. The physician inserts the DCS through the apex of the heart, and places the PAV to its target position at the end of the ascending aorta. Next, the physician releases the clamps and positions them in the sinus. Before releasing the valve, the physician then checks the accuracy of the target position and the orientation of the PAV by observing the alignment marker and makes adjustments as necessary. Once the target position is reached and the orientation is ideal, the physician then releases the PAV from the DCS. The PAV expands into the memorized shape that meets the patient's anatomical requirement and starts to function. Lastly, the physician removes the DCS and closes the access site.

Summary of Clinical Trial Results

We completed the multi-center feasibility clinical trial in China for Ken-Valve in March 2021. The primary safety endpoint was the all-cause mortality rate of the trial subjects within 30 days post interventional procedure. 14 and 13 subjects were included in the FAS and the PPS, respectively*. The primary endpoint analysis was done on both the FAS and the PPS, and the secondary endpoint analysis was done on the PPS. Throughout the follow-up period of 30 days, among all 13 PPS subjects, we observed 7.69% all-cause mortality and the surviving subjects' cardiac functions improved significantly after the procedures.

* In the clinical trial of Ken-Valve, one subject failed to meet the enrollment criteria. That subject was therefore excluded from the PPS.

We initiated the multi-center confirmatory clinical trial in China for Ken-Valve in March 2021, and completed the enrollment of 140 trial subjects in March 2022. The primary endpoint is the all-cause mortality rate of the trial subjects within twelve months post interventional procedure. Secondary endpoints include procedure success rate, major adverse event rate, performance evaluation of implanted valve, cardiac function post interventional procedure. As of the Latest Practicable Date, we were conducting the required follow-up for the confirmatory clinical trial of Ken-Valve.

Each of the 13 trial subjects in the multi-center feasibility clinical trial met, and all subjects in the multi-center confirmatory clinical trial will meet, the following conditions:

- the patient is at or over the age of 65;
- the patient is diagnosed with severe aortic regurgitation by echocardiography or combined with aortic stenosis;
- the patient's cardiac function is Class III or above under the NYHA classification; and
- the patient is evaluated to be not suitable for surgery by at least two cardiologists.

Multi-Center Feasibility Clinical Trial Data

Safety Indicators

The safety of Ken-Valve is primarily measured by the all-cause mortality rate, which refers to all of the deaths that occur, regardless of whether the death is related to the procedure. The all-cause mortality rate was nil at discharge and 7.69% at 30 days. Other key considerations used to evaluate the safety of Ken-Valve are incidences of adverse events during the follow-up period, like strokes, major vascular complications, and myocardial infarctions. The table below illustrates the number and percentage of each type of adverse event that occurred among the 13 PPS subjects during the respective follow-up period after the implantation.

	30 days
	(N = 13)
All-Cause mortality	1 (7.69%)
– Cardiogenic death	1 (7.69%)*
– Non-cardiogenic death	0 (0.0%)
Stroke	0 (0.0%)
Myocardial infarction	0 (0.0%)
Major vascular complication	0 (0.0%)
Atrioventricular block III level or permanent pacemaker implantation	0 (0.0%)

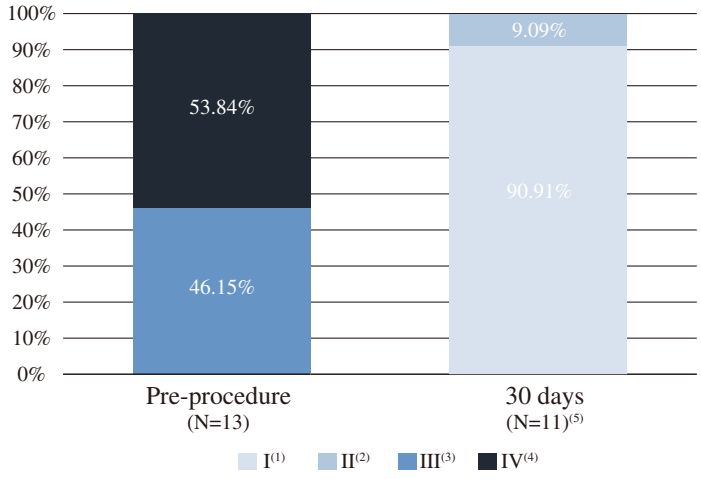
* One death occurred with a subject, who was admitted and diagnosed with severe aortic regurgitation and aortic valve vegetation, among other things. Yet, such subject was found to meet all the enrollment criteria and none of the exclusion criteria, and enrolled in our clinical trial. TAVR was performed successfully on September 8, 2020. Such subject recovered well, and transferred from the intensive care unit back to the ward on September 11, 2020. Cardiac and respiratory arrest occurred while out for examination on September 17, and such subject was transferred to the intensive care unit, where such subject deteriorated and did not regain consciousness. On September 20, the family insisted on discharge against advice. When contacted on September 30, the family reported to the hospital that such subject died within two hours after discharge on September 20, 2020. The cardiac arrest was found to be possibly unrelated to the device and possibly unrelated to the procedure. The death of such subject was reported to the full form of SAE as required and the regulatory authorities had no further comments in this regard.

Efficacy Indicators

The efficacy of Ken-Valve is evaluated based on the relevant physical conditions of the subjects, including, among other things, cardiac functions under the NYHA Classification, the severity of valve regurgitation, the severity of PVL, and trans-aortic valves mean pressure gradient. The following charts demonstrate the improvements in the physical conditions of the subjects between before the procedure and at the follow-up time. All data are average numbers (± standard deviation) of all the subjects examined at the respective time.

Cardiac Functions under the NYHA Classification

We have observed a significant improvement in subjects' cardiac function, measured by the NYHA Classification. As shown in the table below, the proportion of the subjects with a Class III or Class IV cardiac function under the NYHA classification decreased significantly after the procedures. Prior to the TAVR implantation, all of the subjects, based on the FAS, were classified as Class III or Class IV under the NYHA Classification. After the TAVR implantation, 90.91% of the subjects were classified as Class II at 30-day follow-up evaluation.



Notes:

(1) Patients with cardiac disease but without resulting limitations of physical activity. Ordinary physical activity does not cause undue fatigue, palpitation, dyspnea, or anginal pain.

(2) Patients with cardiac disease resulting in slight limitation of physical activity. They are comfortable at rest. Ordinary physical activity results in fatigue, palpitation, dyspnea, or anginal pain.

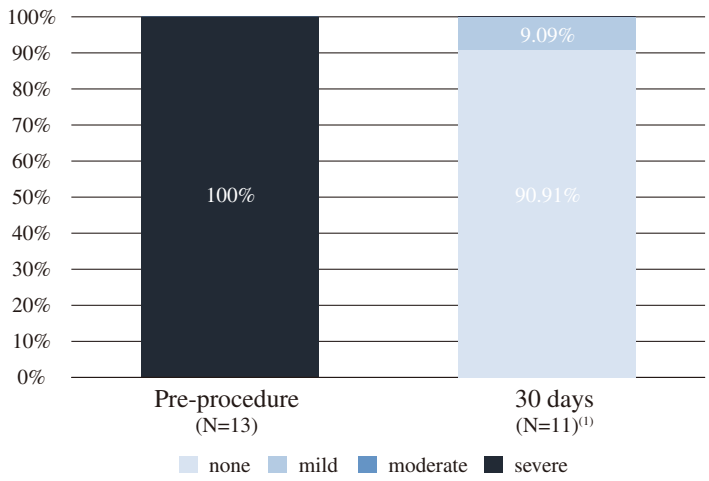
(3) Patients with cardiac disease resulting in marked limitation of physical activity. They are comfortable at rest. Less-than-ordinary physical activity causes fatigue, palpitation, dyspnea, or anginal pain.

(4) Patients with cardiac disease resulting in inability to carry on any physical activity without discomfort. Symptoms of cardiac insufficiency or of the anginal syndrome may be present even at rest. If any physical activity is undertaken, discomfort is increased.

(5) Only 11 subjects were observed because one subject died within 30 days after the procedure. For more details, see "— Safety indicators" in this section. Additionally, another subject in the PPS failed to show-up for follow-up at 30 days post operation.

Severity of Valve Regurgitation

100% of the subjects suffered severe valve regurgitation before the procedure. At the time of the follow-up conducted with 11 trial subjects, 90.91% of the subjects had no valve regurgitation.

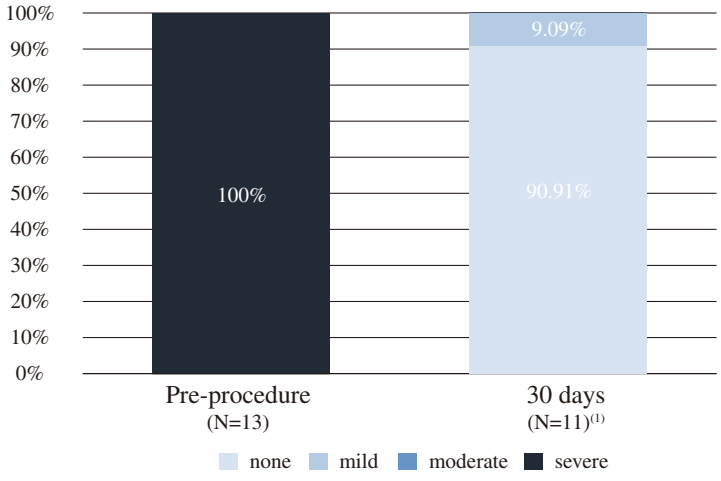


Note:

(1) Only 11 subjects were observed because one subject died within 30 days after the procedure. For more details, see "— Safety indicators" in this section. Additionally, another subject in the PPS failed to show-up for follow-up at 30 days post operation.

Severity of Paravalvular Leak (PVL)

Prior to the TAVR implantation all 13 subjects suffered from severe regurgitation. At the time of the follow-up conducted with 11 trial subjects, 90.91% of the subjects had no PVL.



Note:

(1) Only 11 subjects were observed because one subject died within 30 days after the procedure. For more details, see "— Safety indicators" in this section. Additionally, another subject in the PPS failed to show-up for follow-up at 30 days post operation.

Trans-Aortic Valve Mean Pressure Gradient

The subjects' valve pressure gradient decreased after the procedure in the mean pressure gradient. The valve mean pressure gradient of the subjects decreased from 11.47 (±3.91) mmHg prior to the procedure to 8.32 (±2.97) mmHg at 30-day follow-up period. 12 and 11 subjects were examined before the procedures and at 30 days, respectively.

Market Opportunity and Competition

Driven by the advantages of TAVR procedures and the aging population, the global market size for TAVR products is expected to increase from US$6,085.2 million in 2021 to US$15,892.0 million in 2030; and the market size for TAVR products in China is expected to increase from RMB911.5 million in 2021 to RMB11,359.7 million in 2030, according to Frost & Sullivan. For more details related to market size and the growth drivers in China, see "Industry Overview — Aortic Valve Disease — TAVR Market — China Market" in this prospectus. However, not many TAVR procedures are performed on AR patients, compared with those performed on severe AS patients, since TAVR requires a special product design to treat AR. Therefore, there are huge unmet medical needs for effective therapies for AR. According to Frost & Sullivan, among all the approved TAVR products on the market worldwide, only two have indication for aortic regurgitation, namely J-Valve from Jiecheng Medical, and Trilogy from JenaValve Technology.

As of the Latest Practicable Date, among all the TAVR products approved in the market worldwide, only two TAVR products included AR as an indication. The following chart summarizes all the TAVR products reaching commercialization stage that include AR as an indication.

Product	Manufacturer	FDA Approval	CE Marking	NMPA Approval	Expanding Mechanism	Valve Material	Vascular Approach	Indications	Design Features
J-Valve	Jiecheng Medical	/	/	2017	Self-expanding	Porcine Aortic Leaflet	Transapical	AS/AR	Porcine aortic valve attached to a nitinol stent with 3 U-shaped graspers encircling the stent by three sutures
Trilogy*	JenaValve Technology	/	2021	/	Self-expanding	Porcine Pericardium	Transfemoral	AS/AR	Composed of a self-expanding nitinol stent with a porcine pericardial tissue valve; the stent is anchored and clamped to the native leaflet to stabilize

Source: FDA, CE, NMPA, Literature Review, Frost & Sullivan Analysis

* In January 2022, Peijia Medical obtained an exclusive license from JenaValve Technology to develop and commercialize Trilogy in the Greater China region.

As of the Latest Practicable Date, there were 14 TAVR product candidates under feasibility clinical trials or confirmatory clinical trials globally, but only two of them, namely Ken-Valve of Jenscare Scientific and Hanchor valve of Healing Medical, included AR as an indication, in which Ken-Valve was the only one that has entered into the confirmatory clinical trial stage. The following chart summarizes all the TAVR product candidates reaching clinical trial stage that include AR as an indication.

Product	Manufacturer	NMPA Approval	Expanding Mechanism	Valve Material	Vascular Approach	Indications	Design Features
Ken-Valve	Jenscare Scientific	Confirmatory clinical trial (China only)	Self-expanding	Bovine Pericardium	Transapical	AR (or AR combined with AS)	Bovine pericardium; One-piece positioning clamp design that allows precise positioning of the prosthetic valve to the native annulus, and ensures co-axiality; leakproof self-adaptive ring to reduce paravalvular leakage; single-point marker guidance
Hanchor valve	Healing Medical	Feasibility clinical trial (China only)	Balloon-expanding	N/A	Transfemoral	AS/AR	Anchoring structure; Balloon-expanding

Source: Literature Review, Company Websites, Frost & Sullivan Analysis

Ken-Valve is innovatively designed for the treatment of severe aortic regurgitation (or combined with aortic stenosis). Compared to existing TAVR design, Ken-Valve has several advantages, including its one-piece positioning clamp design and self-adaptive anti-paravalvular leak design. In addition, the steerable and retrievable delivery system can significantly reduce the risk of severe adverse events and increase the procedural success rate by allowing physicians multiple attempts at adjusting the release position and orientation. We chose bovine pericardium as our valve tissue over other alternatives because bovine pericardium demonstrated superiority in key performance aspects. According to Frost & Sullivan, existing clinical trial data on SAVR has demonstrated that bovine material can provide better durability and hemodynamic performance as compared to porcine material and leads to lower risks of post-operative complications. The one-piece positioning clamp is pre-aligned which reduces operation time and facilitates accurate positioning. We believe that our TAVR product candidates will be competitive products in the market upon approval.

Development Plan

In March 2022, we completed the subject enrollments for the confirmatory clinical trial of Ken-Valve. As of the Latest Practicable Date, the NMPA (and/or its branches) had not raised any objection to the continued conduct of the confirmatory clinical trial. We plan to conduct a one-year follow-up for all subjects enrolled in the confirmatory clinical trial and expect to complete the follow-up evaluation and submit the results to the NMPA in the third quarter of 2023. Given the timeline for the regulatory authorities' review process, we expect to obtain the NMPA approval for the commercialization of Ken-Valve in the first half of 2024.

Material Communication with the Competent Authorities

In May 2021, we had a meeting with the Zhejiang MPA, which is a competent authority supervising the clinical trials conducted by our company, to discuss the regulatory pathway of Ken-Valve. From the meeting, the Zhejiang MPA confirmed that (i) the feasibility clinical trial of Ken-Valve forms a key part of the application required by the NMPA for the product registration of Ken-Valve; (ii) the feasibility clinical trial was completed, and was conducted on human subjects; (iii) the feasibility clinical trial and

the confirmatory clinical trial are two standalone trials as required by the NMPA; (iv) we had fully complied with all regulatory procedures regarding our conduction of the feasibility clinical trial and the confirmatory clinical trial of Ken-Valve; and (v) the Zhejiang MPA had no objection to the conduction of the confirmatory clinical trial of Ken-Valve. In addition, though upon registration approval of Ken-Valve, the registration certificate will be issued by the NMPA, the Zhejiang MPA confirmed that it has the authority to interpret the relevant regulations to the medical device enterprises located within Zhejiang Province, including us. As confirmed by our PRC Legal Adviser, the Zhejiang MPA, as the provincial level governing body responsible for the supervision and administration of medical device registrations, filings and clinical trials within Zhejiang Province, according to the Measures for the Administration of Registration and Filing of Medical Devices (《醫療器械註冊與備案管理辦法》) and the Good Clinical Practice for Medical Devices, has the authority to provide the relevant confirmations, and the confirmations are appropriate for Ken-Valve requirements of the Regulations of Medical Devices (2021 Revision), the Good Clinical Practice for Medical Devices and the Guidelines for Clinical Trials of Trans-catheter Aortic Valve Implantation. As further advised by our PRC Legal Adviser, clinical trial of Ken-Valve has no need to obtain the approval from the NMPA according to the relevant provisions and the filing documents from the Zhejiang MPA. Other than the above, we have not had any material regulatory communications with the NMPA or its branch for Ken-Valve, and we are not aware of any material concern from the NMPA or its branch in connection with Ken-Valve.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET KEN-VALVE SUCCESSFULLY.

KenFlex

KenFlex, our proprietary new-generation TAVR system, is used for the treatment of severe aortic regurgitation (or combined with aortic stenosis). KenFlex has a key upgrade on its delivery system, namely a multi-angle retrievable and steerable function through the vascular access, which is expected to improve the valve positioning accuracy and stability during deployment. In particular, KenFlex allows the physician to recapture the valve into the capsule and readjust the position and orientation after the prosthetic valve is released, to improve prosthetic valve fixation and leak prevention. KenFlex is a Class III medical device under the classification criteria of the NMPA. As of the Latest Practicable Date, we were preparing the feasibility clinical trial of KenFlex in China. KenFlex is expected to become the world's second and China's first TAVR device through vascular access path for the treatment of severe aortic regurgitation (or combined with aortic stenosis).

Product Structure

KenFlex comprises a PAV, a DCS and a LS. KenFlex via transfemoral access has an axially retrievable function. Physicians can use the DCS to retrieve the PAV and readjust its orientation during the procedure if it is not released accurately to the designated position. Besides the retrieving function, physicians can use the DCS to steer the position of the PAV and adjust the angle of the valve while deploying the valve to improve the accuracy of valve positioning. The catheter is bend-adjusting with a wide range of angles to suit variable anatomical structures. In addition, KenFlex has a soft leaflet-grasping clip, which could accurately position and effectively prevent paravalvular leakage.

Operation Procedure

The operation procedure of KenFlex is generally similar to the procedure of Ken-Valve. The key difference is in the steerable and retrievable function of the DCS system of KenFlex. If the deployment of the PAV is not ideal, the physician may recapture the valve into the capsule, and readjust the position and orientation again. In addition, it used transvascular access approach, which is established by placing the introducer guidewire into a femoral vein.

Development Plan

As of the Latest Practicable Date, we were preparing the feasibility clinical trial of KenFlex in China. We expect to initiate the feasibility clinical trial of KenFlex in the fourth quarter of 2022, and complete the subject enrollments in the fourth quarter of 2022. We plan to initiate the confirmatory clinical trial in the fourth quarter of 2022 and complete the subject enrollments in the first quarter of 2023. We plan to conduct a one-year follow-up for all subjects enrolled in the confirmatory clinical trial and expect to complete the follow-up evaluation and submit the results to the NMPA in the second quarter of 2024. Given the timeline for the regulatory authorities' review process, we expect to commercialize KenFlex in the first half of 2025.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET KENFLEX SUCCESSFULLY.

Mitral Valve Product Candidates

JensClip

JensClip, our proprietary clip-based TMVr system, is designed to treat patients with severe mitral regurgitation. It works by clipping together a small area of the mitral valve leaflets, which continue to open and close on either side of the clip. This allows blood to flow on both sides while reducing the flow of blood in the wrong direction. In addition, JensClip utilizes a claw wall and a locking mechanism, with a simple structure design that can grasp the valve leaflets bilaterally and is easy to use with good flexibility. In addition, during the procedure, the delivery system of JensClip is designed to enable physicians to maneuver the device in a 360-degree fashion. JensClip is a Class III medical device under the classification criteria of the NMPA. As of the Latest Practicable Date, we were conducting the feasibility clinical trial of JensClip in China.

Product Structure

JensClip consists of a clip with two articulated arms, a steerable guide catheter and a delivery system. The clip delivery system is advanced through the conduit guide provided by the steerable guide catheter in order to control the implantable clip. The two articulated arms can be rotated and set at any angle through a continuous range, which prevents the leaflets from tearing by excessive pull. After the two articulated arms grasp and pull the valve leaflets, the device can be fixed by a locking mechanism. Both sides of the flap clamp arms can be effectively locked at all angles to avoid damage caused by over-distraction of the flap leaflets. The handle of the catheter controls the deployment of the device and allows the independent movement of the clasps.

Development Plan

We completed the filings with the Zhejiang MPA for conducting the feasibility clinical trial in March 2022. As of the Latest Practicable Date, we were conducting the feasibility clinical trial of JensClip and expect to complete the feasibility clinical trial in the fourth quarter of 2022. We plan to initiate the confirmatory clinical trial in the fourth quarter of 2022 and complete the subject enrollments in the third quarter of 2023. We plan to conduct a one-year follow-up for all subjects enrolled in the confirmatory clinical trial and expect to complete the follow-up evaluation and submit the results to the NMPA in the fourth quarter of 2024. Given the timeline for the regulatory authorities' review process, we expect to commercialize JensClip in the first half of 2025. Additionally, we plan to conduct the clinical trial in relation to JensClip in Europe for CE Marking and plan to initiate the clinical trial in the first quarter of 2023.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET JENSCLIP SUCCESSFULLY.

MitraPatch

MitraPatch, our proprietary TMVr system, is designed to treat patients with severe mitral regurgitation especially those caused by leaflet prolapse. MitraPatch is made of bovine pericardium that is trimmed to size. MitraPatch is a Class III medical device under the classification criteria of the NMPA. MitraPatch is an innovative TMVr product candidate that can repair mitral valves using leaflet patching technologies. As of the Latest Practicable Date, we were preparing the feasibility clinical trial of MitraPatch in China.

Product Structure

MitraPatch consists of a mitral valve patch and a delivery system, wherein the repair patch consists of fixation stent, anchoring needle, pericardial patch, fixation line, suture line, and other components. MitraPatch is innovatively designed to retain the native structure of the valve by using a curtain-like prosthesis on the target leaflet and a retractor wire attached to the prosthesis. The patching technologies have several advantages: (i) the system uses soft connectors, which, together with said closure-aiding device coupled thereto, may move with the leaflet as the leaflet moves, without affecting the movement functions of the native leaflets, thus achieving advantages such as less implanted mass, better hemodynamics, and lower incidence of complication and (ii) the system retains the native mitral valve structure, and leaves room for the possibility of future percutaneous interventional procedures. In addition, MitraPatch utilizes a unique anchoring and positioning design to reliably fix the prosthesis to the atrial wall. To reduce the calcification damage, MitraPatch also undergoes the JeniGal anti-calcification pre-treatment.

Development Plan

As of the Latest Practicable Date, we had not engaged in any material regulatory communications with the NMPA for MitraPatch. As of the Latest Practicable Date, we were preparing for the feasibility clinical trial of MitraPatch. We expect to initiate the feasibility clinical trial of MitraPatch in the second quarter of 2023 and complete the feasibility clinical trial in the third quarter of 2023. We plan to initiate the confirmatory clinical trial in the third quarter of 2023 and complete the subject enrollments in the first quarter of 2024. We plan to conduct a one-year follow-up for all subjects enrolled in the confirmatory

clinical trial and expect to complete the follow-up evaluation and submit the results to the NMPA in the second quarter of 2025. Given the timeline for the regulatory authorities' review process, we expect to commercialize MitraPatch in the second half of 2025. Additionally, we plan to conduct the clinical trial in relation to MitraPatch in Europe for CE Marking and plan to initiate the clinical trials in the second quarter of 2023.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET MITRAPATCH SUCCESSFULLY.

AnchorValve

AnchorValve, our proprietary TMVR system, is designed to treat patients with severe mitral regurgitation. It works by replacing the function of a patient's dysfunctional native mitral valve without the need for conventional open-heart surgery. AnchorValve consists of a prosthetic mitral valve, a delivery catheter system, and a loading system. Our AnchorValve uses a special anchoring design, and such design helps the fixation while preventing displacement. In addition, AnchorValve is also equipped with retrievable and steerable functions, which are expected to improve the valve positioning accuracy and stability during deployment. As of the Latest Practicable Date, we were conducting animal studies for AnchorValve.

As of the Latest Practicable Date, we had not engaged in any material regulatory communications with the NMPA for AnchorValve. As of the Latest Practicable Date, we were conducting animal studies. We expect to initiate the feasibility clinical trial in the third quarter of 2023 and complete the feasibility clinical trial in the fourth quarter of 2023. We plan to initiate the confirmatory clinical trial in the fourth quarter of 2023 and complete the subject enrollments in the third quarter of 2024. We plan to conduct a one-year follow-up for all subjects enrolled in the confirmatory clinical trial and expect to complete the follow-up evaluation and submit the results to the NMPA in the fourth quarter of 2025. Given the timeline for the regulatory authorities' review process, we expect to commercialize AnchorValve in the first half of 2026.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ANCHORVALVE SUCCESSFULLY.

Market Opportunities for Mitral Valve Products

Driven by the rapid development of TMV procedures, the global size of the TMV treatment market reached US$939.7 million in 2021, and it is estimated to reach US$10,873.6 million in 2030, according to Frost & Sullivan. In China, the year of 2021 is the first year of TMVI commercialization, and the size of the TMVI market is estimated to reach RMB1,735.9 million in 2025 with a CAGR of 156.8%, according to Frost & Sullivan. The market size will continue to rise and is estimated to reach RMB8,943.1 million in 2030 with a CAGR of 38.8% between 2025 and 2030. For more details related to market size and the growth drivers in China, see "Industry Overview — Mitral Valve Disease — TMVI Market — China Market" in this prospectus.

As of the Latest Practicable Date, there was only one TMVI product that had obtained approval in China, namely MitraClip from Abbott. In China, there were 23 TMVI products under clinical trials as of the Latest Practicable Date. The device options for physicians in this field are rather limited. Our mitral valve product candidates provides physician with more flexibilities, when compared to the conventional

edge-to-edge technique. Our product candidates tend to cause less damage to the native leaflet. By better preserving the native leaflets, they leave the patients with more room for additional interventions in the future. In addition, we plan to build a broad product pipeline with a series of of treatment solutions by offering both TMVR and TMVr products.

Heart Failure Product Candidates

MicroFlux

MicroFlux is our proprietary first-generation transcatheter device for the treatment of HFpEF. It works by creating a small opening in the atrial septum, and once MicroFlux is deployed, it forms a passage between the left and right atrium that enables the left atrium to decompress at rest and physical activity, with the aim of lowering left atrial pressure. More importantly, MicroFlux's DCS is retrievable at all times during the procedure or right after the procedure, thereby increasing the safety of the procedure.

Product Structure

MicroFlux system includes an atrial septostomy stent and a delivery system with the following key features:

- one-piece self-expanding metal cage that has a double-disc design with an opening barrel in the center;
- 12Fr DCS has both steerable and retrievable functions and is designed to support the post-release adjustment. During the procedure, physicians can easily steer shunt and retrieve the shunt before it is fully released. The steerable and retrievable functions can significantly reduce the risk of severe adverse events and increase the procedure success rate by allowing physicians multiple attempts at adjusting the device position and orientation;
- three-dimensional structure of the stent, adaptable to various anatomical structure of the interatrial septum; and
- a special laminating attached to the device to avoid thrombotic incidents and preserve room for re-procedure.

Operation Procedure

During the delivery procedure, the physician prepares the vascular access site via transvascular access path. The delivery catheter is then introduced in the right atrium under the guidance of TEE and fluoroscopy. The physician performs atrial septal puncture, to establish an access channel. Through that access channel, an exchange guidewire is placed into the left atrium, which guides the transfer sheath to the target position of the left atrium. The atrial septal puncture stent is then fully pre-loaded into the pre-load sheath and the atrial septal puncture stent complex is guided into the transfer sheath. The physician then releases the stent at the puncture site of the septum. It has almost the same operation procedure as conventional occluder implantation, with a very short learning curve.

Development Plan

As of the Latest Practicable Date, we had not engaged in any material regulatory communications with the NMPA for MicroFlux. As of the Latest Practicable Date, we were preparing the feasibility clinical trial of MicroFlux. Currently, we expect to initiate the feasibility clinical trial of MicroFlux in four quarter of 2022 and complete the feasibility clinical trial in the first quarter of 2023. We plan to initiate the confirmatory clinical trial in the first quarter of 2023 and complete the subject enrollments in the fourth quarter of 2023. We plan to conduct a one-year follow-up for all subjects enrolled in the confirmatory clinical trial and expect to complete the follow-up evaluation and submit the results to the NMPA in the first quarter of 2025. Given the timeline for the regulatory authorities' review process, we expect to commercialize MicroFlux in the first half of 2025.

Market Opportunity and Competition

Heart failure is a complex set of clinical syndromes caused by changes in myocardial structure and function leading to ventricular ejection and/or low filling. In China, the population of heart failure patients increased from 9.8 million in 2017 to 11.6 million in 2021, and is expected to reach 15.5 million in 2030, according to Frost & Sullivan. For more details related to the prevalence of heart failure in China, see "Industry Overview — Heart Failure — Prevalence of Heart Failure" in this prospectus. Currently, the interventional medical device treatments for heart failure include: (i) interatrial shunt, which can directly reduce left atrial pressure, improve pulmonary congestion, and improve activity tolerance and cardiac function classification; and (ii) myocardial filling hydrogel, which is related to the gelation of the polymer network in response to changes in temperature, pH, ionic cross-linking, solvent exchange or crystallization, or injection shear. As of the Latest Practicable Date, there were three interatrial shunt products that had received CE Marking and seven product candidates under clinical trials for heart failure globally. For details, see "Industry Overview — Heart Failure — Competitive Landscape" in this prospectus.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET MICROFLUX SUCCESSFULLY.

AlginSys & EndoInjex

AlginSys, our proprietary myocardial injectable biopolymer product, is designed to prevent the progression of advanced heart failure. It features high biocompatibility. One ingredient in AlginSys promotes myocardial growth. The gel-like material is injected directly into the myocardium where it hardens and widens the wall of the left ventricle, and is designed to reduce the size of the left ventricular cavity. AlginSys provides firm physical support to the myocardial muscle, and shows superior overall performance. It is also composed of an endoscopic injector, namely, EndoInjex, which utilizes controlled injection function and a steerable curved microneedle. It facilitates precise operation, and is designed to prevent accidental trigger of injection, which improves the safety of targeted injection.

As of the Latest Practicable Date, AlginSys and EndoInjex were at their animal studies stage. Currently, we expect to initiate the feasibility clinical trial in the second quarter of 2023 and complete the feasibility clinical trial in the third quarter of 2023. We plan to initiate the confirmatory clinical trial in the third quarter of 2023 and complete the subject enrollments in the second quarter of 2024. We plan to conduct a one-year follow-up for all subjects enrolled in the confirmatory clinical trial and expect to complete the follow-up evaluation and submit the results to the NMPA in the third quarter of 2025. Given

the timeline for the regulatory authorities' review process, we expect to commercialize AlginSys and EndoInjex in the second half of 2025.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ALGINSYS OR ENDOINJEX SUCCESSFULLY.

RESEARCH AND DEVELOPMENT

Our research and development team develops innovative products focusing on the treatment of structural heart diseases. As of the Latest Practicable Date, our product pipeline included ten product candidates. In 2020, 2021 and the six months ended June 30, 2022, we incurred research and development expenses of RMB170.6 million, RMB265.3 million and RMB84.5 million, respectively. For details, see "Financial Information — Description of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Research and Development Expenses" in this prospectus. We intend to expand and improve our product portfolio by strengthening our research and development of new products, expanding our product pipeline and improving our existing product candidates. Although we believe that we are able to comply with the regulatory review process efficiently and introduce new products in a timely manner, the time required from developing to commercializing a new product may be affected by factors beyond our control, such as unexpected clinical trial results and delayed government approvals.

Our Research and Development Team

Our research and development team possesses vast industry experience. As of the Latest Practicable Date, our research and development team consisted of a total of 77 members. Our executive Director, chairman of the Board and chief technology officer, Mr. LV Shiwen and our vice president, Mr. LI Yibin oversee our research and development activities. Mr. Lv is among the first group of entrepreneurs in China's interventional cardiovascular device industry, and has over 20 years of experience in the medical device industry. Mr. Lv has contributed to the inventions claimed in over 200 patents filed in China and overseas. Mr. LI Yibin has more than ten years of experience in the medical device industry and has participated in the invention process of 47 patents filed in China and overseas. In addition, Mr LI Biao, our vice president, is responsible for the overall research and development activities and overall business operations of Ningbo Diochange. Mr LI has over 12 years of experience in China's interventional cardiovascular device industry, and has participated in various science and technology projects at provincial and ministerial level. Mr LI is the inventor and/or co-inventor of 27 registered patents. For details, see "Directors, Supervisors and Senior Management — Senior Management" in this prospectus. Our core R&D staff have also engaged in professional research in the relevant fields such as valvular heart diseases for many years and have accumulated experience in medical device research and development, with in-depth understanding of the registration regulations and guiding principles.

Our Research and Development Platforms

Our research and development platforms enable us to develop our product candidates efficiently. Our platform technologies complement each other and create a synergistic effect for our research and development efforts.

- **Simulation capabilities** combines two mutually complimentary modules, namely, digital simulation analysis and valve verification. The digital simulation analysis enables us to

model and dissect the efficacies of our product candidates using computer-aided design, refine the product design during the development process, and further validate contextualized applications for our product candidates such simulation will significantly save costs and time. The valve verification, consisting of steady-state flow, pulsatile flow, *in vitro* model simulation, and fatigue test, can leverage the simulation analysis results to bring down the design barriers.

- **Anti-calcification treatment technology of animal-derived materials.** We have taken a series of measures in decellularization and degreasing and cross-linking formula optimization, and have successfully developed our proprietary JeniGal anti-calcification technology. The safety and reliability of the technology have been validated through a series of *in vitro* testing and comparative experiments. Given that calcification was the major reason behind prosthetic valve deterioration, it is expected that product candidates with anti-calcification pre-treatment will be much more durable than other similar products in the market.

- **Polymer valve leaflets technology.** We adopt a unique formulation design. Compared with other biological valves with a limited life due to thickening and calcification, polymer valve leaflets provide better durability, robust hemodynamic performance and lower risks of postoperative complications. Through a heat treatment process and surface anticoagulation process the technology provides anti-coagulation and anti-calcification features.

- **Stent design technology** combined with simulation, guided product development. Specifically, our stent design could address the difficulties in anchoring, controllable release and retrievability. It optimizes the design of the stent mesh pattern and improves fatigue tolerance. Fabricated with shape memory material, the stent is more self-adaptive to the native anatomy and a better fit. Moreover, our weaving and covering technologies improve the stent structure, thereby avoiding relying on radial forces and effectively preventing paravalvular leakage.

Product Development

Our product development process typically involves the following steps:

- **Product design and development.** Before we initiate a new product development project, we typically conduct market research to collect the market information in relation to the market trends and demands. Our product development cycle starts with a preliminary development proposal that describes the medical needs of physicians and patients to be addressed, the potential risks related to the project and the key technologies to be applied. Our management will review the development proposal and decide whether to proceed with the proposed project.

- **Product planning.** After our management approves the project, we will then establish a project team which consists of R&D personnel. The project team will hold regular meetings to discuss R&D progress, the latest market trends as well as detailed analysis of similar products manufactured by our competitors. We transform the product protocol into engineering requirements by using our internal manual and then develop the components according to the engineering requirements. The ultimate goal at this stage is to realize the assembled product with the desired function and performance.

- **Pre-clinical product verification and validation.** All new products will go through several rounds of internal and external *in vivo* and *in vitro* testing, through which our management team will collect feedback from our employees and physicians on the product functionalities so that we can refine our designs and resolve technical issues in order to satisfy clinical needs.

- **Clinical study.** We also conduct animal studies and early feasibility study to evaluate the device functionality and preliminary clinical safety when non-clinical testing is unable to provide the necessary information to advance the device development process. We collaborate with leading hospitals in China and globally to conduct clinical trials for our product candidates. For details, see "— Clinical Trials" in this section.

- **Registration and launch.** The registration procedure and timeline for our product candidates vary in different jurisdictions. Our regulatory team is mainly responsible for regulatory filings and communications with applicable competent authorities. Our team members have extensive experience and in-depth understanding on registration requirements and procedures, as well as other regulatory compliance guidelines in practice. We expect to launch our products shortly after receiving the relevant regulatory approvals or registrations.

Clinical Trials

Our clinical trial team has significant experience in conducting clinical trials for our product candidates. As of the Latest Practicable Date, we had 16 clinical development staff members, led by our chief medical officer, Ms. JIAO Chen, who had more than 18 years of experience in the medical industry. The goal of the clinical trial is to measure the clinical efficacy and safety of a device. Robust clinical data are an important marketing tool for increasing the credibility of our brand and products. We conduct clinical trials of our product candidates, in order to obtain the requisite regulatory approvals, and to collect post-procedural data for improving and enhancing the design and features of our product candidates.

The clinical trial team selects qualified clinical trial institutions to carry out clinical trials on human subjects. For details of our collaboration with clinical trial institutions, see "— Collaboration with Clinical Trial Institutions" in this section. We first prepare the clinical trial plan that describes, for example, the clinical trial's purpose, timeline, methods, procedures and risks. We then meet with clinical trial institutions to discuss the clinical trial plan. Following such meeting, we prepare and send a proposal to the ethics committee of each participating clinical trial institution including our clinical trial protocol plan, patient consent forms, investigator report forms and agreements with the participating clinical trial institution. During the clinical trial, our clinical trial team monitors trial progress and patient reactions pursuant to clinical trial protocols.

Collaboration with Clinical Trial Institutions

The NMPA maintains a catalog of hospitals that it has registered as clinical trial centers, from which we select a number of leading hospitals to conduct our clinical trials. The factors we commonly consider when selecting institutions include their credentials, expertise, infrastructure, equipment and patient demographics. We also meet with potential investigators to discuss the purpose and requirements

of our clinical trial. After comprehensive evaluation, we and the institution generally enter into an agreement setting out the clinical trial's purpose, timeline, procedures, methods and risks. We then work together with the principal investigators to get an opinion from the institution's ethics committee. The clinical trials must be conducted in accordance with the protocol approved by the ethics committee. Any amendments to the protocol must be re-evaluated and approved by the ethics committee.

We cooperate with prestigious hospitals in China to conduct our clinical trials. During the Track Record Period, 26 nationally renowned hospitals in the field of cardiology collaborated with us as the investigator institutions for our clinical trials.

Pursuant to the legally-binding agreements with these participating clinical trial institutions, the institutions are required to conduct the clinical trials strictly in accordance with the protocol, to collect data, and to issue trial reports at the end of each clinical trial. The lead institution will prepare formal reports based on the trial reports submitted by all participating institutions. In return for the institutions' services, we make scheduled payments as specified in the agreements. Under the agreements, we generally own all the intellectual property in relation to the clinical trial while the participating institutions may publish or otherwise use the clinical trial results for academic activities with our prior approval.

Relationships with CROs and SMOs

We collaborate with reputable CROs and SMOs for the support of our clinical trials. When selecting CROs and SMOs, we consider a number of factors, including their expertise, experience and reputation. The CROs and SMOs must comply with all applicable laws and regulations as well as follow our protocols to ensure that all clinical trial results are accurate and authentic. Under the legally-binding agreements with our CROs or SMOs, we are responsible for the trial preparation, subject enrollment, trial implementation and management, while the CROs or SMOs take responsibility for record keeping and report preparation to guarantee the compliance of the clinical trial process with applicable regulations or standards. Key terms of our service agreement with CROs and SMOs are summarized below.

- **Services.** CROs and SMOs provide us with services related to clinical trials in certain phases as specified in the agreement or work order.

- **Term.** CROs and SMOs are required to complete the work on a project basis and within the prescribed time limit.

- **Payments.** We are required to make payments to the CROs or SMOs by periodical installments or according to milestones of the respective services during the clinical trials.

- **Intellectual property rights.** Intellectual property arising from the clinical trials conducted by the CROs or SMOs are exclusively owned by us.

- **Confidentiality.** The CROs and SMOs are required to keep confidential any information, documents, materials or data relating to our products and clinical trials and shall promptly return all of the above to us upon the expiration of the agreements.

During the Track Record Period, we engaged four industry-renowned CROs to provide certain services in the clinical trials for our product candidates, including preparing ethical committee application at each hospital, assisting in revising the study protocol and design, managing and monitoring the progress of the clinical trials, and providing progress or summary reports. During the same period, we also engaged six SMOs to assist researchers to complete certain supporting duties in relation to our ongoing clinical trials, including scheduling patient's follow-up evaluations, among others.

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 institutes. They not only provide us with important feedback on clinical needs but also present the clinical use of our product candidates in academic settings, which we believe can invite wider discussion of our 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 candidates. We have also presented our products in multiple industry conferences to update of our latest research and development progress.

To the knowledge of our Directors, other than the ordinary business relationship, none of the CROs, SMOs and clinical trial institutions we collaborated with (including their shareholders, directors, shareholders and senior management, as well as the principal investigators working at the relevant clinical trial institutions), had any past or present relationships (including, without limitation, business, employment, family, trust, financing or otherwise) with our Group, our subsidiaries, our shareholders, Directors, senior management or any of their respective associates.

The service fees we paid to our CROs, SMOs, clinical trial institutions during the Track Record Period were determined on a case-by-case basis in light of the service scope and the scale of the relevant clinical trials, among others. During the Track Record Period, the expenses attributable to CROs were RMB6.7 million, RMB5.2 million and RMB4.2 million in 2020, 2021 and the six months ended June 30, 2022, respectively. The expenses attributable to SMOs were RMB2.6 million, RMB0.9 million and RMB1.0 million in 2020, 2021 and the six months ended June 30, 2022, respectively. In addition, we did not pay any principal investigator as an individual; the expenses attributable to clinical trial institutions where the principal investigators work at were RMB2.3 million, RMB5.2 million and RMB1.6 million in 2020, 2021 and the six months ended June 30, 2022, respectively. These services fees also constituted an important part of our research and development expenses incurred during the Track Record Period. For details, see "Financial Information — Description of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Research and Development Expenses" in this prospectus.

The following table sets forth the detailed information of the CROs, SMOs and clinical trial institutions (where the principal investigators for the clinical trials work at) during the Track Record Period.

Name	Background	Total expenses incurred in 2020	Total expenses incurred in 2021	Total expenses incurred in the six months ended June 30, 2022
		RMB'000	*RMB'000*	*RMB'000*
CRO 1	A CRO company that specializes in services related to clinical trial and clinical research of medical device	2,442	4,705	3,658
CRO 2	A company that primarily engages in technology development and technology transfer in relation to medical device and pharmaceutical	1,189	–	369
CRO 3	A CRO company that specializes in services related to clinical trial and clinical research of medical device	2,902	34	–
CRO 4	A science and technology service institution that specializes in medical related technology transfer, consultation and registration	179	500	218
SMO 1	A company that primarily engages in medical related technology transfer and consultation	82	53	–
SMO 2	A company that primarily engages in medical related technology transfer and consultation	2,302	223	–
SMO 3	An SMO company that provides customized on-site management and clinical operation services for study sites and investigators	–	327	36
SMO 4	An SMO company that provides customized on-site management and clinical operation services for study sites and investigators	197	324	–
SMO 5	An SMO company that provides customized on-site management and clinical operation services for study sites and investigators	–	–	697
SMO 6	An SMO company that provides customized on-site management and clinical operation services for study sites and investigators	–	–	295

Name	Background		Total expenses incurred in 2020	Total expenses incurred in 2021	Total expenses incurred in the six months ended June 30, 2022
			RMB'000	*RMB'000*	*RMB'000*
Clinical trial institution 1	A Class III Grade A hospital in China	PI(s) involved: an associate chief physician at cardiovascular surgery department	266	300	24
Clinical trial institution 2	A Class III Grade A hospital in China	PI(s) involved: a chief physician at cardiovascular surgery department	368	417	45
Clinical trial institution 3	A Class III Grade A hospital in China	PI(s) involved: an associate chief physician at cardiovascular surgery department	528	1,494	646
Clinical trial institution 4	A Class III hospital in China	PI(s) involved: an associate chief physician at cardiovascular surgery department	42	203	25
Clinical trial institution 5	A Class III Grade A hospital in China	PI(s) involved: a chief physician at cardiovascular surgery department	–	44	39
Clinical trial institution 6	A Class III Grade A hospital in China	PI(s) involved: a chief physician of heart center	61	285	27
Clinical trial institution 7	A Class III Grade A hospital in China	PI(s) involved: an associate chief physician at cardiovascular surgery department	216	686	170

Name	Background		Total expenses incurred in 2020	Total expenses incurred in 2021	Total expenses incurred in the six months ended June 30, 2022
			RMB'000	*RMB'000*	*RMB'000*
Clinical trial institution 8	A Class III Grade A hospital in China	PI(s) involved: a chief physician at cardiovascular surgery department	396	332	48
Clinical trial institution 9	A Class III Grade A hospital in China	PI(s) involved: the director of cardiovascular surgery department	417	1,016	–
Clinical trial institution 10	A Class III Grade A hospital in China	PI(s) involved: the director of cardiovascular surgery department	–	81	22
Clinical trial institution 11	A Class III Grade A hospital in China	PI(s) involved: a chief physician of cardiovascular surgery department	–	116	106
Clinical trial institution 12	A Class III Grade A hospital in China	PI(s) involved: a chief physician of cardiac surgery department	–	31	16
Clinical trial institution 13	A Class III Grade A hospital in China	PI(s) involved: a chief physician of structural heart diseases department	–	100	96
Clinical trial institution 14	A Class III Grade A hospital in China	PI(s) involved: a chief physician of cardiac surgery department	–	48	29
Clinical trial institution 15	A Class III Grade A hospital in China	PI(s) involved: a chief physician of cardiothoracic surgery department	–	13	42

Name	Background		Total expenses incurred in 2020	Total expenses incurred in 2021	Total expenses incurred in the six months ended June 30, 2022
			RMB'000	*RMB'000*	*RMB'000*
Clinical trial institution 16	A Class III Grade A hospital in China	PI(s) involved: a chief physician of cardiothoracic surgery department	–	4	82
Clinical trial institution 17	A Class III Grade A hospital in China	PI(s) involved: a chief physician of cardiac surgery department	–	11	–
Clinical trial institution 18	A Class III Grade A hospital in China	PI(s) involved: the director of cardiology department	–	48	71
Clinical trial institution 19	A Class III hospital in China	PI(s) involved: a chief physician of cardiology department	–	–	6
Clinical trial institution 20	A Class III Grade A hospital in China	PI(s) involved: a chief physician of cardiology department	–	–	10
Clinical trial institution 21	A Class III Grade A hospital in China	PI(s) involved: the director of cardiology department	–	–	3
Clinical trial institution 22	A Class III Grade A hospital in China	PI(s) involved: a chief physician of cardiovascular surgery department	–	–	31
Clinical trial institution 23	A Class III Grade A hospital in China	PI(s) involved: the director of cardiology department	–	–	2
Clinical trial institution 24	A Class III Grade A hospital in China	PI(s) involved: an associate chief physician of cardiovascular surgery department	–	–	6

Name	Background		Total expenses incurred in 2020	Total expenses incurred in 2021	Total expenses incurred in the six months ended June 30, 2022
			RMB'000	*RMB'000*	*RMB'000*
Clinical trial institution 25	A Class III Grade A hospital in China	PI(s) involved: the director of cardiovascular surgery department	–	–	6
Clinical trial institution 26	A Class III Grade A hospital in China	PI(s) involved: a chief physician of cardiology department	–	–	9

OUR PRODUCTION FACILITIES AND PROCESSES

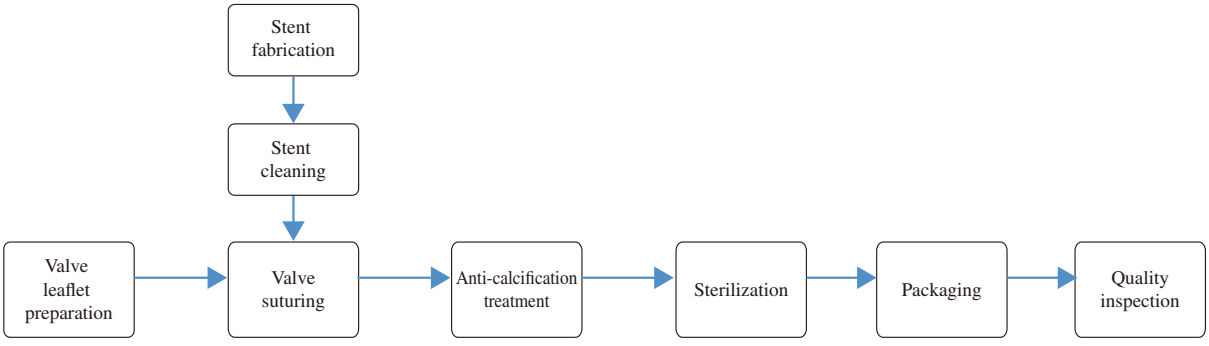
Currently, our in-house production is limited to producing, assembling and testing sample products under development for the purpose of clinical trials, design validation and product development. We plan the production primarily based on the number of subjects enrolled, the progress of related clinical trials, the validation plans and the product development schedule.

Production Process

We will commence commercial manufacture of LuX-Valve and Ken-Valve shortly after we receive the NMPA approvals for commercialization. All the steps in our production process are conducted in compliance with the applicable ISO 13485 certification requirements and YY/T 0287 standards. We typically conduct the key manufacturing steps in-house, except that we engage third party service providers for certain sterilization steps and injection molding steps. We select the third-party service providers based on their qualifications. We have implemented quality management systems as part of our manufacturing process. For more details, see "— Quality Management" in this section.

Prosthetic Valves

Set forth below is an illustrative flowchart for the production process of the prosthetic valves.



The following is a brief description of the key steps in our manufacturing process of PTV/PAV.

- **Stent fabrication.** We use laser cutting, shaping and unique surface treatment to fabricate the stent into the desired shape.

- **Valve leaflet preparation.** The valve leaflets and the skirt component will be cut into the required shapes and sizes by laser cutting machines for further suturing.

- **Valve suturing.** After the stent is properly cleaned, the suturing process is completed manually by experienced technicians.

- **Anti-calcification treatment.** We adopt our in-house developed proprietary JeniGal anti-calcification technology to pre-treat the valves.

- **Sterilization and packing.** We sterilize the PAV/PTV and pack the PAV/PTV with container.

- **Quality inspection.** Following the applicable ISO 13485 requirements and YY/T 0287 standard, we conduct quality inspections after each key step during the manufacturing process.

Delivery System

Set forth below is an illustrative flowchart for the production process of the delivery system of our product candidates.

The following is a brief description of the key steps in our manufacturing process of the delivery system.

- **Component production.** We clean the device component, and then use the processed materials to manufacture the key components of the catheter.

- **Delivery system assembly.** We assemble the device component and the metal parts, which will form the delivery system.

- **Sterilization and packaging.** We sterilize the delivery system, label and add an outer package to the sterilized delivery system.

- **Quality inspection.** Following the applicable ISO 13485 requirements and YY/T 0287 standard, we conduct quality inspections after each key step during the manufacturing process.

Manufacturing Team

We have a strong and specialized manufacturing team, well positioned to bring proprietary technologies or processes into GMP production. Our manufacturing team is led by our production director, Mr. XU Bin, who has abundant experience in manufacturing management with us as well as with other medical device companies. As of the Latest Practicable Date, we had 121 manufacturing personnel. We provide training to our manufacturing personnel to ensure that they possess the skill sets and techniques required in the relevant manufacturing process, and comply with our quality control requirements as well as applicable laws and regulations. Manufacturing prosthetic valves is a complex and demanding process. Suturing the bovine pericardium to the frame, a key step in the manufacturing process, must be done manually by experienced technicians, which currently cannot be replaced by machines. As of the Latest Practicable Date, we had 25 full-time technicians highly skilled at the suturing task.

Manufacturing Facilities and Production Capacity

We have an established manufacturing facility (including two adjacent properties), which occupies approximately 6,206.6 sq.m. in Ningbo, Zhejiang. It is designed and built for manufacturing medical devices in compliance with GMP requirements with full manufacturing capability and ready for commercial-scale production. Our manufacturing facility has several production lines, including production lines for stents, valves, and delivery systems, respectively.

Our manufacturing facility has full manufacturing capabilities, covering production, packaging and quality assurance, and is capable of producing various products in relation to structural heart diseases. To ensure adherence to the GMP requirements of China, the United States and the EU, we procured equipment and machinery from reputable suppliers and completed complex qualification steps to validate that the equipment and programs are installed with the requisite specification. We believe our in-house manufacturing capability will help us take better control of our clinical trial progress and future commercialization. In anticipation of forthcoming product launches, we have expanded our annual production capacity by renewing and renovating our production lines from approximately 3,500 sets (comprising approximately 1,500 sets of LuX-Valve, approximately 1,200 sets of Ken-Valve and approximately 800 sets of other product candidates) to approximately 4,000 to 5,000 sets (comprising approximately 2,000 to 2,500 sets of LuX-Valve, approximately 1,200 to 1,500 sets of Ken-Valve and approximately 800 to 1,000 sets of other product candidates) in 2021. We expect to continue to expand our manufacturing capacity, by further upgrading our manufacturing equipment, machines and production workshop, constructing new plants and buildings in our manufacturing facility in Ningbo, and recruiting additional manufacturing employees. We expect to fund the manufacturing capacity expansion with a portion of the proceeds from the Listing as well as our cash and bank balances. We expect that our annual manufacturing capacity will reach approximately 10,000 sets (comprising approximately 5,000 sets of LuX-Valve, approximately 3,000 sets of Ken-Valve and approximately 2,000 sets of other product candidates) by the end of 2024. Our production capacity is estimated based on (i) the number of working hours needed for a production worker to manufacture one set of the relevant product candidate; (ii) the number of production workers we currently plan to designate for the manufacturing of the relevant product candidate; (iii) each of our production workers works eight hours per day and 250 days per year; and (iv) our production lines for the relevant product operated on a one-shift per day basis. We designed our production capacity, and made plans to further expand such capacity, after considering various factors, including the number of our production workers, the status of our production lines, the latest development status and commercialization plan of our product candidates, the expected market demand

for our products upon commercialization, and our available capital resources. Should the needs arise, we are able to adjust the production capacity of a given product candidate by re-allocating our resources designated to the production of such product candidate.

PRODUCT WARRANTY, RETURN, RECALL AND EXCHANGES

As of the Latest Practicable Date, we did not have any commercialized products. As of the same date, we had not experienced any material complaint or product return from subjects enrolled in our clinical trials or hospitals where we conducted our clinical trials.

SALES AND MARKETING

Commercialization of our product candidates is critical to our future growth and success. To drive our product launch and bring our product candidates to market, we are assembling our core commercial leadership team in anticipation of product launch. As of the Latest Practicable Date, we had a sales and marketing team of 34 employees. Our sales and marketing team is led by our marketing director, XIA Lei, who has extensive sales and marketing experience in the medical device industry. We plan to build our commercial team to cover different sales regions in order to ensure adequate market coverage in China. We plan to scale up our sales and marketing team to approximately 50 employees by the end of 2023 to cover approximately 50 Class II and Class III hospitals in 31 provinces and municipalities.

Our Marketing Model

Currently, our major form of marketing activities of product candidates under development including LuX-Valve and Ken-Valve, our Core Products, is academic outreach, by which we are dedicated to grow our brand recognition through regular interaction with physicians, offering training programs, and leveraging our network with KOLs.

- **Regular interaction with physicians, hospital executives and researchers.** To increase awareness of our product candidates, we regularly interact with physicians, hospital executives and researchers in the field. Such interaction is fostered through regular visits and communications, on-site demonstration of our product candidates, training and education programs. Although patients are the end-users of our product candidates, physicians and procurement departments of hospitals decide what products to stock and physicians typically recommend to patients what products to use. We believe that based on our experience, as physicians become more knowledgeable and experienced with our product candidates, they will be more likely to recommend our product candidates to our target patients. In addition to accelerating market awareness and adoption of our product candidates, our communications with physicians provide us with continual feedback on our product candidates and trends in the market which helps guide our research and development projects. As of the Latest Practicable Date, we had regular interactions with physicians from 30 hospitals through a combination of online dialogues and offline visits, and such physicians covered more than 16 provinces, ranging from first-tier municipalities such as Beijing, Shanghai and Tianjin to major populous provinces around China with substantial market potentials including Jiangsu, Henan and Shandong. We expect to further expand our coverage of physicians and hospitals towards lower-tiered regions in the near future.

- **Offering training programs.** With respect to regular training sessions including on-site demonstration of our product candidates at hospitals, we promote our product candidates by leveraging our existing relationships with hospitals and expanding our hospital coverage. We aim to provide training to hospitals and physicians to introduce our product candidates in over 50 Class II and Class III hospitals in China by the end of 2022. In particular, we plan to expand our sales channels to hospitals that have heart valve surgical centers or cardiac catheterization labs by potentially making substantial investments in physician training for certain product candidates in order to gain market acceptance upon their commercialization. As of the Latest Practicable Date, we had provided such training in hospitals from more than 17 provinces, ranging from first-tier municipalities such as Beijing, Shanghai and Tianjin to major populous provinces around China with substantial market potentials including Jiangsu, Henan and Shandong. Specifically, as of the Latest Practicable Date, we had collaborated with 20 and 20 hospitals for offering training programs with respect to our LuX-Valve and Ken-Valve, respectively. In particular, Ken-Valve, our TAVR product candidate, may face fierce competition upon its commercialization, since there had been already a number of commercialized TAVR products in the China market as of the Latest Practicable Date (e.g., J-Valve, VenusA-Valve, TaurusOne), and we expect that there will be additional TAVR products approved for commercialization in China prior to, or substantially at the same time as, Ken-Valve. Therefore, we aim to provide training to hospitals and physicians to introduce our Ken-Valve in over 150 Class II and Class III hospitals that are expected to cover all major first-tier and second-tier regions in China by the end of 2024.

- **Educational symposia, conferences, seminars.** We also regularly organize and attend educational symposia, conferences, seminars, and other activities at national, regional and local levels. For example, our LuX-Valve and Ken-Valve were introduced at China Heart Congress ("CHC") 2020 in conjunction with the 5th China Vascular Congress ("**CVC**"), a national week-long conference encompassing over 370 academic events and 1,500 academic lectures with more than ten million onsite and online views. Our product candidates were also introduced at EuroPCR 2021 and 2022, which is an official annual meeting of the European Association of Percutaneous Cardiovascular Interventions ("**EAPCI**"), as well as 2020 PCR-CIT China Chengdu Valves and China Valve (Hangzhou) 2020 and 2022, among other international conference. We have also recently participated in Oriental Congress of Cardiology in May 2022 and TVT 2022 (the Structural Heart Summit) in June 2022. We believe that due to our advanced technology, our product candidates have been among the central topics of academic discussions and examples for training. These seminars and conferences allow us to introduce our product candidates, share our clinical results and enhance experts' awareness of clinical benefits of our product candidates. Going forward, we plan to organize and participate more academic conferences of the aforementioned kinds on a yearly basis.

- **Leveraging our network with KOLs.** We rely on KOLs to introduce and recommend our product candidates to physicians and hospitals. KOLs generally seek to learn the latest therapeutic options available within their areas, as well as introducing cutting-edge technologies and products that they believe have clinical benefits to other physicians. This will help maintain their authority and standing within the broader medical community. We provide these KOLs with detailed information of our product candidates, and they will make

independent judgments on competing products in the market. We believe that these KOLs' independent views on our products help increase the market recognition of our product candidates among the wider medical community across the country. When selecting KOLs for a specific academic event, we consider factors such as the candidate's vocational affiliation, the purpose and scale (local, regional or national) of the event, as well as the 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 in the field of the specific structural heart diseases on which we have focused and interventional products related thereto, so that we are able to better leverage our network with them.

Pricing

During the Track Record Period and up to the Latest Practicable Date, we had no commercialized products on the market in China or overseas. We have not formulated any definitive pricing policy for our product candidates yet. When our product candidates progress to commercialization in the future, we will determine their prices based on various factors such as our products' advantages, our costs and the prices of competing products. We will conduct extensive market research with KOLs, hospitals, physicians and patients as well as regulatory bodies before pricing our products, and will take into account various factors such as feedback collected from these parties, our production costs, the differences in safety and efficacy profiles between our products and competing products, the estimated demand for our products, and the clinical value we bring to the patients. For our Core Product, LuX-Valve, which is expected to be launched in China in the second half of 2023, we intend to determine the price based on the affordability to Chinese patients and the price of comparable products. Since LuX-Valve is expected to be the first TTVR product in the market, we believe we will enjoy more flexibility in pricing strategy. For our Core Product, Ken-Valve, which is expected to be launched in China in the first half of 2024, we intend to determine the price based on the respective benefits of our products and competing products, the estimated demand for our products, and the affordability to patients. The pricing in overseas markets may vary according to the specific conditions in each territory including, among other things, the pricing of multinational competitors in the same market.

As of the Latest Practicable Date, there was no guidance price set by the relevant PRC government authorities in relation to our product candidates. We might sell our products to distributors at the prices determined by us from time to time, and might be required to, or choose to, participate in a public tender process to facilitate our distributors' sales of our products to public hospitals. Nonetheless, in China, the government maintains a high level of involvement in the determination of retail prices, as the prices are affected by the bidding and tender processes organized by government agencies and hospitals.

In 2021, China started to initiate centralized procurement pilot programs in an effort to regulate prices of medical devices through group procurement at the provincial level. For details, see "Regulatory Overview — Laws and Regulations Relating to Medical Device — Procurement of Medical Devices" in this prospectus. According to the Guiding Opinions on National Organization of Centralized Volume-based Procurement and Use of High-Value Medical Consumables (《關於開展國家組織高值醫用耗材集中帶量採購和使用的指導意見》), some high-value medical consumables with increased clinical usage, high purchase amount, mature clinical use, sufficient market competition, and high level of homogeneity will be included in the scope of volume-based procurement.

Our product candidates are innovative interventional products for the treatment of structural heart diseases. Compared with the medical consumables that have been included in the centralized procurement listed above, transcatheter valve treatment devices are different. According to Frost & Sullivan, the domestic market for such medical devices is not mature, and the number of players is limited with no intense competition. According to Frost & Sullivan, for highly innovative medical devices like our product candidates, it is unlikely that the regulators will mandate centralized procurement for those products, at least not in the short term. As advised by our PRC Legal Adviser and Frost & Sullivan, based on their understanding as of the Latest Practicable Date, the likelihood that the regulatory environment will change materially in the short term due to regulatory reforms and market landscape dynamics is relatively low.

Currently, the centralized procurement only applies to a limited number of medical devices and does not directly affect the pricing of our product candidates upon commercialization, but there are uncertainties whether the centralized procurement scope would be expanded in the future, resulting in the inclusion of our product candidates upon commercialization. For details, see "Risk Factors — Risks Relating to Our Product Candidates — Risks Relating to Extensive Government Regulations — Changes in regulatory requirements and guidance may adversely affect our business, and we may need to amend clinical trial protocols submitted to applicable regulatory authorities to reflect these changes" in this prospectus.

We plan to expand our market share to better prepare ourselves for the future implementation of centralized procurement. If and by the time the government issues centralized 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 ten product candidates, and we are therefore less affected by the potential centralized procurement of any single product.

OUR CUSTOMERS

During the Track Record Period and up to the Latest Practicable Date, we had no commercialized product and therefore had no customers.

OUR SUPPLIERS AND RAW MATERIALS

Suppliers

During the Track Record Period, our suppliers mainly included suppliers of raw materials for the production of sample products under development for the purpose of clinical trials. For the years ended December 31, 2020 and 2021 and the six months ended June 30, 2022, purchases from our five largest suppliers in each year/period during the Track Record Period in aggregate represented 25.8%, 13.5% and 25.8%, respectively, of our total purchases for the same year/ period, and purchases from our single largest supplier in each year/period during the Track Record Period represented 6.4%, 4.5% and 7.4%, respectively, of our total purchases for the same year/period.

Our suppliers generally settle with us by wire transfer. Credit terms granted to us are determined on a case-by-case basis based on invoice dates or milestone payments contemplated under the supply agreements. The table below summarizes the purchases from our five largest suppliers for the year/period indicated:

Five Largest Suppliers for 2020	Supplier Background	Products/Services Purchases	Years of Business Relationship	Purchase Amount	Percentage of Total Purchases	Location	Credit Term
				RMB'000	*%*		
Supplier F	Our CRO, a Guangzhou-registered company specializing in services related to clinical trial and clinical research of medical device	Clinical trial services	More than 3 years	2,902	6.4	PRC	5-20 days upon milestone payments according to the contract
Supplier G	Our CRO, a Shanghai-registered company specializing in services related to clinical trial and clinical research of medical device	Clinical trial services	More than 3 years	2,442	5.4	PRC	5-15 days upon milestone payments according to the contract
Supplier H	Our SMO, a Beijing-registered company primarily engaging in medical related technology transfer and consultation	Clinical trial services	More than 2 years	2,302	5.0	PRC	15 days upon milestone payments according to the contract
Supplier I	A Shanghai-registered company engaging in research and development of pre-clinical animal models	Animal experiment	More than 3 years	2,118	4.6	PRC	5 days upon milestone payments according to the contract
Supplier B	A Zhejiang-registered company engaging in factory leasing service	Property rental services	More than 10 years	2,029	4.4	PRC	On invoice date
Total				11,793	25.8		

Five Largest Suppliers for 2021	Supplier Background	Products/Services Purchases	Years of Business Relationship	Purchase Amount	Percentage of Total Purchases	Location	Credit Term
				RMB'000	%		
Supplier G	Our CRO, a Shanghai-registered company specializing in services related to clinical trial and clinical research of medical device	Clinical trial services	More than 3 years	4,705	4.5	PRC	5-15 days upon milestone payments according to the contract
Supplier J	A Suzhou-registered company engaging in manufacture and sale of petrochemical materials	Raw materials/ Equipment	More than 1 year	2,961	2.8	PRC	On invoice date
Supplier I	A Shanghai-registered company engaging in research and development of pre-clinical animal models	Animal experiment	More than 3 years	2,204	2.1	PRC	5 days upon milestone payments according to the contract
Supplier B	A Zhejiang-registered company engaging in factory leasing service	Property rental services	More than 10 years	2,200	2.1	PRC	On invoice date
Supplier K	A Zhejiang-registered company providing remodeling service	Remodeling	More than 3 years	2,107	2.0	PRC	5-10 days upon milestone payments according to the contract
Total				**14,177**	**13.5**		

Five Largest Suppliers for the six months Ended June 30, 2022	Supplier Background	Products/Services Purchases	Years of Business Relationship	Purchase Amount	Percentage of Total Purchases	Location	Credit Term
				RMB'000	*%*		
Supplier N	A Shanghai-registered company engaging in manufacture and sale of medical instruments	Raw materials/ Equipment	More than 1 year	3,956	7.4	PRC	5-10 days upon milestone payments according to the contract
Supplier G	Our CRO, a Shanghai-registered company specializing in services related to clinical trial and clinical research of medical device	Clinical trial services	More than 3 years	3,658	6.8	PRC	5-15 days upon milestone payments according to the contract
Supplier C	A Shanghai-registered company engaging in manufacture and sale of medical instruments	Raw materials/ Equipment	More than 4 years	2,913	5.4	PRC	7 days upon milestone payments according to the contract
Supplier O	A Chengdu-registered company engaging in research and development of pre-clinical animal models	Animal experiment	More than 1 year	1,781	3.3	PRC	5-10 days upon milestone payments according to the contract
Supplier J	A Suzhou-registered company engaging in manufacture and sale of petrochemical materials	Raw materials/ Equipment	More than 1 year	1,546	2.9	PRC	On invoice date
Total				**13,854**	**25.8**		

To the best of our knowledge, except for Ningbo Linfeng, all of our five largest suppliers in each year/period during the Track Record Period were Independent Third Parties. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers in each year/period during the Track Record Period.

Raw Materials

For our product candidates, we primarily use raw materials including polyester, nickel titanium material, bovine pericardium, PTFE membrane and catheter. We select our raw material suppliers based on a number of factors, including the quality of raw materials, after-sales service and price. We use reputable suppliers from China, the United States and other countries. Based on the current market conditions, we intend to maintain stable working relationships with our major suppliers of raw materials. However, we cannot assure that we will maintain our working relationships with our major suppliers on similar terms, if at all. Although we maintain a list of backup suppliers if any supplier fails to timely deliver raw materials, we are still subject to risks associated with shortage of raw materials.

For details, see "Risk Factors — Risks Relating to Our Product Candidates — Risks Relating to Manufacture and Supply of Our Product Candidates — We rely on a limited number of suppliers, and may not be able to secure a stable supply of qualified raw materials at all times or at all" and "— An increase in the market price of our raw materials and components may adversely affect our financial position and results of operations" in this prospectus.

Our production team monitors a rolling forecast of demand for specific products while our research and development team provides specifics of raw materials to be purchased. We maintain a pool of qualified suppliers for internal purposes, which is reviewed annually. We inspect raw material candidates from qualified suppliers in such pool and make necessary purchases according to inventory risks and costs associated with the raw materials and components needed. 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 had been no material breach of our 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.

INVENTORY MANAGEMENT

Our inventory consists of raw materials and consumables used for our product candidates' development. We regularly monitor our inventories and endeavor to keep an optimal inventory level in line with the expected usages in the near term. We have a warehouse at our manufacturing facility and have established an inventory management system to monitor each stage of the warehousing process. Our inventory management system records inventory data, such as inventory balance and validity period to keep a track of inventory levels, enabling us to make adjustments whenever necessary. Warehouse personnel are responsible for the inspection, storage and distribution of raw materials. Our Directors confirmed that our inventory control system and policies had been effective and we did not experience any material shortage in supply or overstock of inventories during the Track Record Period and up to the Latest Practicable Date.

QUALITY MANAGEMENT

Our quality control and regulatory team is involved in every aspect of our daily operations to ensure the quality control of our products. As of the Latest Practicable Date, our quality control and regulatory team had 25 employees. We have established an internal control protocol for the design and development of medical devices, with reference to various domestic and international risk management standards including GMP, ISO14971/YY0316, ISO22442/YY0771 and ISO10993/GB/T16886. Our quality management system covers quality system, laboratory control, production management, raw material admission, facilities and equipment management. We provide trainings to relevant employees to ensure that they are able to correctly and effectively implement our quality management system. We had complied with all of our quality qualification requirements in material respects up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any findings from the competent regulatory authorities indicating that our product candidates under clinical trials are defective and we had not experienced any material complaint or product return from subjects enrolled in our clinical trials or hospitals where we conducted our clinical trials.

INTELLECTUAL PROPERTY RIGHTS

We have built an extensive 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 143 issued patents and 160 patent applications in more than 10 countries or regions, including China, the United States, Europe, Brazil, and Canada. Specifically, in relation to our Core Products, LuX-Valve and Ken-Valve, we had 13 issued patents and seven pending patent applications, and four issued patents, respectively, as of the Latest Practicable Date. The following table sets forth material patents and patent applications relating to our Core Product, LuX-Valve, as of Latest Practicable Date.

No.	Publication/ Application number	Invention title	Jurisdiction	Status	Expected patent expiry date	Commercialization power scope	Inventor[(1)]
1	CN201610921114.9	a heart valve prosthesis fixed by ventricular septum and delivery and release method	China	Issued	October 23, 2036	Proprietary right	LV Shiwen, LI Yibin, XU Zhiyun, CHEN Zhi, LU Fanglin, LI Jianan*
2	CN201610921112.X	a heart valve prosthesis	China	Issued	October 23, 2036	Proprietary right	CHEN Zhi, LI Yibin, XU Zhiyun, SONG Zhigang, LI Jianan*
3	CN201610921109.8	an adaptive heart valve prosthesis	China	Issued	October 23, 2036	Proprietary right	XU Zhiyun, LU Fanglin, LI Yibin, CHEN Zhi, LI Jianan*
4	CN201710563561.6	an artificial valve prosthesis	China	Issued	July 11, 2037	Proprietary right	CHEN Zhi, LI Jianan*, CAO Peng*, LI Yibin, XU Zhiyun, SONG Zhigang
5	CN201930337430.6	valve delivery system	China	Issued	June 26, 2029	Proprietary right	XU Jin, CHEN Zhi, ZHANG Guofeng, LU Hanchao*
6	CN201922263592.7	a controllable release device of implanted device	China	Issued	December 16, 2029	Proprietary right	CHEN Zhi, XU Jin
7	CN201911299139.X	a controllable guide device for implanted device	China	Pending		Proprietary right	LV Shiwen, CHEN Zhi, XU Jin
8	CN201922263034.0	a controllable guide device for implanted device	China	Issued	December 16, 2029	Proprietary right	LV Shiwen, CHEN Zhi, XU Jin
9	CN201911299162.9	transcatheter valve replacement system	China	Issued	December 16, 2039	Proprietary right	LV Shiwen, CHEN Zhi, XU Jin
10	CN201922263035.5	a transcatheter valve replacement system	China	Issued	December 16, 2029	Proprietary right	LV Shiwen, CHEN Zhi, XU Jin
11	CN201922263648.9	a novel bending adjustment structure	China	Issued	December 16, 2029	Proprietary right	ZHENG Linghe, LI Yibin, WANG Qingjie

Note:

(1) Except for LU Fanglin, XU Zhiyun, and SONG Zhigang, all inventors of our material patents and patent applications are Mr. Lv and/or our current or previous R&D team members. LU Fanglin, XU Zhiyun and SONG Zhigang are doctors in the cardiovascular field. Our in-house research and development team took the leading role throughout the product research and development process, but during such process, we have been working closely with these doctors for advice and guidance from the perspective of real-world physician and patient needs. Each of them confirmed that we are the registered owner of, and they will not challenge our right to exercise, the relevant IP rights arising from such patents.

* our previous employee

No.	Publication/ Application number	Invention title	Jurisdiction	Status	Expected patent expiry date	Commercialization power scope	Inventor[(1)]
12	EP17863597.6	a heart valve prosthesis fixed by ventricular septum and delivery and release method	Europe	Pending		Proprietary right	LV Shiwen, LI Yibin, XU Zhiyun, CHEN Zhi, LU Fanglin, LI Jianan*
13	16/343,937	a heart valve prosthesis fixed by ventricular septum and delivery and release method	U.S.	Pending		Proprietary right	LV Shiwen, LI Yibin, XU Zhiyun, CHEN Zhi, LU Fanglin, LI Jianan*
14	BR 11 2019 008261	a heart valve prosthesis fixed by ventricular septum and delivery and release method	Brazil	Pending		Proprietary right	LV Shiwen, LI Yibin, XU Zhiyun, CHEN Zhi, LU Fanglin, LI Jianan*
15	IN201937014700	a heart valve prosthesis fixed by ventricular septum and delivery and release method	India	Pending		Proprietary right	LV Shiwen, LI Yibin, XU Zhiyun, CHEN Zhi, LU Fanglin, LI Jianan*
16	RU2019113961	a heart valve prosthesis fixed by ventricular septum and delivery and release method	Russia	Issued	October 23, 2037	Proprietary right	LV Shiwen, LI Yibin, XU Zhiyun, CHEN Zhi, LU Fanglin, LI Jianan*
17	ZA2019/02903	a heart valve prosthesis fixed by ventricular septum and delivery and release method	South Africa	Issued	October 23, 2037	Proprietary right	LV Shiwen, LI Yibin, XU Zhiyun, CHEN Zhi, LU Fanglin, LI Jianan*
18	CA3040022	heart valve prosthesis anchored to interventricular septum and conveying and releasing method thereof	Canada	Issued	October 23, 2037	Proprietary right	LV Shiwen, LI Yibin, XU Zhiyun, CHEN Zhi, LU Fanglin, LI Jianan*
19	VN1201902597	a heart valve prosthesis fixed by ventricular septum and delivery and release method	Vietnam	Pending		Proprietary right	LV Shiwen, LI Yibin, XU Zhiyun, CHEN Zhi, LU Fanglin, LI Jianan*
20	ID201904135	a heart valve prosthesis fixed by ventricular septum and delivery and release method	Indonesia	Pending		Proprietary right	LV Shiwen, LI Yibin, XU Zhiyun, CHEN Zhi, LU Fanglin, LI Jianan*

The following table sets forth material patents relating to our Core Product, Ken-Valve, as of Latest Practicable Date.

No.	Publication/ Application number	Invention title	Jurisdiction	Status	Expected patent expiry date	Commercialization power scope	Inventor[(1)]
1	CN201310671694.7	aortic valve stent for preventing paravalvular leakage	China	Issued	December 11, 2033	Proprietary right	LI Yibin, LV Shiwen, XU Zhiyun, LI Jianan*
2	CN201320813283.2	a novel aortic valve stent	China	Issued	December 11, 2023	Proprietary right	LI Yibin, XU Zhiyun, LI Jianan*
3	CN201510675801.2	a novel artificial valve prosthesis	China	Issued	October 19, 2035	Proprietary right	LI Yibin, XU Zhiyun, LI Jianan*, MA Baolu*
4	CN201922263648.9	a novel bending adjustment structure	China	Issued	December 16, 2029	Proprietary right	ZHENG Linghe, LI Yibin, WANG Qingjie

The following table sets forth material patents and patent applications relating to our non-Core Products as of the Latest Practicable Date.

No.	Publication/ Application number	Invention title	Jurisdiction	Status	Expected patent expiry date	Commercialization power scope	Inventor[(1)]
1	CN201410316922.3	a repair system with anchoring device for preventing valve regurgitation	China	Issued	July 6, 2034	Proprietary right	LI Yibin, LV Shiwen, XU Zhiyun, LI Jianan*, CHEN Zhi
2	CN201410316925.7	a novel heart valve implantation device with anchoring device	China	Issued	July 6, 2034	Proprietary right	LI Jianan*, LV Shiwen, XU Zhiyun, LI Yibin, CHEN Zhi
3	CN201410317001.9	a heart valve implantation device with anchoring device	China	Issued	July 6, 2034	Proprietary right	LI Jianan*, LV Shiwen, XU Zhiyun, LI Yibin, CHEN Zhi
4	CN201410322594.8	a prosthesis for preventing valve regurgitation	China	Issued	July 6, 2034	Proprietary right	LI Yibin, LV Shiwen, XU Zhiyun, LI Jianan*, ZHENG Deyuan*, CHEN Zhi
5	CN201810647765.2	an implanted device for preventing valve regurgitation and delivery system	China	Issued	June 21, 2038	Proprietary right	LV Shiwen, LI Yibin, CHEN Zhi, CAO Peng*
6	CN201910291566.7	a prosthesis delivery system with positioning function	China	Pending		Proprietary right	CAO Peng*, CHEN Zhi, ZHANG Haiyun*, LI Yibin
7	CN201920489732.X	a prosthesis delivery system with positioning function	China	Issued	April 10, 2029	Proprietary right	CAO Peng*, CHEN Zhi, ZHANG Haiyun*, LI Yibin
8	CN202110356288.6	a prosthesis delivery system with positioning mechanism	China	Pending		Proprietary right	LV Shiwen, CHEN Zhi, CHEN Jinxiong
9	CN202120669490.X	a prosthesis system with positioning mechanism	China	Issued	March 31, 2031	Proprietary right	LV Shiwen, CHEN Zhi, CHEN Jinxiong
10	EP15819710.3	a prosthesis for preventing valve regurgitation	Europe	Pending		Proprietary right	LI Yibin, LV Shiwen, XU Zhiyun, LI Jianan*, ZHENG Deyuan*, CHEN Zhi
11	15/401,818	prosthesis for preventing valve regurgitation	U.S.	Issued	August 15, 2035	Proprietary right	LI Yibin, LV Shiwen, XU Zhiyun, LI Jianan*, ZHENG Deyuan*, CHEN Zhi
12	EP15819076.9	a heart valve implantation device with anchoring device	Europe	Issued	May 29, 2035	Proprietary right	LI Jianan*, LV Shiwen, XU Zhiyun, LI Yibin, CHEN Zhi
13	15/398,878	Implant with anchoring device for heart valve disease	U.S.	Issued	January 2, 2036	Proprietary right	LI Jianan*, LV Shiwen, XU Zhiyun, LI Yibin, CHEN Zhi
14	CN202011086517.9	a valve prosthesis delivery system	China	Pending		Proprietary right	LV Shiwen, XU Jin, WANG Qingjie
15	CN202022258182.6	a valve prosthesis delivery system	China	Issued	October 11, 2030	Proprietary right	LV Shiwen, XU Jin, WANG Qingjie
16	CN202110344201.3	a device implantation system capable of reducing loading pipe diameter	China	Pending		Proprietary right	XU Jin, WANG Qingjie, SHEN Jianjie
17	CN202120647975.9	a device implantation system capable of reducing loading pipe diameter	China	Issued	March 30, 2031	Proprietary right	XU Jin, WANG Qingjie, SHEN Jianjie

No.	Publication/ Application number	Invention title	Jurisdiction	Status	Expected patent expiry date	Commercialization power scope	Inventor[(1)]
18	CN201811530670.9	a controllable release valve stent	China	Issued	December 13, 2038	Proprietary right	LV Shiwen, LI Yibin, ZHENG Linghe
19	CN201811530921.3	a separate release aortic valve stent	China	Pending		Proprietary right	LI Yibin, ZHENG Linghe, LV Shiwen
20	CN201822100311.1	a separate-release aortic valve stent	China	Issued	December 13, 2028	Proprietary right	LI Yibin, ZHENG Linghe, LV Shiwen
21	CN201822100313.0	a controllable release valve stent	China	Issued	December 13, 2028	Proprietary right	LV Shiwen, LI Yibin, ZHENG Linghe
22	CN202010692658.9	a valve prosthesis with positioning piece and delivery system	China	Pending		Proprietary right	LV Shiwen, LI Yibin, ZHENG Linghe, CHEN Zhi
23	CN202021416489.8	a valve prosthesis with positioning piece and delivery system	China	Issued	July 16, 2030	Proprietary right	LV Shiwen, LI Yibin, ZHENG Linghe, CHEN Zhi
24	CN202010692576.4	a valve prosthesis with variable positioning piece and delivery system	China	Pending		Proprietary right	LV Shiwen, LI Yibin, ZHENG Linghe, CHEN Zhi
25	CN202021417376.X	a valve prosthesis with variable positioning piece and delivery system	China	Issued	July 16, 2030	Proprietary right	LV Shiwen, LI Yibin, ZHENG Linghe, CHEN Zhi
26	CN202011087177.1	a delivery system capable of buffering and releasing implanted device	China	Pending		Proprietary right	ZHENG Linghe, LI Yibin, FAN Weiyun
27	CN202022259169.2	a delivery system capable of buffering and releasing implanted device	China	Issued	October 11, 2030	Proprietary right	ZHENG Linghe, LI Yibin, FAN Weiyun
28	CN202011087181.8	a valve delivery system with adjustable positioning	China	Pending		Proprietary right	LV Shiwen, ZHENG Linghe, LI Yibin
29	CN202022259157.X	a valve delivery system with adjustable positioning	China	Issued	October 11, 2030	Proprietary right	LV Shiwen, ZHENG Linghe, LI Yibin
30	EP19895646.8	a separated release aortic valve stent	Europe	Pending		Proprietary right	LI Yibin, ZHENG Linghe, LV Shiwen
31	US17/312,733	a separated release aortic valve stent	U.S.	Pending		Proprietary right	LI Yibin, ZHENG Linghe, LV Shiwen
32	CN201610921115.3	an asymmetrical heart valve prosthesis	China	Issued	October 23, 2036	Proprietary right	LV Shiwen, LI Yibin, XU Zhiyun, LU Fanglin, SONG Zhigang, CHEN Zhi, LI Jianan*
33	CN201710563455.8	a heart valve prosthesis with clamping device	China	Issued	July 11, 2037	Proprietary right	CHEN Zhi, LI Jianan*, CAO Peng*, LI Yibin, XU Zhiyun, SONG Zhigang
34	CN201811236025.6	an artificial heart valve prosthesis	China	Issued	October 23, 2038	Proprietary right	CAO Peng*, CHEN Zhi, ZHANG Haiyun*, LI Yibin
35	CN201811462571.1	a transcatheter valve replacement system	China	Pending		Proprietary right	LV Shiwen, LI Yibin, CHEN Zhi, LU Kan
36	CN201811462572.6	a separate clamping valve prosthesis and delivery system	China	Issued	December 2, 2038	Proprietary right	LV Shiwen, LI Yibin, CHEN Zhi, LU Kan

No.	Publication/ Application number	Invention title	Jurisdiction	Status	Expected patent expiry date	Commercialization power scope	Inventor[(1)]
37	CN201811462573.0	a stent valve prosthesis delivery system	China	Issued	December 2, 2038	Proprietary right	LV Shiwen, LI Yibin
38	CN201822006634.4	a transcatheter valve replacement system	China	Issued	December 2, 2028	Proprietary right	LV Shiwen, LI Yibin, CHEN Zhi, LU Kan
39	CN202010894945.8	an anti-dropping anchoring mechanism applied to implanted prosthesis	China	Pending		Proprietary right	LV Shiwen, CHEN Zhi, TAO Yongchang*, CHEN Jinxiong
40	CN202021856849.6	an anti-dropping anchoring mechanism applied to implanted prosthesis	China	Issued	August 30, 2030	Proprietary right	LV Shiwen, CHEN Zhi, TAO Yongchang*, CHEN Jinxiong
41	CN202010894980.X	a device implantation system capable of continuously positioning and anchoring at multiple points	China	Pending		Proprietary right	LV Shiwen, CHEN Zhi, TAO Yongchang*, LU Kan, WU Lei
42	CN202021856120.9	a device implantation system capable of continuously positioning and anchoring at multiple points	China	Issued	August 30, 2030	Proprietary right	LV Shiwen, CHEN Zhi, LU Kan, WU Lei
43	CN202010894373.3	a multi-dimensionally fixed heart valve prosthesis	China	Pending		Proprietary right	LV Shiwen, CHEN Zhi, TAO Yongchang*, LU Kan, CHEN Jinxiong
44	CN202021856125.1	a multi-dimensionally fixed heart valve prosthesis	China	Issued	August 30, 2030	Proprietary right	LV Shiwen, CHEN Zhi, TAO Yongchang*, LU Kan, CHEN Jinxiong
45	EP19892150.4	separate clamping valve prosthesis and delivery system	Europe	Pending		Proprietary right	LV Shiwen, LI Yibin, CHEN Zhi, LU Kan
46	US17/299,259	separate clamping valve prosthesis and delivery system	U.S.	Pending		Proprietary right	LV Shiwen, LI Yibin, CHEN Zhi, LU Kan
47	EP19892776.6	transcatheter valve replacement system	Europe	Pending		Proprietary right	LV Shiwen, LI Yibin, CHEN Zhi, LU Kan
48	US17/299.257	transcatheter valve replacement system	U.S.	Pending		Proprietary right	LV Shiwen, LI Yibin, CHEN Zhi, LU Kan
49	CN202011511245.2	a valve clamp with locking mechanism	China	Pending		Proprietary right	LV Shiwen, CHEN Zhi, WU Lei
50	CN202023069634.2	a valve clamp with locking mechanism	China	Issued	December 17, 2030	Proprietary right	LV Shiwen, CHEN Zhi, WU Lei
51	CN202011506767.3	a valve clamp capable of being integrally disassembled and delivery system	China	Pending		Proprietary right	LV Shiwen, WU Lei, CHEN Zhi, LU Kan
52	CN202023069638.0	a valve clamp capable of being integrally disassembled and delivery system	China	Issued	December 17, 2030	Proprietary right	LV Shiwen, WU Lei, CHEN Zhi, LU Kan
54	CN202110083132.5	a novel valve covered stent	China	Pending		Proprietary right	LI Biao, LV Shiwen, HU Xiaoming, DONG Juan, Chen Chao*
55	CN202120169229.3	a novel valve covered stent	China	Issued	January 20, 2031	Proprietary right	LI Biao, LV Shiwen, HU Xiaoming, DONG Juan, Chen Chao*

No.	Publication/ Application number	Invention title	Jurisdiction	Status	Expected patent expiry date	Commercialization power scope	Inventor[(1)]
56	CN202110186751.7	a stent system with controllable release mechanism	China	Pending		Proprietary right	LI Biao, SHAO Ye, LV Shiwen
57	CN202120373267.0	a stent system with controllable release mechanism	China	Issued	February 17, 2031	Proprietary right	LI Biao, HU Xiaoming, DONG Juan, Chen Chao*
58	CN201820273231.3	a ventricular auxiliary device capable of being implanted by minimally invasive intervention	China	Issued	February 26, 2028	Proprietary right	LI Biao, LV Shiwen, DONG Juan
59	CN201810160560.1	a ventricular auxiliary device capable of enhancing heart functionality	China	Issued	February 26, 2038	Proprietary right	LV Shiwen, LI Biao, DONG Juan
60	CN201821995720.6	a device assisting in fixing	China	Issued	November 29, 2028	Proprietary right	LI Biao, CHEN Chao*, CHEN Qi*, HU Xiaoming, LI Jianan*
61	CN201922019107.1	an anti-leakage boosting device	China	Issued	November 20, 2029	Proprietary right	CHEN Qi*, CHEN Chao*, HU Xiaoming, LI Biao
62	CN201922179501.1	an injection system capable of monitoring needling effectiveness	China	Issued	December 8, 2029	Proprietary right	LI Biao, HU Xiaoming, DONG Juan, CHEN Chao*, CHEN Qi*
63	CN201922179270.4	an injection system with near-end feeding	China	Issued	December 8, 2029	Proprietary right	LI Biao; HU Xiaoming; CHEN Qi*; CHEN Chao*; LI Jianan*
64	CN201922179269.1	an injection system with far-end feeding	China	Issued	December 8, 2029	Proprietary right	LI Biao, HU Xiaoming, LI Jianan*, CHEN Chao*
65	CN201810841515.2	a developable alginate-based biomaterial and preparation method	China	Issued	July 26, 2038	Proprietary right	LI Biao, CHEN Qi*, CHEN Chao*
66	CN201811450875.6	a device assisting in fixing	China	Pending		Proprietary right	LI Biao, CHEN Chao*, CHEN Qi*, HU Xiaoming, LI Jianan*
67	CN201910788173.7	a preparation method of injectable medical grade calcium alginate powder	China	Pending		Proprietary right	LV Shiwen, CHEN Chao*, CHEN Qi*, HU Xiaoming
68	CN201911246443.8	an injection system with far-end feeding	China	Pending		Proprietary right	LI Biao, HU Xiaoming, LI Jianan*, CHEN Chao*
69	CN201911246442.3	an injection system capable of monitoring needling effectiveness	China	Pending		Proprietary right	LI Biao, HU Xiaoming, DONG Juan, CHEN Chao*, CHEN Qi*
70	CN201810160876.0	a ventricular auxiliary device capable of being implanted by minimally invasive intervention	China	Pending		Proprietary right	LI Biao, LV Shiwen, DONG Juan
71	CN202010773755.0	tissue filling material, and preparation method, tissue engineering scaffold and application	China	Pending		Proprietary right	LI Biao, LV Shiwen, CHEN Chao*
72	CN202010956485.7	a myocardial filling system	China	Pending		Proprietary right	LI Biao, CHEN Qi*, CHEN Chao*, LV Shiwen
73	CN202021986480.0	a myocardial filling system	China	Issued	September 10, 2030	Proprietary right	LI Biao, CHEN Qi*, CHEN Chao*, LV Shiwen

According to the legal adviser as to PRC intellectual property laws, a patent is valid for a term of 20 years in the case of an invention and a term of ten years in the case of a utility model, starting from the application date. We started the development process of Ken-Valve as early as 2013, and started to build patent portfolio focusing on Ken-Valve as well as other product candidates. In particular, we applied one utility model patent in relation to Ken-Valve in 2013 namely, CN201320813283.2. Given that a utility model is valid for ten years from the date of filing the application, therefore, the utility model patent (CN201320813283.2) will be expired in December 2023. For the utility model patent that will expire in December 2023 (which patent is in relation to the design of the structure of Ken-Valve's leakproof ring as well as the way that the leakproof ring is linked to the stent), according to Frost & Sullivan, the expiration would not have a material impact on the development and/or commercialization of Ken-Valve because (i) the development of TAVR product candidates is a lengthy process; even if our competitors could copy the relevant design of Ken-Valve after the foregoing utility model patent expires, it would still take them multiple years to bring their product candidates from pre-clinical stage to commercialization and (ii) Ken-Valve is a highly innovative product and the production of Ken-Valve has high entry barriers. In addition, our Directors are of the view, after consulting with our legal adviser as to PRC intellectual property laws, that the expiration of patent CN201320813283.2 will not have a material adverse impact on our commercialization of Ken-Valve for the following reasons: (i) we have a comprehensive patent portfolio for Ken-Valve, with each patent protecting certain features of the product, so even if one patent expires, other manufacturers are still unable to exactly copy the design of Ken-Valve without infringing our patent rights; (ii) patent CN201320813283.2 is a utility model patent, a type of patent which has a relatively shorter protection period of generally 10 years, however, we have other patents (including but not limited to the patents that can protect Ken-Valve's shape or structure or the combination of both) that can effectively protect Ken-Valve for another 12 years, which we believe is sufficient; (iii) for many of our technological innovations (including some know-how that we believe are critical to the manufacturing of Ken-Valve), we seek to protect them by trade secrets and/or confidential information, so even if patent CN201320813283.2 expires, it would still be very difficult, or costly, for other manufacturers to manufacture a similar product; and (iv) we may continue to develop additional IP rights in relation to Ken-Valve and build entry barriers for competitors. On the basis of the Joint Sponsors' due diligence, including (i) discussions with our PRC intellectual property legal adviser to understand, amongst others, the patent portfolio of Ken-Valve and confirmed the existence of other patents which can offer protection to Ken-Valve for another 12 years; (ii) discussions with Frost & Sullivan on the industry landscape of the Company's products; (iii) discussions with the Joint Sponsors' PRC legal adviser to understand that a patent is valid for a term of 20 years in the case of an invention and for a term of ten years in the case of a utility model, starting from the application date, and that there are other patents for Ken-Valve which expires, at the latest, in 2035; and (iv) discussion with the Company's management and the due consideration of the Directors' view, the Joint Sponsors concur with the view of our Directors. Even if certain copycats successfully copied the design of Ken-Valve, they would still need to invest significant time, manpower and other resources to complete the clinical trials and to obtain the relevant approvals, before they could commercialize their products. Furthermore, our new generation TAVR product candidate, KenFlex, does not rely on the soon-to-expire patent. Going forward, we plan to launch new generation products and use additional patents, trade secrets and confidential information to protect them. Therefore, our Directors are of the view that the expiration of utility model CN201320813283.2 in December 2023 would not have a material adverse impact on our business operations, finance performance and prospects going forward.

The term of an individual patent may vary based on the countries/regions in which it is granted. The actual protection afforded by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any

patent term extension or adjustment, the availability of legal remedies in a particular country/region and the validity and enforceability of the patent. We cannot provide any assurance that patents will be issued with respect to any of our owned or licensed pending patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our owned, licensed or issued patents or any such patents that may be issued in the future will be commercially useful in protecting our product candidates and the methods of manufacturing the same.

We rely, in some circumstances, on trade secrets and/or confidential information to protect aspects of our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality arrangements with consultants, advisors and contractors. We have entered into confidentiality and non-compete agreements with our key employees and employees involved in research and development, pursuant to which intellectual property conceived and developed during their employment belongs to us and they waive all relevant rights or claims to such intellectual property. We also have established an internal policy governing the confidentiality of all company information. Despite the measures we have taken to protect our intellectual property, our proprietary information may be obtained by unauthorized parties. For details, see "Risk Factors — Risks Relating to Our Product Candidates — Risks Relating to Our Intellectual Property Rights" in this prospectus.

The confidentiality and non-compete agreements may not provide sufficient protection of our trade secrets and/or confidential information. Such agreements may also be breached, resulting in the misappropriation of our trade secrets and/or confidential information, and we may not have an adequate remedy for any such breach. In addition, our trade secrets and/or confidential information may become known or be independently developed by a third party, or misused by any collaborator to whom we disclose such information. Despite any measures taken to protect our intellectual property, unauthorized parties may attempt to or successfully copy aspects of our products or to obtain or use information that we regard as proprietary without our consent. As a result, we may be unable to sufficiently protect our trade secrets and proprietary information.

We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining the physical security of our premises as well as physical and electronic security of our information technology systems. Despite any measures taken to protect our data and intellectual property, unauthorized parties may attempt to or successfully gain access to and use information that we regard as proprietary. For details, see "Risk Factors — Risks Relating to Our Operations — Our internal information technology systems or other infrastructures may fail or suffer security breaches" in this prospectus.

We also own a number of registered trademarks and pending trademark applications. As of the Latest Practicable Date, we had registered trademarks for our Company and our corporate logo in China and other jurisdictions and were seeking trademark protection for our Company and our corporate logo in the countries where available and appropriate.

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. However, there are risks that we may be subject to claims that we have infringed the intellectual property rights of third parties, and we may not be able to adequately protect our own intellectual property rights. For details, see "Risk Factors — Risks Relating to Our Product Candidates — Risks Relating to Our Intellectual Property Rights" in this prospectus.

HEALTH, SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

We are subject to various environmental and occupational health and safety laws and regulations and our operations are regularly inspected by local government authorities. For more details, see "Regulatory Overview" in this prospectus. Our operations involve the use of hazardous and flammable chemical materials. Our operations also produce such hazardous waste. We generally contract with third parties for the disposal of these materials and wastes. During the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant environmental and occupational health and safety laws and regulations in all material aspects and we did not have any incidents or complaints which had a material and adverse effect on our business, financial condition or results of operations during the period. During the Track Record Period, our Directors consider that the annual cost of compliance with the applicable environmental protection were insignificant. We expect our costs of complying with current and future environmental protection laws to increase in the future, as we further our research and development efforts and commence commercial manufacturing of our products after regulatory approval.

We aim to operate our facilities in a manner that protects the environment and the health and safety of our employees and communities. We have implemented company-wide environmental, health and safety (EHS) policies and standard operating procedures relating to waste treatment, process safety management, worker health and safety requirements and emergency planning and response. To further ensure our compliance with applicable environmental protection and health and safety laws and regulations, we (i) have established various guidelines governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes to ensure such guidelines are strictly enforced for the disposal of laboratory materials and wastes; (ii) inspect our equipment and facilities regularly to identify and eliminate safety hazards; (iii) provide regular safety awareness training to our employees; (iv) keep health records for all employees and conduct health examinations before, during and after their time at the company, especially for employees engaged in work involving occupational hazards; and (v) conduct regular fire safety inspections, maintenance of fire-fighting equipment and regular emergency drills.

Our quality control and regulatory team is responsible for monitoring and enforcing the compliance of our operations with environment, health and safety laws and regulations. This responsibility is executed through training; formulation and implementation of EHS strategies, policies, standards and metrics; communication of EHS policies and procedures through a team of coordinators; environmental, health and safety audits; and incident response planning and implementation.

EMPLOYEES

As of the Latest Practicable Date, we employed 269 full-time employees, who were all based in China. The following table sets forth the number of our full-time employees by function as of the Latest Practicable Date.

Function	Numbers of full-time employees
Management	13
Administration	15
Sales and marketing	34
Research and development	77
Manufacturing	121
Financial and legal affairs	9
Total	269

We recruit personnel through online platforms, recruiting websites, job fairs and internal referrals. We enter into employment contracts with our employees in accordance with the applicable PRC laws and regulations and hire employees based on their merits and it is our corporate policy to offer equal opportunities to our employees regardless of gender, age, race, religion or any other social or personal characteristics. We also enter into legally-binding confidentiality and non-compete agreements with key personnel, such as our management and research and development employees. The confidentiality and non-compete agreements typically include a standard non-compete clause that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for at least two years after the termination of his or her employment. The confidentiality and non-compete agreements also typically include undertakings regarding assignment of inventions and discoveries made during the course of his or her employment. For further details regarding the terms of confidentiality and employment agreements with our key management, see "Directors, Supervisors and Senior Management" in this prospectus. We believe that we maintain a good working relationship with our employees and we have not experienced any significant labor disputes or any significant difficulty in recruiting staff for our operations. None of our employees are currently represented by labor unions.

We provide formal and comprehensive company-level and department-level training to our new employees, followed by on-the-job training. We also provide training and development programs to our employees regularly to ensure their awareness and compliance with our various policies and procedures. Some of the training is conducted jointly by departments serving different functions but working with or supporting each other in our day-to-day operations. In addition, we also invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills.

Our employees' remuneration comprises salaries, bonuses, employee provident fund and social security insurance contributions and other welfare payments. In accordance with the relevant laws and regulations, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees. As of the Latest Practicable Date, except as otherwise disclosed in this prospectus, we had complied with statutory social security insurance fund and housing fund obligations in all material aspects as advised by our PRC Legal Adviser.

PROPERTIES

According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice and Chapter 5 of the Listing Rules, this document is exempted from compliance with the requirements of section 342(1)(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which require a valuation report with respect to all of our interests in land or buildings, for the reason that, as of June 30, 2022, we had no single property with a carrying amount of 15% or more of our total assets.

Our headquarters are located in Ningbo, Zhejiang. As of the Latest Practicable Date, we held land use right for one piece of land in China with a total area of approximately 66,665.0 sq.m., and we had obtained the land use right certificate. As of the Latest Practicable Date, we did not own any properties and we leased a number of properties with an aggregate GFA of 9,762.01 sq.m. The following table sets forth the details of our leased properties as of the Latest Practicable Date.

No.	Location	Usage	Leased area (Approximate sq.m.)	Expiry date
1	Ningbo, Zhejiang	R&D, manufacturing and office	5,117	December 31, 2022
2	Ningbo, Zhejiang	Employee dormitory	1,056	December 31, 2022
3	Ningbo, Zhejiang	R&D, manufacturing and office	1,506	December 31, 2022
4	Ningbo, Zhejiang	Employee dormitory	235	December 31, 2022
5	Beijing	Office	300	February 29, 2024
6	Beijing	Office	208	February 29, 2024
7	Shanghai	Office	1,080	September 29, 2022
8	Shanghai	Office	200	September 29, 2022
9	Shanghai	Office	60	October 19, 2025

With respect to the two of our leases that will expire in September 2022, we and the respective lessor have a mutual understanding to renew such lease, and will formally do so pursuant to the respective lease agreement in due course. Considering our stable cooperation relationship with the lessors of each of the said leases expiring in September 2022 which are yet to be renewed and our previous experiences of renewing the leases therewith, our Directors believe that we will still be able to successfully do so before the end term, and do not expect any material obstacles for such renewal. In the event that we failed to renew any of such leases upon its expiration, we would have to pursue comparable properties and relocate. However, given that: (i) as the nature of such leases was for ordinary office use, there are plenty of comparable supplies in the market according to public search; (ii) we dot not have any particular demands therefor other than to host our daily operations and administrative activities; and (iii) there are no specific requirements with respect to the locations, our Directors are of the view that there would not be any material impediment in finding alternative properties or any material impact on our operations.

Subject to renewal, four of the nine agreements will expire in December 2022, but may be renewed annually pursuant to a master lease agreement. For details, see "Connected Transactions — Exempt Continuing Connected Transactions — Master Lease Agreement" in this prospectus. Considering our stable and long-term cooperation relationship with the lessor in the past, our Directors believe that we will be able to successfully renew the lease before the end of the lease term, and our Directors are of the view that there would not be any material impact on our operations.

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered and filed with relevant administrative authorities. As of the Latest Practicable Date, we had not completed the relevant property leasing registrations for seven of our leased properties. For details of the risk associated with the unregistered lease agreements, see "Risk Factors — Risks Relating to Doing Business in China — There are risks relating to our failure to complete property leasing registrations for our lease properties" in this prospectus. According to our PRC Legal Adviser, the failure to complete such registration process does not affect the validity of the relevant property lease agreements, and a maximum penalty of RMB10,000 may be imposed for the non-registration of each lease agreement. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties arising from the non-registration of our lease agreements, and had not experienced any dispute arising out of, or in relation to, our leased properties.

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. We also maintain product liability insurance covering our clinical trials. We maintain social welfare insurance for our employees in accordance with relevant PRC laws and regulations, except as otherwise disclosed in the document. In the future, to the extent that any of the foregoing types of insurances becomes mandatory due to changes of law or other reasons, we will acquire such insurance in compliance with law. Our Directors consider that our existing insurance coverage is sufficient for our present operations and in line with the industry practice in the PRC. For details, see "Risk Factors — Risks Relating to Our Operations — We have limited insurance coverage which may not adequately cover all the risks and hazards associated with our operations" in this prospectus.

LICENSES, PERMITS AND APPROVALS

We are required to obtain various permits, licenses, approvals and certifications from government authorities as required under PRC laws and regulations. As of the Latest Practicable Date, we had obtained all requisite licenses, permits and certifications that are material for our operations, and such licenses, permits and certifications all remain in full force and effect. As of the Latest Practicable Date, we had not obtained any medical device registration certificates from the NMPA, and we will apply for registration certificates once our product candidates are ready to be marketed. For more details regarding the PRC and foreign laws and regulations to which we are subject, see "Regulatory Overview" in this prospectus.

The following table sets forth the key licenses and permits held by us as of the Latest Practicable Date.

License/Permit/ Certificates/ Other Approvals	Validity Period	Status of Renewal	License/Permit No.	Authority
Business License (Jenscare Scientific Co. Ltd.)	November 8, 2011 to permanent	N/A	91330201583980804P	Ningbo Municipal Administration for Market Supervision
Business License (Jenscare Scientific Co. Ltd.) (Beijing Branch)	May 20, 2021 to permanent	N/A	91110106MA01XN633X	Beijing Municipal Administration for Market Supervision
Business License (Jenscare Scientific Co. Ltd.) (Shanghai Branch)	December 17, 2020 to permanent	N/A	91310115MA1HBGK99P	Shanghai Municipal Administration for Market Supervision
Business License (Jenscare Scientific Co. Ltd.) (Hainan Branch)	December 11, 2020 to November 7, 2031	N/A	91469027MA5TT47J1K	Hainan Municipal Administration for Market Supervision
Business License (Ningbo Diochange Medical Technology Co., Ltd.)	January 15, 2014 to January 14, 2034	N/A	91330201084790934G	Ningbo Municipal Administration for Market Supervision
Business License (Jenscare (Hainan) Venture Capital Co., Ltd.)	January 15, 2021 to permanent	N/A	91460000MA5TUGHG9X	Hainan Municipal Administration for Market Supervision
Business License (Shanghai Xuanmai Medical Technology Co., Ltd.)	November 9, 2021 to permanent	N/A	91310115MA7BNYCL62	Pudong New Area Municipal Administration for Market Supervision
Inspection Notice of Application for Special Review and Approval for Innovative Medical Devices (Jenscare Scientific Co. Ltd.)	January 4, 2019 to permanent	N/A	201800264	NMPA
Review Opinion on Clinical Trials (Jenscare Scientific Co. Ltd.)	March 3, 2020 to permanent	N/A	QL1900006	NMPA

License/Permit/ Certificates/ Other Approvals	Validity Period	Status of Renewal	License/Permit No.	Authority
Registration Certificate for Customs Declaration Entity (Jenscare Scientific Co. Ltd.)	May 31, 2017 to permanent	N/A	3320969405	Customs of the People's Republic of China
Registration Certificate for Customs Declaration Entity (Ningbo Diochange Medical Technology Co., Ltd.)	May 31, 2017 to permanent	N/A	3320969404	Customs of the People's Republic of China
Recordation Form for Entry-exit Inspection and Quarantine Declaration Enterprises (Jenscare Scientific Co. Ltd.)	May 31, 2017 to permanent	N/A	17052715481800000447	Ningbo Entry-Exit Inspection and Quarantine Bureau
Recordation Form for Entry-exit Inspection and Quarantine Declaration Enterprises (Ningbo Diochange Medical Technology Co., Ltd.)	May 31, 2017 to permanent	N/A	17052715590300000459	Ningbo Entry-Exit Inspection and Quarantine Bureau

We intend to apply for renewal of the above key licenses prior to their respective expiry dates. The successful renewal of our existing licenses, permits and certifications will be subject to our fulfilment of relevant requirements. As advised by our PRC Legal Adviser, there is no material legal impediment for us to renew the above key licenses upon expiry.

AWARDS AND RECOGNITION

The following table sets out a summary of the major awards and recognition we have received.

Prize	Year	Awarding Organization
Subramanian Innovation Award	2020	International Society for Minimally Invasive Cardiothoracic Surgery ("**ISMICS**")
Second Prize	2019	China Innovation and Entrepreneurship Competition
Finalist	2019	TCT Shark Tank competition

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

We may become a party to legal, arbitral or administrative proceedings arising in the ordinary course of our business. Our Directors confirmed that, during the Track Record Period and as of the Latest Practicable Date, we were not involved in any legal, arbitral or administrative proceedings that, individually or in aggregate, would have a material and adverse effect on our business, financial condition

or results of operations, and we are not aware of any potential or threatened legal, arbitral or administrative proceedings to which we will be named as a party. Our Directors further confirmed that none of our Directors or senior management personnel was personally involved in any of these legal, arbitral or administrative proceedings. Our PRC Legal Adviser confirmed that during the Track Record Period and up to the Latest Practicable Date, we had complied with applicable PRC laws and regulations in all material aspects. Our Directors confirmed that we were not involved in any material or systematic non-compliance incidents.

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks during our operations and have established risk management systems with relevant policies and procedures that we believe are appropriate for our business operations. Our policies and procedures relate to the R&D, manufacture and future commercialization of our products. To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted or will continue to adopt, among other things, the following risk management measures:

- establish an audit committee to review and supervise our financial reporting process and internal control system. For details of our audit committee, see "Directors, Supervisors and Senior Management — Board Committees — Audit Committee" in this prospectus;

- adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions, anti-corruption and anti-bribery compliance and information disclosure; and

- attend the training session by our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong.

We have engaged an internal control consultant to review the effectiveness of our internal controls associated with our major business processes, identify deficiencies and improvement opportunities, provide recommendations on remedial actions and review the implementation status of these remedial actions. During the review process of our internal control consultant, certain internal control matters were identified and we have adopted corresponding internal control measures to improve on these matters. We have adopted the recommendations made by the internal control consultant and our internal control consultant has completed the follow-up procedures on our internal control system with regard to those actions taken by us in May 2021 and have not identified any material deficiencies in our internal control system. In addition, We consider that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

Patient Data and Privacy Laws

We have established procedures to protect the confidentiality of patients' personal data. We maintain policies which require our personnel to be trained on collecting, and safeguarding personal information. We also require our CROs to have data protection clauses in our agreements with them under which they are responsible for safeguarding data in their possession. Access to clinical trial data has been strictly limited to authorized personnel only according to the good clinical practice and relevant regulations. Additionally, we require external parties and internal employees involved in clinical trials to

comply with applicable confidentiality requirements. Data can only be used for the intended purpose, as agreed by the patients and the data usage shall be consistent with the informed consent form. We have a number of ongoing or planned clinical studies in China. Any transfer of clinical trial data in connection with our product development efforts and regulatory communications is subject to the applicable China data and privacy protection laws. Together with our CROs and other collaborators, we have implemented controls and arrangements to ensure the data management and transfer plan is developed and implemented to govern the transfer of all clinical trial data and other potentially sensitive information. For the potential impact and related risks for data privacy and security breaches, please refer to "Risk Factors — Risks Relating to Our Operations — Our internal information technology systems or other infrastructures may fail or suffer security breaches" in this prospectus.

Anti-bribery and Anti-Kickback

We maintain strict anti-corruption policies for our employees and we believe we will therefore be less affected by the increasingly stringent measures taken by the PRC government to correct corruptive practices in the healthcare industry. We strictly prohibit bribery or other improper payments in any of our business operations. This prohibition applies to all of our business activities, anywhere in the world, whether involving government officials or healthcare professionals. Improper payments prohibited by this policy include bribes, kickbacks, excessive gifts or entertainment, or any other payment made or offered to obtain an undue business advantage. We keep accurate books and records that reflect transactions and asset dispositions in reasonable detail. Requests for false invoices or payment of expenses that are unusual, excessive or inadequately described shall be rejected and promptly reported. Misleading, incomplete or false entries in our books and records are never acceptable. We will also ensure sales and marketing team to comply with applicable promotion and advertising requirements, which include restrictions on promoting medical device for unapproved uses and limitations on industry-sponsored scientific and educational activities.

OUR CONTROLLING SHAREHOLDERS

Pursuant to a concert party agreement dated March 16, 2021, Mr. Lv and Ms. Li confirm that they have been acting in concert in the management and operation of our Group since January 1, 2018, and they have agreed to continue to act in concert and reach consensus on any proposal related to the daily management and operation of our Group presented to the general meeting of the Shareholders of our Company for voting.

As of the Latest Practicable Date, Mr. Lv is able to exercise approximately 36.75% of the voting rights in our Company through (i) his personal capacity as to approximately 9.60%; (ii) Ningbo Sangdi as to approximately 7.56%; (iii) Ningbo Mukang as to approximately 6.33%; (iv) Ningbo Kefeng as to approximately 3.18%; and (v) Hainan Maidi as to approximately 10.08%. Mr. Lv controls the general partner of each of Ningbo Sangdi, Ningbo Mukang, Ningbo Kefeng and Hainan Maidi, namely, Ningbo Dixiang. Ningbo Dixiang is entitled to exercise the voting power held by each of Ningbo Sangdi, Ningbo Mukang, Ningbo Kefeng and Hainan Maidi in our Company pursuant to their respective partnership agreements. Ms. Li is able to exercise approximately 14.78% voting rights in our Company through (a) Shanghai Shidi as to 9.62%; and (b) Ningbo Linfeng as to 5.16%.

As such, the Concert Parties will be entitled to exercise voting rights of approximately 50.53% of the total issued shares of our Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised) and are considered as our Controlling Shareholders upon Listing.

Ms. Li is an individual industry investor. She has over 14 years of experience in finance and business management. From December 2002 to June 2007, she took different roles and became a finance manager at Shenzhen Sanofi Pasteur Biological Products Co., Ltd. (深圳賽諾菲巴斯德生物製品有限公司), a company principally engaged in manufacturing of vaccines and an affiliate of Sanofi S.A. which is a multinational healthcare company. Since July 2014, Ms. Li has been the chairperson of the board of directors of Shanghai Shidi, one of our Shareholders, where she has been primarily responsible for the management and investment decisions of the company.

Ms. Li, through her spouse, Mr.Wu, became acquainted with Mr. Lv and has been a business partner of Mr. Lv over the years. For details, please refer to "History, Development and Corporate Structure — Corporate Development — Establishment of Our Company and Initial Equity Transfer".

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Controlling Shareholders confirmed that 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, and requires disclosure under Rule 8.10 of the Listing Rules. Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after the Listing.

Management Independence

Our Board comprises two executive Directors, four non-executive Directors and three independent non-executive Directors. Mr. Lv is our executive Director.

Our Directors believe that our Board and senior management will function independently from our Controlling Shareholders for the following reasons:

1. each Director is aware of his fiduciary duties as a Director of our Company which requires, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest;

2. in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions, and shall not be counted in the quorum;

3. our Board comprises nine Directors, and three of them are independent non-executive Directors, which represents one-third of the members of our Board. Our independent non-executive Directors have extensive experience in different areas and have been appointed in accordance with the requirements of the Listing Rules to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions; and

4. our senior management members, other than Mr. Lv, are independent from our Controlling Shareholders. They have substantial experience in the industry which we are engaged in. Accordingly, they are able to discharge their duties independently from our Controlling Shareholders.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Director are of the view that we are capable of managing our business independently from our Controlling Shareholders following the completion of the Global Offering.

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in us after Listing, we have full rights to make all decisions on, and to carry out, our own business operations independently. Our Company, through our subsidiaries, holds the licenses and qualifications necessary to carry on our current business, and has sufficient capital, facilities, technology and employees to operate the business independently from our Controlling Shareholders. We have access to third parties independently from and not connected to our Controlling Shareholders for sources of suppliers and customers.

Based on the above, our Directors are satisfied that we will be able to function and operate independently from our Controlling Shareholders and their close associates.

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control functions of our Company, independent from our Controlling Shareholders. We can make financial decisions independently and our Controlling Shareholders do not intervene with our use of funds. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management

system. In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective associates. During the Track Record Period and as of the Latest Practicable Date, there were no loans, advances and balances due to and from the Controlling Shareholders.

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on our Controlling Shareholders and their close associates after the Listing.

NON-COMPETITION ARRANGEMENT

Business of Our Group

We are a China-based medical device company dedicated to the development of interventional products for the treatment of structural heart diseases ("**Our Business**"). Our Company was established in the PRC in November 2011. Since then we have developed a broad product pipeline with a series of treatment solutions targeting different types of structural heart diseases, including tricuspid valve diseases, aortic valve diseases, mitral valve diseases and heart failure.

Other Business Interests of our Controlling Shareholders and their Close Associates

The entities through which Ms. Li holds equity interests in our Company, namely, Shanghai Shidi and Ningbo Linfeng, are investment holding companies principally engaged in investing in the medical devices industry. As of the Latest Practicable Date, in addition to interests in our Company, Ms. Li and her close associates (including Shanghai Shidi, Ningbo Linfeng and/or her spouse) also held equity interests in a number of entities in the medical devices industry, including research and development, manufacturing and sales of (i) medical devices used in neurosurgical procedures, (ii) medical devices used in minimally-invasive interventional cryotherapy procedures (namely, Cryofocus Medtech (Shanghai) Co., Ltd. ("**Cryofocus**")) , (iii) consumables used for anesthesia, (iv) consumables used in treating diabetes, (v) radiation imaging devices such as static computerized tomography (CT), (vi) medical devices used for vertebroplasty, (vii) medical devices used in dental procedures, (viii) chitosan-based medical products, (ix) endoscopes, (x) diagnostic medical devices and reagents used in morphological and molecular fields, (xi) laser medical devices for soft tissue cutting and hemostasis, (xii) craniomaxillofacial cosmetic instruments and materials, (xiii) medical wearable monitoring equipment, (xiv) passive medical devices used in treating arteriosclerosis associated with coronary heart diseases, and (xv) medical modeling products and personalized implant materials (together, the "**Other Business Interests**").

As of the Latest Practicable Date, Mr. Lv is a non-executive director of Cryofocus. Together with Ms. Li, they are also the controlling shareholders of Cryofocus. Cryofocus is principally engaged in medical devices used in minimally-invasive interventional cryotherapy procedures. In addition to interests in our Company and Cryofocus, Mr. Lv and his close associates also held equity interests in other entities in the medical devices industry, including the R&D, manufacturing and sales of (i) laser medical devices for soft tissue cutting and hemostasis, (ii) medical devices used for vertebroplasty, and (iii) medical wearable monitoring equipment.

As shown above, each of the abovementioned Other Business Interests, including Cryofocus Medtech (Shanghai) Co., Ltd., has a different business focus, involves products used in a different specialty or target different procedures or diseases from Our Business. Accordingly, the other businesses and companies in which our Controlling Shareholders and their close associates are interested are different from Our Business and our Controlling Shareholders currently has no intention of injecting the Other Business Interests into our Group upon Listing. Our Controlling Shareholders also confirm that the scope of the Other Business Interests will not expand into the treatment of structural heart diseases causing any direct or indirect competition with Our Business.

Non-Competition Undertaking

Our Controlling Shareholders provided a Non-Competition Undertaking in favour of us, pursuant to which our Controlling Shareholders undertook not to, and to procure their respective close associate(s) (as appropriate) (other than our Group) not to, either directly or indirectly, compete with our business, which includes innovative products for the treatment of structural heart diseases ("**Restricted Activities**") and granted our Group the option for new business opportunities. Our Controlling Shareholders have further irrevocably undertaken in the Non-Competition Undertaking that, during the term of the Non-Competition Undertaking, they will not, and will also procure their respective close associate(s) (as appropriate) (other than our Group) not to, alone or with a third party, in any form, directly or indirectly, engage in, participate in, support to engage in or participate in any business that competes, or is likely to compete, directly or indirectly, with the Restricted Activities.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(a) As part of our preparation for the Global Offering, we have amended our Articles to comply with the Listing Rules. In particular, our Articles provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his or her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(b) A Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his or her associates have a material interest, unless attendance or participation of such Director at such meeting of our Board is specifically requested by a majority of our independent non-executive Directors;

(c) We are committed that our Board should include a balanced composition of executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section headed "Directors, Supervisors and Senior Management" in this prospectus;

(d) As required by the Listing Rules, our independent non-executive Directors shall review all connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interest of our Shareholders as a whole;

(e) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;

(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 Somerley Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations in Hong Kong, as well as 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 that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.

OVERVIEW

Prior to the Listing, our Group has entered into certain transactions with the following parties who will, upon the Listing, become connected persons of our Company.

Connected Person	Business Nature	Connected Relationship
Ningbo Trandomed 3D Medical Technology Co., Ltd. (寧波創導三維醫療科技有限公司) ("**TrandoMed**")	Developing, manufacturing and sales of 3-dimensional printed silicone medical simulators	TrandoMed is a wholly-owned subsidiary of Ningbo Linfeng and is therefore a connected person of our Company under Rule 14A.12(c) of the Listing Rules.
Ningbo Shidi Medical Technology Co., Ltd. (寧波仕地醫療科技有限公司) ("**Ningbo Shidi**")	Sterilization services for medical devices	Ningbo Shidi is a wholly-owned subsidiary of Ningbo Linfeng and is therefore a connected person of our Company under Rule 14A.12(c) of the Listing Rules.
Ningbo Linfeng	Investment holding	Ningbo Linfeng is a non-wholly owned subsidiary of Shanghai Shidi, which is in turn wholly-owned by Ms. Li, one of our Controlling Shareholders. Ningbo Linfeng is therefore a connected person of our Company under Rule 14A.12(c) of the Listing Rules.
Ningbo Linstant Polymer Materials Co., Ltd. (寧波琳盛高分子材料有限公司) ("**Linstant**")	Manufacturing of polymer accessories for medical devices	Linstant is a non-wholly owned subsidiary of Ningbo Linfeng and is therefore a connected person of our Company under Rule 14A.12(c) of the Listing Rules.

Details of such continuing connected transactions of our Company following the Listing are set out below.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Following the Listing, the following transactions will be regarded as continuing connected transactions exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3D Printing Services Agreement

a) Description of the Transaction

Our Company entered into a 3-dimensional printing services agreement dated September 16, 2022 with TrandoMed (the "**3D Printing Services Agreement**"), pursuant to which we may engage TrandoMed for its 3-dimensional printing services. TrandoMed specializes in developing, manufacturing and sales of 3-dimensional printed silicone medical simulators. Such silicone medical simulators are required as we will make use of such simulators for the research and development activities and clinical trials of our Group.

Our Company and TrandoMed will enter into separate individual agreements or work orders which will set out the specific terms and conditions according to the principles in the 3D Printing Services Agreement. The 3D Printing Services Agreement is effective from the Listing Date till December 31, 2024 and may be renewed conditional on the fulfillment of the relevant requirements under the relevant laws, regulations and the Listing Rules.

For the years ended December 31, 2020 and 2021 and the six months ended June 30, 2022, the amounts incurred by our Company for the services provided by TrandoMed under the 3D Printing Services Agreement were RMB60,435, RMB545,550 and RMB78,970, respectively.

For the years ending December 31, 2022, 2023 and 2024, the maximum aggregate transaction amounts payable to TrandoMed under the 3D Printing Services Agreement shall not exceed RMB710,000, RMB860,000 and RMB860,000, respectively.

The service fees will be charged at rates no less favorable to our Company than rates at which our Company pays independent third parties and other connected persons for comparable transactions, and will be determined by our Company and TrandoMed through arm's length negotiation with reference to a number of factors applicable to all service providers, including but not limited to the nature, complexity, and value of tasks completed by TrandoMed under each work order, the applicable technology, the market rates, quantity and sourcing of materials, the time and method of delivery and delivery costs, the fees charged for historical transactions of similar nature and the then prevailing market rates by obtaining and comparing against fee quotes provided by other third-party companies.

b) Listing Rules Implications

The transaction above is entered into in the ordinary and usual course of business of our Company, on normal commercial terms where each of the applicable percentage ratios in respect of such transaction will, as our Company currently expects, be less than 5% on an annual basis and the total consideration is less than HK$3 million, the transactions under the 3D Printing Services Agreement would, upon the Listing, be exempt from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

Sterilization Services Agreement

a) Description of the Transaction

Our Company entered into a sterilization services agreement dated September 16, 2022 with Ningbo Shidi (the "**Sterilization Services Agreement**"), pursuant to which we may engage Ningbo Shidi for its sterilization services. Ningbo Shidi provides sterilization services for medical devices and our Group requires such services for the sterilization of our medical devices.

Our Company and Ningbo Shidi will enter into separate individual agreements or work orders which will set out the specific terms and conditions according to the principles in the Sterilization Services Agreement. The Sterilization Services Agreement is effective from the Listing Date till December 31, 2024 and may be renewed conditional on the fulfillment of the relevant requirements under the relevant laws, regulations and the Listing Rules.

For the years ended December 31, 2020 and 2021 and the six months ended June 30, 2022, the amounts incurred by our Company for the services provided by Ningbo Shidi under the Sterilization Services Agreement were RMB40,888, RMB170,850 and RMB101,800, respectively.

For the years ending December 31, 2022, 2023 and 2024, the maximum aggregate transaction amounts payable to Ningbo Shidi under the Sterilization Services Agreement shall not exceed RMB950,000, RMB1,010,000 and RMB1,050,000, respectively.

The service fees will be charged at rates no less favorable to our Company than rates at which our Company pays independent third parties and other connected persons for comparable transactions, and will be determined by our Company and Ningbo Shidi through arm's length negotiation based on factors applicable to all service providers, including but not limited to the nature, complexity, and value of tasks completed by Ningbo Shidi under each work order, the market rates, the fees charged for historical transactions of similar nature and the then prevailing market rates by obtaining and comparing against fee quotes provided by other third-party companies.

b) Listing Rules Implications

The transaction above is entered into in the ordinary and usual course of business of our Company, on normal commercial terms where each of the applicable percentage ratios in respect of such transaction will, as our Company currently expects, be less than 5% on an annual basis and the total consideration is less than HK$3 million, the transactions under the Sterilization Services Agreement would, upon the Listing, be exempt from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

Master Lease Agreement

a) Description of the Transaction

Our Company entered into a master lease agreement dated September 16, 2022 with Ningbo Linfeng (for and on behalf of itself and its subsidiaries) (the "**Master Lease Agreement**"), pursuant to which we may lease from Ningbo Linfeng properties in the Linfeng Medical Technology Campus (麟灃醫療科技產業園) located at No. 777, Binhai 4th Road, Hangzhou Bay New District, Ningbo (the "**Campus**") for use as plants and staff quarters.

The Master Lease Agreement has an initial term commencing from the date of Listing till December 31, 2024 and may be renewed upon prior written notice by our Company. Our Company will comply with the applicable Listing Rules in the event of such renewal. Our Group and Ningbo Linfeng and/or its subsidiaries (the "**Ningbo Linfeng Group**") will enter into separate lease agreements which will set out the specific terms and conditions according to the principles in the Master Lease Agreement.

The Master Lease Agreement was entered into (i) in the ordinary and usual course of business of our Company; (ii) on arm's length basis; and (iii) on normal commercial terms with the rent being determined by our Company and Ningbo Linfeng with reference to, among other, the prevailing market rates of similar properties located in the vicinity and the term of the lease.

For the years ended December 31, 2020 and 2021 and the six months ended June 30, 2022, the amounts incurred by our Company under the Master Lease Agreement were RMB2,019,426, RMB1,055,667 and RMB583,616, respectively.

The Master Lease Agreement is on normal commercial terms. The rental was determined by our Company and Ningbo Linfeng through arm's length negotiation based on a number of factors, including but not limited to prevailing market rent of similar property located in the vicinity and the term of the lease.

b) Reasons for and benefits of the Transaction

We started to lease and use the Campus for our business operations prior to and throughout the Track Record Period. Any relocation may cause unnecessary disruption to our business operations and incur unnecessary costs. As such, our Directors are of the view that such arrangement is in the best interest of our Group and our Shareholders as a whole. Notwithstanding the above, our Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Master Lease Agreements do not affect our operational independence. Please refer to "Relationship with our Controlling Shareholders — Independence from our Controlling Shareholders — Operational Independence" of this prospectus.

c) Listing Rules Implications

According to IFRS 16 Leases which was adopted by our Group effective from January 1, 2019, short-term lease payments under the Master Lease Agreement are recognized as expenses incurred by our Group. Our Company will set the annual caps for the short-term lease payments. For the years ending December 31, 2022, 2023 and 2024, the maximum aggregate annual amount of rentals and other charges under the Master Lease Agreement shall not exceed RMB2.10 million, RMB2.26 million and RMB2.44 million, respectively. As each of the applicable percentage ratios in respect of such transaction will, as our Company currently expects, be less than 5% on an annual basis and the total consideration is less than HK$3 million, the transactions under the Master Lease Agreement would, upon the Listing, be exempt from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Following the Listing, the following transaction will be regarded as continuing connected transactions subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Medical Devices Accessories Purchase Agreement

a) Description of the Transaction

Our Company entered into a medical devices accessories purchase agreement dated September 16, 2022 with Linstant (the "**Medical Devices Accessories Purchase Agreement**"), pursuant to which we may purchase from Linstant certain polymer accessories such as sheaths. Linstant is principally engaged in the manufacturing of polymer accessories for medical devices.

The Medical Devices Accessories Purchase Agreement has an initial term commencing from the date of Listing till December 31, 2024 and may be renewed upon prior written notice by our Company. Our Company will comply with the applicable Listing Rules in the event of such renewal. Our Company and Linstant will enter into separate individual agreements or work orders which will set out the specific terms and conditions according to the principles in the Medical Devices Accessories Purchase Agreement.

b) Reasons for the Transaction

During the Track Record Period, we have been procuring certain polymer accessories such as sheaths from Linstant. Such polymer accessories are required as we will make use of such accessories for the research and development activities and clinical trials of our Group. With an increasing number of clinical trials, we will continue to procure such medical device accessories from Linstant, as Linstant has been providing us with such products with standard and quality commensurate with our requisite safety and quality standard. As such, we believe that Linstant is familiar with our safety and quality standard and will be able to satisfy our demand efficiently and reliably with minimal disruption to our operations and internal procedures.

We believe that we have available access to identical or similar polymer accessories from Independent Third Parties on similar terms in the PRC, but that such procurement from Independent Third Parties would not be as efficient from a cost perspective or operation perspective as compared with our current purchase arrangements with Linstant.

c) Pricing policies

In order to ensure that the terms of transactions under the Medical Devices Accessories Purchase Agreement are fair and reasonable and in line with market practices, and that the terms of transactions will be no less favorable to our Company than the terms of transactions between our Company and Independent Third Parties, we have adopted the following measures:

(i) to have regular contact with the suppliers of our Group (including Linstant) to keep abreast of market developments and the price trend of products; and

(ii) to assess, review and compare the quotations or proposals taking into account various factors including quality, payment, flexibility and after-sales services to ensure that the proposed transactions will be consistent with the general interest of our Group and our Shareholders as a whole.

d) Historical amounts

For the years ended December 31, 2020 and 2021 and the six months ended June 30, 2022, the amounts incurred by our Company for the products provided by Linstant under the Medical Devices Accessories Purchase Agreement were RMB115,690, RMB2,211,070 and RMB3,538,000, respectively.

e) Annual caps and basis of caps

For the years ending December 31, 2022, 2023 and 2024, the maximum aggregate transaction amounts payable to Linstant under the Medical Devices Accessories Purchase Agreement shall not exceed RMB5.12 million, RMB5.78 million and RMB6.16 million, respectively.

The fees will be charged at rates no less favorable to our Company than rates at which our Company pays independent third parties for comparable transactions. The above annual caps for purchase amount are determined by our Company and Linstant through arm's length negotiation with reference to a number of factors applicable to all suppliers, including but not limited to (i) the estimated increase in demand for polymers accessories, mainly for the clinical trials of JensClip, LuX-Valve Plus, KenFlex, MicroFlux and AlginSys & Endolnjex; (ii) the market price of the products; (iii) quantity and method of procurement; (iv) specifications of the products; (v) the fees charged for historical transactions with Linstant and transactions of similar nature; and (vi) the then prevailing market rates based on unit price for different polymer accessories.

f) Listing Rules Implications

The transaction above is entered into in the ordinary and usual course of business of our Company, on normal commercial terms where each of the applicable percentage ratios in respect of such transaction will, as our Company currently expects, be less than 5% on an annual basis but the total consideration is more than HK$3 million, the transactions under the Medical Devices Accessories Purchase Agreement would, upon the Listing, be subject to the reporting, announcement and annual review but would be exempt from the independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

CONFIRMATION OF DIRECTORS

Our Directors (including independent non-executive Directors) consider that the above partially-exempt continuing connected transactions have been and will be entered into in our Group's ordinary and usual course of business and on normal commercial terms or better, are fair and reasonable, and in the interest of our Company and Shareholders as a whole. The proposed annual caps in respect of the partially-exempt continuing connected transactions are also fair and reasonable and in the interest of our Company and our Shareholders as a whole.

CONFIRMATION OF THE JOINT SPONSORS

The Joint Sponsors have reviewed the relevant information and historical figures prepared and provided by us in relation to the partially-exempt continuing connected transactions as set out above, and have also discussed these transactions with us and obtained various representations from us. Based on the aforementioned due diligence work, the Joint Sponsors are of the view that (i) the partially-exempt continuing connected transactions as set out above have been entered into in the ordinary and usual course of business of our Group, on normal commercial terms or better, and are fair and reasonable, and in the interests of our Company and our Shareholders as a whole; and (ii) the proposed annual caps for these partially-exempt continuing connected transactions are fair and reasonable, and in the interests of our Company and our Shareholders as a whole.

WAIVER APPLICATION FOR PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The transactions described under the sub-section entitled "Partially-Exempt Continuing Connected Transactions" in this section constitute our continuing connected transactions under the Listing Rules, which are exempt from the independent shareholders' approval requirements but subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

In respect of these partially-exempt continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement requirement under Rule 14A.105 of the Listing Rules in respect of the continuing connected transactions as disclosed in "Partially-Exempt Continuing Connected Transactions" in this section, subject to the conditions that the amounts of the partially-exempt continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

This section presents certain information regarding our share capital prior to and following the completion of the Global Offering.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, our registered share capital was RMB409,090,890 comprising 409,090,890 Unlisted Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE GLOBAL OFFERING

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately after the Global Offering will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital after the Global Offering
Domestic Shares	252,415,080	60.51%
Unlisted Foreign Shares[(1)]	33,161,578	7.95%
H Shares converted from Unlisted Shares[(2)]	123,514,232	29.61%
H Shares to be issued pursuant to the Global Offering	8,076,400	1.94%
Total	417,167,290	100.00%

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately after the Global Offering will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital after the Global Offering
Domestic Shares	252,415,080	60.33%
Unlisted Foreign Shares[(1)]	33,161,578	7.93%
H Shares converted from Unlisted Shares[(2)]	123,514,232	29.52%
H Shares to be issued pursuant to the Global Offering	9,287,800	2.22%
Total	418,378,690	100.00%

Notes:

(1) The Unlisted Foreign Shares of our Company refer to 21,750,000 Unlisted Foreign Shares, 6,825,000 Unlisted Foreign Shares, 3,536,578 Unlisted Foreign Shares and 1,050,000 Unlisted Foreign Shares held by AUT-VII HK Holdings Limited, Janecox Investment IV HK Limited, Duckling Fund L.P. and FOREBRIGHT KEEN ASCENT LIMITED, respectively.

(2) Following the completion of the Global Offering and according to the approvals issued by the CSRC on November 24, 2021, 123,514,232 Unlisted Shares will be converted into H Shares on a one-for-one basis and listed on the Stock Exchange for trading.

PUBLIC FLOAT REQUIREMENTS

Rules 8.08(1)(a) and (b) of the Listing Rules require there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities to be maintained. This normally means that (i) at least 25% of the issuer's total issued share capital must at all times be held by the public; and (ii) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total issued share capital.

We have applied to the Stock Exchange to request the Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules, and the Stock Exchange has granted our Company a waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Listing Rules, pursuant to which the public float of our Company may fall below 25% of the issued share capital of our Company. For details of the relevant waiver, see "Waivers from strict compliance with the Listing Rules and exemptions from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver in respect of public float requirements" in this prospectus.

SHARE CLASSES

Upon completion of the Global Offering, our Company would have two classes of Shares, namely Unlisted Shares and H Shares. Both Unlisted Shares and H Shares are ordinary shares in the share capital of our Company. H Shares may only be subscribed for and traded in Hong Kong dollars (except for H Shares under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and can be traded in Renminbi) between legal and natural persons of Hong Kong, the Macau Special Administrative Region, Taiwan or any country or jurisdiction other than the PRC and qualified domestics institutional investors of the PRC. Apart from certain qualified domestic institutional investors in the PRC, as well as certain PRC qualified investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, H Shares generally cannot be subscribed by or traded among legal and natural persons of the PRC. We have not approved any share issue plan other than the Global Offering.

RANKING

Unlisted Shares and H Shares are regarded as different classes of Shares under the Articles of Association. The differences between Unlisted Shares and H Shares and the provisions on class rights, the dispatch of notices and financial reports to shareholders, dispute resolution, registration of Shares on different registers of shareholders, the method of share transfer and appointment of dividend receiving agents are set forth in the Articles of Association and summarized in the Appendix V to this prospectus.

Except for the differences above, Unlisted Shares and H Shares will 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 prospectus. All dividends in respect of the H Shares are to be declared in Renminbi and paid by our Company in Hong Kong dollars. In addition to cash, dividends may be distributed in the form of Shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

Our Unlisted Shares are unlisted Shares which are currently not listed or traded on any stock exchange.

According to stipulations by the State Council securities regulatory authority and the Articles of Association, the Unlisted Shares may be converted into H Shares. Such converted Shares may be listed or traded on an overseas stock exchange provided that the conversion and trading of such converted Shares shall only be effected after all requisite internal approval process have been duly completed and the approval from the relevant PRC regulatory authorities (including the CSRC) and the relevant overseas stock exchange have been obtained. In addition, such conversion and trading shall in all respects comply with the regulations prescribed by the State Council securities regulatory authority and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Unlisted Shares are to be converted to H Shares to be traded on the Stock Exchange, such conversion requires the approval of the relevant PRC regulatory authorities, including the CSRC. Approval of the Stock Exchange is required for the listing of such converted Shares on the Stock Exchange. Subject to fulfilling the procedures below, our Company may apply for the listing of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares before any proposed conversion so that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. As any listing of additional Shares after our Company's initial listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require prior application for listing as at the time of our Company's initial listing in Hong Kong. A vote by our Shareholders in separate class meetings is not required for the listing and trading of the converted Shares on an overseas stock exchange. Any listing of the converted Shares on the Stock Exchange after the initial listing is subject to prior notification by way of announcement to inform Shareholders and the public of any proposed conversion.

After all the requisite approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Unlisted Share register, and our Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on the H Share register of our Company will be on the conditions that (i) the H Share Registrar lodges with the Stock Exchange a letter confirming the entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and (ii) the admission of the H Shares to be traded on the Stock Exchange complies 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 the H Share register of our Company, such Shares would not be listed as H Shares.

RESTRICTIONS OF SHARE TRANSFER

In accordance with the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by our Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the Listing Date.

Our Directors, Supervisors and members of the senior management of our Company shall declare their shareholdings in our Company and any changes in their shareholdings. Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the shares are listed and traded, nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors, Supervisors and members of senior management of our Company.

For details of the lock-up undertaking given by our Controlling Shareholder pursuant to Rule 10.07 of the Listing Rules, see "Underwriting — Undertakings Pursuant To the Hong Kong Underwriting Agreement — Undertaking by Our Controlling Shareholders" in this prospectus.

SHAREHOLDERS' GENERAL MEETINGS AND CLASS MEETINGS

For details of circumstances under which Shareholders' general meeting and Shareholders' class meeting are required, see "Appendix IV — Summary of Principal Legal and Regulatory Provisions" to this prospectus.

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, an overseas listed company is required to register its shares that are not listed on any overseas stock exchange with China Securities Depository and Clearing Corporation Limited within 15 Business Days upon its listing.

So far as our Directors are aware, immediately following the completion of the Global Offering and the conversion of our Unlisted Shares to H Shares and without taking into account any H Shares which may be issued pursuant to the exercise of the Over-allotment Option, the following persons will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

LONG POSITIONS IN THE SHARES OF OUR COMPANY

Name of Shareholder	Capacity/ nature of interest	Class of Shares upon the completion of the Global Offering	Number of Shares	Approximate percentage of shareholding in the issued share capital of our Company as of the date of this prospectus	Approximate percentage of shareholding in the total share capital of our Company upon completion of the Global Offering (assuming no exercise of the Over-allotment Option)[1]	Approximate percentage of shareholding in the relevant class of Shares upon completion of the Global Offering (assuming no exercise of the Over-allotment Option)[2]
Mr. Lv[3][4][5][6]	Beneficial owner; interest in a controlled corporation; interest held jointly with another person	Domestic Shares	151,447,626	37.02%	36.30%	60.00%
		H Shares	59,344,614	14.51%	14.23%	45.10%
Ms. Li[3][7][8]	Interest in a controlled corporation; interest held jointly with another person	Domestic Shares	151,447,626	37.02%	36.30%	60.00%
		H Shares	59,344,614	14.51%	14.23%	45.10%
Ningbo Dixiang[5][6]	Interest in a controlled corporation	Domestic Shares	86,621,436	21.17%	20.76%	34.32%
		H Shares	24,438,204	5.97%	5.86%	18.57%
Shanghai Shidi[7][8]	Beneficial owner; interest in a controlled corporation	Domestic Shares	39,309,894	9.61%	9.42%	15.57%
		H Shares	21,166,866	5.17%	5.07%	16.09%
Hainan Maidi[5]	Beneficial owner	Domestic Shares	41,236,200	10.08%	9.88%	16.34%

Name of Shareholder	Capacity/ nature of interest	Class of Shares upon the completion of the Global Offering	Number of Shares	Approximate percentage of shareholding in the issued share capital of our Company as of the date of this prospectus	Approximate percentage of shareholding in the total share capital of our Company upon completion of the Global Offering (assuming no exercise of the Over-allotment Option)[1]	Approximate percentage of shareholding in the relevant class of Shares upon completion of the Global Offering (assuming no exercise of the Over-allotment Option)[2]
Ningbo Sangdi[5]	Beneficial owner	Domestic Shares	20,107,386	4.92%	4.82%	7.97%
		H Shares	10,827,054	2.65%	2.60%	8.23%
Ningbo Mukang[6]	Beneficial owner	Domestic Shares	16,829,046	4.11%	4.03%	6.67%
		H Shares	9,061,794	2.22%	2.17%	6.89%
Ningbo Linfeng[8]	Beneficial owner	Domestic Shares	13,720,590	3.35%	3.29%	5.44%
		H Shares	7,388,010	1.81%	1.77%	5.61%
AUT-VII HK Holdings Limited[9]	Beneficial owner	Unlisted Foreign Shares	21,750,000	5.32%	5.21%	65.59%
AUT-VII HOLDINGS LIMITED[9]	Interest in a controlled corporation	Unlisted Foreign Shares	21,750,000	5.32%	5.21%	65.59%
Hillhouse Capital Management, Ltd.[9] ("**Hillhouse Capital** ")	Interest in a controlled corporation	Unlisted Foreign Shares	21,750,000	5.32%	5.21%	65.59%
Zhuhai Yuheng Equity Investment L.P. (Limited Partnership) (珠海嶼恒股權投資合夥企業(有限合夥))[10] ("**Zhuhai Yuheng**")	Beneficial owner	Domestic Shares	18,618,120	4.55%	4.46%	7.38%
Shenzhen Gao Ling Tiancheng III Investment Co., Ltd. (深圳高瓴天成三期投資有限公司)[10]	Interest in a controlled corporation	Domestic Shares	18,618,120	4.55%	4.46%	7.38%

Name of Shareholder	Capacity/ nature of interest	Class of Shares upon the completion of the Global Offering	Number of Shares	Approximate percentage of shareholding in the issued share capital of our Company as of the date of this prospectus	Approximate percentage of shareholding in the total share capital of our Company upon completion of the Global Offering (assuming no exercise of the Over-allotment Option)[1]	Approximate percentage of shareholding in the relevant class of Shares upon completion of the Global Offering (assuming no exercise of the Over-allotment Option)[2]
Zhuhai Gao Ling Equity Investment Management Co., Ltd. (珠海高瓴股權投資管理有限公司)[10]	Interest in a controlled corporation	Domestic Shares	18,618,120	4.55%	4.46%	7.38%
Ms. MA Cuifang[10]	Interest in a controlled corporation	Domestic Shares	18,618,120	4.55%	4.46%	7.38%
Mr. LI Liang[10]	Interest in a controlled corporation	Domestic Shares	18,618,120	4.55%	4.46%	7.38%
Hainan Hualing[11]	Beneficial owner	Domestic Shares	32,727,240	8.00%	7.85%	12.97%
Hainan Yize Medical Technology Co., Limited (海南一則醫療科技有限公司)[11] ("**Hainan Yize**")	Interest in a controlled corporation	Domestic Shares	32,727,240	8.00%	7.85%	12.97%
Mr. PAN Fei[11]	Interest in a controlled corporation	Domestic Shares	32,727,240	8.00%	7.85%	12.97%
Shanghai Jiachen Investment Co., Ltd.) (上海甲辰投資有限公司)[12] ("**Shanghai Jiachen**")	Interest in a controlled corporation	Domestic Shares H Shares	9,926,280 15,189,840	2.43% 3.71%	2.38% 3.64%	3.93% 11.54%

Name of Shareholder	Capacity/ nature of interest	Class of Shares upon the completion of the Global Offering	Number of Shares	Approximate percentage of shareholding in the issued share capital of our Company as of the date of this prospectus	Approximate percentage of shareholding in the total share capital of our Company upon completion of the Global Offering (assuming no exercise of the Over-allotment Option)[1]	Approximate percentage of shareholding in the relevant class of Shares upon completion of the Global Offering (assuming no exercise of the Over-allotment Option)[2]
Hangzhou Chende Investment L.P. (Limited Partnership) (杭州辰德投資合夥企業(有限合夥))[12] ("**Hangzhou Chende**")	Beneficial owner	H Shares	10,935,720	2.67%	2.62%	8.31%
Janecox Investment IV HK Limited[13]	Beneficial owner	Unlisted Foreign Shares	6,825,000	1.67%	1.64%	20.58%
		H Shares	3,675,000	0.89%	0.88%	2.79%
Janecox Investment IV Limited[13]	Interest in a controlled corporation	Unlisted Foreign Shares	6,825,000	1.67%	1.64%	20.58%
		H Shares	3,675,000	0.89%	0.88%	2.79%
Duckling Fund L.P.[14] ("**Duckling**")	Beneficial owner	Unlisted Foreign Shares	3,536,578	0.86%	0.85%	10.66%
		H Shares	1,904,312	0.47%	0.46%	1.45%
Grandiflora Hook GP Limited[14]	Interest in a controlled corporation	Unlisted Foreign Shares	3,536,578	0.86%	0.85%	10.66%
		H Shares	1,904,312	0.47%	0.46%	1.45%
Lionet Fund, L.P.[14]	Interest in a controlled corporation	Unlisted Foreign Shares	3,536,578	0.86%	0.85%	10.66%
		H Shares	1,904,312	0.47%	0.46%	1.45%

Notes:

(1) The calculation is based on the total number of 417,167,290 Shares in issue immediately after completion of the Global Offering (without taking into account the H Shares which may be issued upon the exercise of the Over-allotment Option).

(2) The calculation is based on the total number of 131,590,632 H Shares in issue immediately after completion of the Global Offering (without taking into account the H Shares to may be issued upon the exercise of Over-allotment Option).

(3) On March 16, 2021, Mr. Lv and Ms. Li entered into a concert party agreement to confirm that they have been acting in concert in the management and operation of our Group since January 1, 2018, and they have agreed to continue to act in concert and reach consensus on any proposal related to the daily management and operation of our Group presented to the general meeting of the Shareholders of our Company for voting.

(4) Mr. Lv beneficially owns 25,516,296 Domestic Shares and 13,739,544 H Shares of our Company.

(5) Each of Hainan Maidi and Ningbo Sangdi is a limited partnership established in the PRC and one of our ESOP Platforms. Hainan Maidi beneficially owns 41,236,200 Domestic Shares of our Company. Ningbo Sangdi beneficially owns 20,107,386 Domestic Shares and 10,827,054 H Shares of our Company. Ningbo Dixiang is the executive partner of each of Hainan Maidi and Ningbo Sangdi and is owned as to 98% by Mr. Lv.

As such, under the SFO, each of Ningbo Dixiang and Mr. Lv is deemed to be interested in the equity interests held by Hainan Maidi and Ningbo Sangdi.

(6) Each of Ningbo Mukang and Ningbo Kefeng is a limited partnership established in the PRC. Ningbo Mukang beneficially owns 16,829,046 Domestic Shares and 9,061,794 H Shares of our Company. Ningbo Kefeng beneficially owns 8,448,804 Domestic Shares and 4,549,356 H Shares of our Company. Ningbo Dixiang is the executive partner of each of Ningbo Mukang and Ningbo Kefeng and is owned as to 98% by Mr. Lv.

As such, under the SFO, each of Ningbo Dixiang and Mr. Lv is deemed to be interested in the equity interests held by Ningbo Mukang and Ningbo Kefeng.

(7) Shanghai Shidi beneficially owns 25,589,304 Domestic Shares and 13,778,856 H Shares of our Company and is wholly-owned by Ms. Li. As such, under the SFO, Ms. Li is deemed to be interested in the equity interests held by Shanghai Shidi.

(8) Ningbo Linfeng beneficially owns 13,720,590 Domestic Shares and 7,388,010 H Shares of our Company and is owned as to 65.00% by Shanghai Shidi, which in turn is wholly-owned by Ms. Li. As such, under the SFO, each of Ms. Li and Shanghai Shidi is deemed to be interested in the equity interests held by Ningbo Linfeng.

(9) AUT-VII HK Holdings Limited beneficially owns 21,750,000 Unlisted Foreign Shares of our Company and is a limited company incorporated in Hong Kong and is owned as to 100% by AUT-VII HOLDINGS LIMITED. AUT-VII HK Holdings Limited is an investment vehicle ultimately managed by Hillhouse Capital. As such, under the SFO, each of AUT-VII HOLDINGS LIMITED and Hillhouse Capital is deemed to be interested in the equity interests held by AUT-VII HK Holdings Limited.

(10) Zhuhai Yuheng is a limited partnership established in the PRC and beneficially owns 18,618,120 Domestic Shares of our Company. Shenzhen Gao Ling Tiancheng III Investment Co., Ltd. (深圳高瓴天成三期投資有限公司) ("**Shenzhen Gao Ling**") is the general partner of Zhuhai Yuheng. The limited partners investors of Zhuhai Yuheng are private equity funds managed by Zhuhai Gao Ling Equity Investment Management Co., Ltd. (珠海高瓴股權投資管理有限公司) ("**Zhuhai Gao Ling**"), which is in turn owned as to more than 30% by each of Ms. MA Cuifang (馬翠芳) and Mr. LI Liang (李良), respectively. As such, under the SFO, Shenzhen Gao Ling, Zhuhai Gao Ling, Ms. MA Cuifang and Mr. LI Liang are deemed to be interested in the equity interests held by Zhuhai Yuheng.

(11) Hainan Hualing is one of our ESOP Platforms, a limited partnership established in the PRC, and beneficially owned 32,727,240 Domestic Shares of our Company. Hainan Yize is the executive partner of Hainan Hualing and is owned as to 99% by Mr. PAN Fei.

As such, under the SFO, each of Hainan Yize and Mr. PAN Fei is deemed to be interested in the equity interests held by Hainan Hualing.

(12) Suzhou Chenzhide Investment L.P. (Limited Partnership) (蘇州辰知德投資合夥企業(有限合夥)) ("**Suzhou Chenzhide**") is a limited partnership established in the PRC and beneficially owns 9,926,280 Domestic Shares and 4,254,120 H Shares of our Company. Shanghai Jiachen is the executive partner of Suzhou Chenzhide. As such, under the SFO, Shanghai Jiachen is deemed to be interested in the equity interests held by Suzhou Chenzhide.

Hangzhou Chende is a limited partnership established in the PRC and beneficially owns 10,935,720 H Shares of our Company. Shanghai Jiachen is the executive partner of Hangzhou Chende. As such, under the SFO, Shanghai Jiachen is deemed to be interested in the equity interests held by Hangzhou Chende.

(13) Janecox Investment IV HK Limited beneficially owns 6,825,000 Unlisted Foreign Shares and 3,675,000 H Shares of our Company and is a limited company incorporated in Hong Kong and is owned as to 100% by Janecox Investment IV Limited. As such, under the SFO, Janecox Investment IV Limited is deemed to be interested in the equity interests held by Janecox Investment IV HK Limited.

(14) Duckling beneficially owns 3,536,578 Unlisted Foreign Shares and 1,904,312 H Shares of our Company and is a limited liability company incorporated in the Cayman Islands. Grandiflora Hook GP Limited and Lionet Fund, L.P. is the general partner and sole limited partner of Duckling, respectively. As such, under the SFO, each of Grandiflora Hook GP Limited and Lionet Fund, L.P. is deemed to be interested in the equity interests held by Duckling.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), 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 or, will be, directly or indirectly, 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 our Company or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

THE CORNERSTONE PLACING

We have entered into a cornerstone investment agreement (the "**Cornerstone Investment Agreement**") with LifeTech Scientific Corporation (1302.hk) ("**LifeTech**" or the "**Cornerstone Investor**"), pursuant to which the Cornerstone Investor has agreed, subject to certain conditions, to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 200 Shares) that may be purchased for an aggregate amount of US$20 million (or approximately HK$156.98 million) (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$26.70, being the low-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investor would be 5,879,200 Offer Shares, representing approximately 72.79% of the Offer Shares pursuant to the Global Offering, approximately 4.47% of the H Shares in issue upon completion of the Global Offering and approximately 1.41% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK$27.75, being the mid-point of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investor would be 5,656,600 Offer Shares, representing approximately 70.04% of the Offer Shares pursuant to the Global Offering, approximately 4.30% of the H Shares in issue upon completion of the Global Offering and approximately 1.36% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK$28.80, being the high-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investor would be 5,450,400 Offer Shares, representing approximately 67.49% of the Offer Shares pursuant to the Global Offering, approximately 4.14% of the H Shares in issue upon completion of the Global Offering and approximately 1.31% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Our Company is of the view that the Cornerstone Placing will ensure a reasonable size of solid commitment at the beginning of the marketing period of the Global Offering which will help raise the profile of our Company. In addition, the Cornerstone Placing will signify that such Cornerstone Investor has confidence in our business and prospects. Our Company became acquainted with the Cornerstone Investor through our industry network.

The Cornerstone Placing will form part of the International Offering and the Cornerstone Investor will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreement). The Offer Shares to be subscribed by the Cornerstone Investor will rank *pari passu* in all respect with the fully paid Shares in issue and will be counted towards the public float of the Company under Rule 8.08 of the Listing Rules and in compliance with the requirement under Rule 8.08(3) of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investor or its close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, the Cornerstone Investor does not have any preferential rights in the Cornerstone Investment Agreement compared with other public Shareholders.

To the best knowledge of our Company after making reasonable enquiries, (i) the Cornerstone Investor is an Independent Third Party; (ii) the Cornerstone Investor is not accustomed to take instructions from our Company, its subsidiaries, the Directors, the Supervisors, chief executive of our Company, Controlling Shareholders, substantial Shareholders, existing Shareholders or their respective close associates in relation to the acquisition, disposal, voting, or other disposition of H Shares registered in its name or otherwise held by it; and (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investor is financed by our Company, the Directors, the Supervisors, chief executive of our Company, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates. The Cornerstone Investor has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) or its shareholders is required for the cornerstone investment as the Cornerstone Investor has general authority to invest.

As confirmed by the Cornerstone Investor, its subscription under the Cornerstone Placing would be financed by its own internal resources. There are no side arrangements or agreements between our Company and the Cornerstone Investor or any benefit, direct or indirect, conferred on the Cornerstone Investor by virtue of or in relation to the Cornerstone Placing, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

The total number of Offer Shares to be subscribed by the Cornerstone Investor pursuant to the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering. The Cornerstone Investor has agreed that if the total demand for H Shares in the Hong Kong Public Offering falls within the circumstances as set out in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation and Clawback" in this prospectus, the number of Offer Shares to be subscribed by the Cornerstone Investor shall be reduced on a pro rata basis to satisfy the shortfall, after taking into account the requirements under Appendix 6 to the Listing Rules as well as the discretion of the Stabilizing Manager (for themselves and on behalf of the International Underwriters) to exercise the Over-allotment Option. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investor will be disclosed in the allotment results announcement of our Company to be published on or around September 29, 2022.

The Cornerstone Investor has agreed that the Joint Global Coordinators may effect delayed delivery of all or any part of the Offer Shares it has subscribed for to a date later than the Listing Date. The delayed delivery arrangement is in place to facilitate over-allocation in the International Offering. There will be no delayed delivery if there is no over-allocation in the International Offering. The Cornerstone Investor has agreed that it shall pay the relevant Offer Shares on or before the Listing Date. There will be no deferred settlement of payment for the Offer Shares to be subscribed by the Cornerstone Investor pursuant to the Cornerstone Investment. For details of the Over-allotment Option and the stabilization action by the Stabilizing Manager, see "Structure of the Global Offering — The International Offering — Over-allotment Option" and "Structure of the Global Offering — The International Offering — Stabilization" in this prospectus, respectively.

THE CORNERSTONE INVESTOR

The information about our Cornerstone Investor set forth below has been provided by our Cornerstone Investor in connection with the Cornerstone Placing.

LifeTech Scientific Corporation (先健科技公司) is a company established in the Cayman Islands on August 17, 2006 and listed on the Stock Exchange (stock code: 1302). LifeTech specializes in developing, manufacturing and marketing of advanced minimally invasive interventional medical devices for the treatment of cardiovascular, peripheral vascular diseases and disorders. It currently has three main product lines, including structural heart diseases business, peripheral vascular diseases business and cardiac pacing and electrophysiology business. Approval of the shareholders of LifeTech or the Stock Exchange is not required for the subscription by LifeTech for the Offer Shares to be acquired by them pursuant to the Cornerstone Investment Agreement.

The table below sets forth details of the Cornerstone Placing:

			Based on an Offer Price of HK$26.70			
			Assuming the Over-allotment Option is not exercised		**Assuming the Over-allotment Option is fully exercised**	
Name of Cornerstone Investor	**Total investment amount**	**Number of Offer Shares to be acquired**	**Approximate % of the Offer Shares**	**Approximate % the total Shares in issue**	**Approximate % of the Offer Shares**	**Approximate % the total Shares in issue**
	(US$ in million)					
LifeTech	20.0	5,879,200	72.79%	1.41%	63.30%	1.41%
Total	20.0	5,879,200	72.79%	1.41%	63.30%	1.41%

			Based on an Offer Price of HK$27.75			
			Assuming the Over-allotment Option is not exercised		**Assuming the Over-allotment Option is fully exercised**	
Name of Cornerstone Investor	**Total investment amount**	**Number of Offer Shares to be acquired**	**Approximate % of the Offer Shares**	**Approximate % of the total Shares in issue**	**Approximate % of the Offer Shares**	**Approximate % of the total Shares in issue**
	(US$ in million)					
Lifetech	20.00	5,656,600	70.04%	1.36%	60.90%	1.35%
Total	20.00	5,656,600	70.04%	1.36%	60.90%	1.35%

			Based on an Offer Price of HK$28.80			
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
Name of Cornerstone Investor	Total investment amount	Number of Offer Shares to be acquired	Approximate % of the Offer Shares	Approximate % of the total Shares in issue	Approximate % of the Offer Shares	Approximate % of the total Shares in issue
	(US$ in million)					
Lifetech	20.00	5,450,400	67.49%	1.31%	58.68%	1.30%
Total	20.00	5,450,400	67.49%	1.31%	58.68%	1.30%

Note:

(1) Subject to rounding down to the nearest whole board lot of 200 Shares.

CLOSING CONDITIONS

The obligation of the Cornerstone Investor to acquire the Offer Shares under the Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement;

(b) neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

(c) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(d) the Offer Price having been agreed according to the Hong Kong Underwriting Agreement and the International Underwriting Agreement to be signed among the parties to such agreements in connection with the Global Offering;

(e) no laws (as defined in the respective Cornerstone Investment Agreement) shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(f) the respective representations, warranties, acknowledgements, undertakings and confirmations of the Cornerstone Investor under the Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTOR

The Cornerstone Investor has, where applicable, agreed that without the prior written consent of each of our Company, the Joint Sponsors and the Joint Representatives, it will not, and will cause its affiliates not to, whether directly or indirectly, at any time during the period of six months from the Listing Date (the "**Lock-up Period**"), (i) dispose of, in any way, any of the Offer Shares it has purchased pursuant to the Cornerstone Investment Agreement or any interest in any company or entity holding any of such Offer Shares; (ii) allow itself to undergo a change of control (as defined in Hong Kong Takeovers Code) at the level of its ultimate beneficial owner; or (iii) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries which will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

BOARD OF DIRECTORS

The following table sets forth general information regarding our current Directors:

Name	Position	Age	Date of appointment as Director	Time of joining our Group	Role and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. LV Shiwen (吕世文)	Executive Director, chairman of the Board, chief executive officer and chief technology officer	53	April 2018	January 2013	Presiding over the Board and being responsible for the overall management of business operation, strategy and corporate development of our Group	None
Mr. PAN Fei (潘斐)	Executive Director, vice president and chief financial officer	37	March 2021	January 2021	Being responsible for the overall financial management, legal, investment management, human resources management and financing activities of our Group	None
Mr. TAN Ching	Non-executive Director	57	March 2019	March 2019	Participating in decision-making in respect of major matters such as corporate and business strategies	None
Mr. ZHENG Jiaqi (鄭嘉齊)	Non-executive Director	38	October 2020	October 2020	Participating in decision-making in respect of major matters such as corporate and business strategies	None
Ms. XIE Youpei (謝優佩)	Non-executive Director	52	November 2011	November 2011	Participating in decision-making in respect of major matters such as corporate and business strategies	None
Mr. CHEN Xinxing (陳新星)	Non-executive Director	36	April 2021	April 2021	Participating in decision-making in respect of major matters such as corporate and business strategies	None
Dr. LIN Shoukang (林壽康)	Independent Non-executive Director	59	May 2021 (effective from June 2022)	May 2021	Supervising and providing independent judgment and strategic advice to our Board	None
Ms. DU Jiliu (杜季柳)	Independent Non-executive Director	52	May 2021 (effective from June 2022)	May 2021	Supervising and providing independent judgment and strategic advice to our Board	None
Dr. MEI Lehe (梅樂和)	Independent Non-executive Director	58	May 2021 (effective from June 2022)	May 2021	Supervising and providing independent judgment and strategic advice to our Board	None

Our board currently consists of nine Directors, comprising two executive Directors, four non-executive Directors and three independent non-executive Directors. Pursuant to the Articles of Association, our Directors are elected and appointed by our Shareholders at a Shareholders' meeting for a term of three years, which is renewable upon re-election and re-appointment.

The following sets forth the biographies of our Directors:

Executive Directors

Mr. LV Shiwen (呂世文), aged 53, joined our Group as our chief technology officer since January 2013 and has been our Director since April 2018. He was appointed as the Chairman of the Board, chief executive officer of our Company in August 2020, and was re-designated as our executive Director in May 2021. Mr. Lv was responsible for the overall management of business operation, strategy and corporate development of our Group.

Mr. Lv has over 20 years' of experience in the medical devices industry, especially in research and development and production. Mr. Lv led and/or participated in the invention of around 100 types of medical devices, covering cardiovascular products, minimally invasive spine products and endoscopic products, etc. He also participated in the process of development for over 200 registered patents. Mr. Lv was also one of the key research team members in a project for the research and development and application of controllable aortic arch type stent entrusted by the Ministry of Science and Technology of the PRC under the National High-tech R&D Program (863 Program) (國家高技術研究發展計劃(863計劃)). Mr. Lv currently is a member of Zhejiang Pharmaceutical Society Medical Device Expert Committee (浙江省藥學會醫療器械專業委員會) and served as an expert member of the implementation and preparation team in Ningbo 13th Five-year Plan on Technology and Innovation Implementation Plan (寧波市 "十三五" 科技創新重大專項生物醫藥專項實施方案). He is also a mentor of the Center for China Cardiovascular Innovations (中國心血管醫生創新學院(CCI)).

Prior to joining our Group, Mr. Lv served as a manager of quality control department and production department of MicroPort Medical (Shanghai) Co., Ltd. (微創醫療器械(上海)有限公司), a wholly-owned subsidiary of MicroPort Scientific Corporation (a company listed on the Main Board of the Stock Exchange, stock code: 0853) from May 2000 to November 2001, and he was primarily responsible for quality control and daily management of the production department. He then served as the vice general manager of Lifetech Scientific (Shenzhen) Co., Ltd. (先健科技(深圳)有限公司), a wholly-owned subsidiary of LifeTech Scientific Corporation (a company listed on the Main Board of the Stock Exchange, stock code: 1302) from January 2003 to February 2009. His main responsibilities were research and development, quality control and production management. From March 2009 to December 2011, Mr. Lv served as the general manager of Beijing Puhui Biomedical Engineering Co., Ltd. (北京市普惠生物醫學工程有限公司), a company principally engaged in the development, manufacturing and sales of biological valves, and he was responsible for its daily operations. Mr. Lv has been appointed as a director of Cryofocus Medtech (Shanghai) Co., Ltd. ("**Cryofocus**") since July 2014 and has been re-designated as a non-executive director of Cryofocus since December 2021.

Mr. Lv obtained his bachelor's degree in machinery manufacture and equipment (機械製造工藝與設備) from Harbin Shipbuilding Engineering Institute (哈爾濱船舶工程學院) (currently known as Harbin Engineering University (哈爾濱工程大學)) in July 1993.

Mr. PAN Fei (潘斐), aged 37, joined our Group in January 2021 and has been our vice president and chief financial officer since then. He was appointed as the Director of our Company in March 2021 and was re-designated as our executive Director in May 2021, being responsible for the overall financial management, legal, investment management, human resources management and financing activities of our Group. Mr. Pan has also been serving as the general manager, legal representative and executive director of Jenscare Hainan since January 2021.

Prior to joining our Group, Mr. Pan successively served as an executive director of asset management department and investment banking department of China International Capital Corporation Limited (a company listed on the Main Board of the Stock Exchange (stock code: 3908) and the Shanghai Stock Exchange (stock code: 601995)) ("CICC") from October 2010 to January 2021. During his time at CICC, Mr. Pan worked on a wide range of mergers and acquisitions and other equity investment transactions, and accumulated extensive investment experience and industry insights. Mr. Pan received his license as an investment principal (投資主辦人) of the Securities Association of China in March 2015, being responsible for the investment management of various collective investment funds. From July 2016 to December 2018, as one of its founders, Mr. Pan served as a member of the investment management committee of CICCB (Shenzhen) Investment Management Centre (Limited Partnership) (金建(深圳)投資管理中心(有限合夥)), an investment management platform focused on investment in biotechnology industry and asset allocation formed by CICC and CCB Trust Co., Ltd. (建信信託有限責任公司). He has been a director of Starway Medical Technology, Inc. (北京華醫聖傑科技有限公司) since May 2021.

Mr. Pan obtained his bachelor's degree in accounting and finance from Lancaster University in July 2008 and obtained his master's degrees in finance from the University of Warwick in November 2009 and in real estate finance research from the University of Cambridge in October 2010 respectively.

Non-executive Directors

Mr. TAN Ching, aged 57, joined our Group in March 2019 and has been serving as our Director since then. He was re-designated as a non-executive Director of our Company in May 2021.

Mr. Tan has extensive experience in corporate governance and investment. He has been the executive director and general manager of Shanghai Jiachen Investment Co., Ltd. (上海甲辰投資有限公司) since November 2012.

Mr. Tan obtained his bachelor's degree in biomedical electronic engineering (生物醫學電子工程) from Xi'an Jiaotong University (西安交通大學) in 1985 and master of science degree in engineering from the Johns Hopkins University in May 1995. He received an MBA degree from The University of Chicago in March 2000.

Mr. ZHENG Jiaqi (鄭嘉齊), aged 38, joined our Group in October 2020 and has been serving as our Director since then. He was re-designated as a non-executive Director of our Company in May 2021.

Prior to joining our Group, Mr. Zheng served as an associate of CICC from June 2007 to August 2010. He joined Primavera Capital Group as a founding member of the firm in 2010, and became a managing director in 2015, and subsequently a partner. Mr. Zheng has been serving as the director of Lbx Pharmacy Chain Joint Stock Company (老百姓大藥房連鎖股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603883) since January 2020.

Mr. Zheng obtained his bachelor's of arts degree in economics from the University of Manchester in July 2005 and his master's of science degree in finance from the University of Lancaster in November 2006.

Ms. XIE Youpei (謝優佩), aged 52, joined our Group in November 2011 and has been our Director since then. She was re-designated as a non-executive Director of our Company in May 2021. Ms. Xie has been our Director since our establishment and she has a thorough understanding of the affairs of our Group. As such and given her experience in financial management, in addition to participating in decision-making in respect of major matters such as corporate and business strategies as with other non-executive Directors, Ms. Xie also provides invaluable supervision and guidance to our Group on financial matters.

Ms. Xie has around 21 years of experience in financial management. She has served as the manager of the financial department of Romon Co., Ltd. (羅蒙集團股份有限公司) since May 2000.

Ms. Xie obtained her bachelor's degree in accounting and finance from Zhoushan Commerce Institute (舟山商業學校) (currently known as Zhejiang Ocean University（浙江海洋大學）) in July 1991 and college diploma in accounting from Zhejiang Institute of Finance & Economics (浙江財經學院) (currently known as Zhejiang University of Finance & Economics（浙江財經大學）) (a long distance learning course) in October 1995. Ms. Xie was qualified as intermediate accountant accredited by the MOF in May 1999.

Mr. CHEN Xinxing (陳新星), aged 36, joined our Group in April 2021 and has served as our Director since then. He was re-designated as the non-executive Director of our Company in May 2021.

Prior to joining our Group. Mr. Chen joined Boston Consulting Group as a senior associate from September 2007 to August 2010. He then joined Morgan Stanley as an associate in the China healthcare team of the investment banking department from August 2012 to April 2014. Mr. Chen served as a principal of the China healthcare team of Actis Capital, LLP from April 2014 to May 2018. From September 2018 to March 2020, Mr. Chen served as an executive director of Huaxing Healthcare Fund (華興醫療產業基金). He has been the executive director of Hillhouse Capital Group.

Mr. Chen obtained his bachelor's degree in finance from the Peking University (北京大學) in July 2007 and received the MBA degree from the Columbia University in May 2012. Mr. Chen is currently qualified as a CFA.

Independent Non-executive Directors

Dr. LIN Shoukang (林壽康), aged 59, has been appointed as our independent non-executive Director since May 2021 with his appointment taking effect from June 2022.

Dr. Lin joined Deutsche Bank and served as the head of economic research of the Greater China from January 1998 to May 1999. He served as the deputy director of China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司) (a company listed on Main Board of the Stock Exchange, stock code: 1359) from May 1999 to October 2000. From November 2000 to November 2018, Dr. Lin served as the head of capital markets department, chief operating officer, head of investment management business, interim CEO, and chairman of management committee respectively during his time in CICC.

Dr. Lin obtained his bachelor's degree in mathematics from the Xiamen University in July 1983, master's degree in economics from Brown University in July 1987 and doctoral degree in monetary economics from Brown University in May 1990. Dr. Lin obtained the qualification of bond market executive (債券市場高管資質) accredited by the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) in May 2015.

Ms. DU Jiliu (杜季柳), aged 52, has been appointed as our independent non-executive Director since May 2021 with her appointment taking effect from June 2022.

Ms. Du has extensive experience in accounting and finance. Ms. Du served in CICC from April 2000 to February 2014 as an executive director and successively as the head of finance, during which she has had the experience in preparing, reviewing and analysing financial statements of listed companies and listing applicants. She then joined CICC Fund Management Limited as an executive general manager and later a vice general manager from February 2014 to September 2017, and has been its senior advisor from October 2017 to December 2021. Ms. Du has also been the director of Zhong Xin Tong Ren Capital Ltd. (中鑫同人資本管理有限公司) since October 2018.

Ms. Du obtained her bachelor's degree in economics from Central Institute of Finance and Banking (中央財政金融學院) (now known as the Central University of Finance and Economics (中央財經大學)) in June 1992. She received her EMBA degree from Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University (上海交通大學上海高級金融學院) in December 2018. She was admitted as a member of China Institute of Internal Audit (中國內部審計師協會) in November 2002 and a fellow of Association of Chartered Certified Accountants in October 2004 and a member of the Chinese Institute of Certified Public Accountant (中國註冊會計師協會) in 1995. Ms. Du obtained a practising qualification in funds (基金從業資格) in November 2014 accredited by Asset Management Association of China (中國證券投資基金業協會).

Dr. MEI Lehe (梅樂和), aged 58, has been appointed as our independent non-executive Director since May 2021 with his appointment taking effect from June 2022.

Dr. Mei has joined the department of chemistry of the Zhejiang University (浙江大學) since August 1988. Since March 2009, Dr. Mei successively served as the dean of the school of biological and chemical engineering, director of scientific research division (科研處處長), vice principal (副院長) and currently serves as a professor of the Ningbo Institute of Technology, Zhejiang University (浙江大學寧波理工學院).

Dr. Mei obtained his bachelor's degree in chemistry in 1985, master's degree in chemical engineering in July 1988 and doctoral degree in biochemicals (生物化工) in June 2000 from the Zhejiang University.

SUPERVISORS

The following table set forth general information regarding our Supervisors:

Name	Position	Age	Date of appointment as Supervisor	Time of joining our Group	Role and responsibilities	Relationship with other Directors, Supervisors and senior management
Ms. XU Jing (徐婧)	Chairwoman of the Board of Supervisors	33	March 2021	March 2021	Supervising the Board and management	None
Mr. TANG Hao (唐皓)	Supervisor	38	October 2020	October 2020	Supervising the Board and management	None
Mr. HU Bo (胡波)	Supervisor	33	March 2021	February 2019	Supervising the Board and management	None

The PRC Company Law requires a joint stock company with limited liability to establish a supervisory committee. Our Board of Supervisors currently consists of three members. Pursuant to our Articles of Association, at least one-third of our Supervisors must be employee representatives elected by our employees. Except for the employee representative Supervisor, the other Supervisors are elected and appointed by our Shareholders at a Shareholders' meeting for a term of three years, which is renewable upon re-election and re-appointment.

The following sets forth the biographies of our Supervisors:

Ms. XU Jing (徐婧), aged 33, joined in our Group in March 2021 and has been our Supervisor and the chairwoman of Board of Supervisors since then.

Prior to joining our Group, Ms. Xu has been the general manger of Ningbo Lide Medical Technology Co., Ltd. (寧波理得醫療科技有限公司) since December 2018.

Ms. Xu obtained her bachelor's degree in aircraft manufacturing engineering (飛行器製造工程) from Northwestern Polytechnical University (西北工業大學) in July 2010, and her master's and doctoral degree in mechatronics from Université de Technologie de Compiègne in Compiègne, France in July 2012 and October 2016 respectively.

Mr. TANG Hao (唐皓), aged 38, joined our Group in October 2020 and has been our Supervisor since then.

Prior to joining our Group, Mr. Tang served as a project manager of BDO China Li Xin Da Hua Certified Public Accountants Co., Ltd.（立信大華會計師事務所有限公司）(now known as Da Hua CPAs (Special General Partnership), Shenzhen office (大華會計師事務所（特殊普通合夥）深圳分所)) . He also served as an investment manager of Shenzhen Extra Investment Co., Ltd. (深圳市鼎泓乘方投資有限公司). He has been the assistant to the general manager of Ningbo Linfeng since June 2014, and the director and chief finance officer of Ningbo Pharmaceuticals Co., Ltd. (寧波藥材股份有限公司) since June 2016.

Mr. Tang obtained his bachelor's degree in finance management (財務管理) from Huazhong University of Science and Technology (華中科技大學) in June 2007.

Mr. HU Bo (胡波), aged 33, has been our Supervisor since March 2021. Mr. Hu joined our Group in February 2019 and has served as an IT engineer since then.

From February 2018 to January 2020, Mr. Hu served at HicRen Biotechnology Co., Ltd. (寧波華科潤生物科技有限公司), and during his term of office there, he successively served as an IT specialist from February 2018 to January 2019 and as an assistant engineer from September 2019 to January 2020.

Mr. Hu obtained his bachelor's degree in software engineering (軟件工程) from Tianjin University of Science and Technology (天津科技大學) in June 2013.

Save as disclosed in this prospectus, each of our Directors and Supervisors confirms with respect to himself or herself, to the best of his or her knowledge, information and belief, that he or she (1) did not hold other long positions or short positions in the Shares, underlying Shares, debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) as of the Latest Practicable Date; (2) had no other relationship with any Directors, Supervisors, senior management or substantial shareholders of our Company as at the Latest Practicable Date; (3) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas; and (4) there are no other matters concerning our Director's appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

Save as disclosed in this prospectus, each of our Director confirms that he or she did not have any interest in a business, apart from the business of our Company, which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below sets out certain information in respect of the senior management of our Group.

Name	Position	Age	Date of appointment as senior management	Date of joining our Group	Role and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. LV Shiwen (吕世文)	Chief executive officer and chief technology officer	53	January 2013	January 2013	Taking charge of overall management of business operation, strategy and corporate development of our Group	None
Mr. PAN Fei (潘斐)	Vice president and chief financial officer	37	January 2021	January 2021	Taking charge of the overall financial management, legal, investment management, human resources management and financing activities of our Group	None
Mr. LI Yibin (李毅斌)	Vice president	36	February 2016	November 2011	Taking charge of overall daily operation of our Group, including quality control, regulatory registration and IP related works	None
Mr. LI Biao (李彪)	Vice president	38	May 2021	October 2014	Taking charge of the overall research and development activities and overall business operations of Ningbo Diochange	None
Dr. WANG Na (王娜)	R&D director	42	December 2020	February 2018	Taking charge of the daily operation of the biological engineering and simulation laboratory of our Group	None
Mr. XIA Lei (夏磊)	Marketing director	39	September 2020	September 2020	Taking charge of the overall marketing activities of our Group	None
Mr. XU Bin (徐彬)	Production director	45	January 2021	January 2021	Taking charge of overall production management and supply chain management of our Group	None
Mr. WU Yuchuan (吴玉川)	Clinical director	38	September 2020	September 2020	Taking charge of management of clinical matters of our Group	None
Ms. JIAO Chen (焦晨)	Chief medical officer	45	November 2021	November 2021	Taking charge of clinical matters and overall medical management of our Group	None

Mr. LV Shiwen (吕世文), is an executive Director, chairman of the Board, chief executive officer and chief technology officer of our Company. For details, please see "— Board of Directors — Executive Directors" in this section.

Mr. PAN Fei (潘斐), is an executive Director, vice president and chief financial officer of our Company. For details, see "— Board of Directors — Executive Directors" in this section.

Mr. LI Yibin (李毅斌), aged 36, has been our vice president since February 2016. Mr. Li joined our Group in November 2011 and successively served as project principal and manager of the R&D department of our Group. Mr. Li is responsible for the overall daily operation of our Group, including quality control, regulatory registration and IP related works.

Prior to joining our Group, Mr. Li worked in MicroPort Medical (Shanghai) Co., Ltd. (微創醫療器械(上海)有限公司), a wholly-owned subsidiary of MicroPort Scientific Corporation (a company listed on the Main Board of the Stock Exchange, stock code: 00853) from October 2010 to August 2011. Mr. Li is the inventor and/or co-inventor of 47 registered patents related to medical devices for the treatment of heart diseases, and he participated in the China Innovation Funding (國家重點研發計劃) launched by the Ministry of Science and Technology of the People's Republic of China (中華人民共和國科學技術部). All of these registered patents are owned by our Group.

Mr. Li obtained his bachelor's degree in mechanical manufacturing and automation (機械製造及自動化) from South China University of Technology (華南理工大學) in July 2008 and master's degree in material processing engineering (材料加工工程) from Shanghai Jiao Tong University (上海交通大學) in March 2011.

Mr. LI Biao (李彪), aged 38, has been our vice president since May 2021. Mr. Li joined our Group in October 2014 as the project manager of R&D department and has successively been a vice president of Ningbo Diochange since February 2017. He was appointed as the executive director and general manager of Ningbo Diochange since August 2020. Mr. Li is responsible for the overall research and development activities and overall business operations of Ningbo Diochange.

Prior to joining our Group, Mr. Li served as an R&D engineer and project manager of Microport Endovascular (Shanghai) Co., Ltd. (微創心脉醫療科技(上海)有限公司, currently known as 上海微創心脉醫療科技(集團)股份有限公司) (a company listed on the science and technology innovation board of the Shanghai Stock Exchange, stock code: 688016), a subsidiary of MicroPort Scientific Corporation (a company listed on the Main Board of the Stock Exchange, stock code: 00853) from April 2009 to September 2014, and he was primarily responsible for the improvement of the design and the materials of products under research and development. Mr. Li participated in the Science and Technology Innovation 2025 Major Projects (科技創新2025重大專項) and several science and technology projects at provincial and ministerial level. Mr. Li is the inventor and/or co-inventor of 27 registered patents related to medical devices for the treatment of heart diseases, which are all owned by our Group.

Mr. Li obtained his bachelor's degree in material science and engineering (材料科學與工程) from Tongji University (同濟大學) in July 2006 and master's degree in material science from Donghua University (東華大學) in March 2009.

Dr. WANG Na (王娜), aged 42, has been our R&D director since December 2020. Dr. Wang joined our Group in February 2018 as a manager of the pericardial department of our Company, being responsible for the daily operation of the biological engineering and simulation laboratory of our Group.

Prior to joining our Group, Dr. Wang conducted research works at various research laboratories (including ICS, ILM, LaMCoS and IMP, etc.) under the Centre National de la Recherche Scientifique from September 2007 to April 2013, focusing on basic biopolymers. Dr. Wang served as a senior project manager of Hangzhou Ruijian Mastin Medical Equipment Co., Ltd. (杭州銳健馬斯汀醫療器材有限公司) from May 2015 to February 2018, mainly engaging in the product development of non-absorbable surgical sutures. Dr. Wang has published several research essays on reputable international magazines and journals. She was on the shortlists of the 2018 High-level Talents Category of Ningbo (寧波市高層次人才分類認定書) and was recognized as a high-level talent (高級人才), and the 139 Young & Middle-aged Talents Training Program of Yuhang District, Hangzhou (杭州市余杭區139中青年人才培養計劃).

Dr. Wang obtained her bachelor's degree in polymer materials and engineering (高分子材料與工程) from the Jilin Institute of Chemical Technology (吉林化工學院) in June 2006, master's degree in material science from the Universite de Strasbourg in France in September 2009 and doctoral degree in material science from the Universite Lyon 1 Claude Bernard in France in April 2013.

Mr. XIA Lei (夏磊), aged 39, joined our Group in September 2020 and has been our marketing director since then, being responsible for the overall marketing activities of our Group.

Mr. Xia has over 13 years of experience in medical device industry. Prior to joining our Group, Mr. Xia served in Gambro Lundia AB, a wholly-owned subsidiary of Baxter International Inc. (a company listed on the New York Stock Exchange, stock code: BAX), from January 2008 to April 2014. During his term of office in Gambro Lundia AB, he successively served as a technical leader and core team leader. Mr. Xia then served as the marketing executive principal of Boston Scientific (a company listed on the New York Stock Exchange, stock code: BSX). Mr. Xia successively served as a district sales manager and global marketing strategy director of Johnson & Johnson (a company listed on the New York Stock Exchange, stock code: JNJ) from September 2014 to August 2020.

Mr. Xia obtained his bachelor's degree in telecommunication from the Beijing Jiaotong University (北京交通大學) in July 2005, master's degree in electronics from the GroepT Leuven in Belgium in July 2005 and master's degree in system-on-chip from the KTH Royal Institute of Technology in Stockholm, Sweden in June 2007. Mr. Xia received his MBA degree from the INEAD in July 2014.

Mr. XU Bin (徐彬), aged 45, joined our Group in January 2021 and has been our production director since then, being responsible for the overall production management and supply chain management of our Group.

Mr. Xu served as a production director of Microvention medical technology (Hangzhou) Co., Ltd. (微仙醫療科技(杭州)有限公司) from May 2016 to May 2019, a company mainly engaged in research and development of cerebrovascular and neurotherapy products. Mr. Xu served as a senior production manager of Hangzhou Weiqiang Medical Technology Co., Ltd. which is under DiNovA Medtech（德諾醫療杭州唯強醫療科技有限公司）from August 2019 to July 2020.

Mr. Xu obtained his bachelor's degree in inorganic non-metallic materials (無機非金屬材料) from the Anhui Jianzhu University (安徽建築大學) in July 2000. He received his MBA degree from the Zhejiang University (浙江大學) in July 2017.

Mr. WU Yuchuan (吳玉川), aged 38, joined our Group in September 2020 and has been our clinical director since, being responsible for the management of clinical matters of our Group.

Mr. Wu has over 15 years of experience in clinical matters. Prior to joining our Group. Mr. Wu served as a project manager of Yangtze River Pharmaceutical Group Co., Ltd. (揚子江藥業集團有限公司) from July 2005 to May 2010. He then served as a project manager of CMAB Biopharma Inc. (上海抗體藥物國家工程研究中心有限公司) from May 2010 to October 2011. Mr. Wu served as a clinical director of Weihai Weixin Medical Equipment Co., Ltd. (威海維心醫療設備有限公司) from November 2011 to May 2015 and Ningbo Hicren Biotechnology Co., Ltd. (寧波華科潤生物科技有限公司) from June 2015 to February 2019, respectively.

Mr. Wu obtained his bachelor's degree in medicine from the Bengbu Medical College (蚌埠醫學院) in July 2005.

Ms. JIAO Chen (焦晨), aged 45, joined our Company in November 2021 as our chief medical officer. In this role, she is primarily responsible for leading the clinical and medical teams to carry out preclinical, clinical, and post-marketing research, and she works closely with various departments to fully support our Company's product life-cycle management.

Ms. Jiao has more than 18 years of experience in the medical industry. Prior to joining our Group, from March 2003 to July 2005, Ms. Jiao worked at Shanghai Roche Pharmaceutical Co., Ltd (上海羅氏製藥有限公司). From October 2005 to March 2009, she was a clinical research manager at Abbott Pharmaceutical Co., Ltd. Shanghai Representative Office (瑞士雅培製藥有限公司上海代表處), China International Intellectech Co., Ltd. (中智上海經濟技術合作公司). From March 2009 to February 2010, she worked at Bristol-Mayers Squibb (China) Investment Co., Ltd. (百時美施貴寶(中國)投資有限公司). From February 2010 to December 2011, she worked at the Shanghai branch of Sanofi-Avent China Investment Co. Ltd (賽諾菲安萬特(中國)投資有限公司上海分公司). From December 2011 to August 2016, Ms. Jiao served as the senior global trial operations manager in the Asia-Pacific region and as a senior clinical operations manager in the medical and regulatory affairs department of Boston Scientific Corporation BSC Int'l Medical Trading (Shanghai) Co., Ltd. (波科國際醫療貿易(上海)有限公司). From August 2016 to November 2021, she was a director of the clinical affairs and real world evidence department in the Greater China region at Edwards (Shanghai) Medical Products Co., Ltd. (愛德華(上海)醫療用品有限公司).

Ms. Jiao obtained her bachelor's degree in clinical medicine from Hunan Medical University (湖南醫科大學) in Changsha in June 1999. She further obtained her master's degree in pharmacology from the Central South University (中南大學) in Changsha in July 2002. In December 2008, she was certified as a physician by the Shanghai Municipal Health Bureau, qualified to practice medicine, specializing in clinical medicine and clinical research.

JOINT COMPANY SECRETARIES

Mr. LI Yuanyuan (李遠源), aged 36, was appointed as our joint company secretary on May 21, 2021 with his appointment taking effect upon Listing. Mr. Li joined our Group in December 2020 and has been our director of finance department since then.

Prior to joining our Group, Mr. Li served as a auditor of Deloitte Touche Tohmatsu Certified Public Accountants LLP (Beijing) (德勤華永會計師事務所有限公司北京分所) from September 2010 to December 2013. He then served as an investment consolidation accountant of Beijing World Xinghui Technology Co., Ltd. (北京世界星輝科技有限責任公司), a wholly-owned subsidiary of 360 Security Technology Inc. (三六零安全科技股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601360) from February 2014 to September 2015. From March 2016 to November 2016, he served as a senior finance manager of Baofeng Technology Co., Ltd. (暴風科技股份有限公司). He then served as a director of finance of CICCB (Shenzhen) Investment Management Centre (Limited Partnership) (金建(深圳)投資管理中心(有限合夥)) from December 2016 to November 2020.

Mr. Li obtained his bachelor's degree in accounting and finance from the University of Southampton in June 2008 and master's degree in finance from the University of Warwick in November 2009. He was admitted as a fellow of Association of Chartered Certified Accountants in May 2019.

Mr. WONG Wai Chiu (黃偉超) was appointed as one of the joint company secretaries of our Company on May 21, 2021 with his appointment taking effect upon Listing. Mr. Wong is the associate director of SWCS Corporate Services Group (Hong Kong) Limited and has extensive compliance and listed corporate secretarial experience including acting as the company secretary, information technology senior management and senior law enforcement officer in the areas of regulatory compliance and enforcement, internal control, corporate governance, company secretarial work, trust, financial crime investigation and forensics accounting in insurer, the Independent Commission Against Corruption and the Hong Kong Stock Exchange.

Mr. Wong is a fellow of the Hong Kong Institute of Chartered Secretaries, a fellow of The Chartered Governance Institute, a member of CPA Australia and a certified trust practitioner of the Hong Kong Trustees' Association Limited.

Mr. Wong has been admitted the degree of Bachelor of Social Sciences by the University of Hong Kong, granted a Postgraduate Diploma in English and Hong Kong Law (Common Professional Examination) from the Manchester Metropolitan University, awarded a Master of Arts in Arbitration and Dispute Resolution degree from City University of Hong Kong and Master of Applied Science degree from the University of Technology, Sydney.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various Board committees. In accordance with the relevant PRC laws and regulations, the Articles and the Listing Rules, we have established our audit committee, remuneration and appraisal committee, nomination committee and strategy committee.

Audit Committee

We have established an audit committee with terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code and Corporate Governance

Report as set out in Appendix 14 to the Listing Rules. The audit committee consists of Ms. DU Jiliu, Dr. LIN Shoukang and Dr. MEI Lehe, with Ms. DU Jiliu being the chairwoman of the committee.

The primary function of the audit committee is to assist our Board in providing an independent view of our financial reporting process, internal control and risk management system, overseeing the audit process and performing other duties and responsibilities as assigned by our Board which includes, amongst other things:

- proposing to the Board of Directors the appointment and replacement of external audit firms;
- supervising the implementation of our internal audit system;
- liaising between our internal audit department and external auditors;
- reviewing our financial information and related disclosures; and
- other duties conferred by the Board of Directors.

Remuneration and Appraisal Committee

We have established a remuneration and appraisal committee with terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The remuneration and appraisal committee consists of Dr LIN Shoukang, Mr. Lv and Ms. DU Jiliu, with Dr. LIN Shoukang being the chairman of the committee.

The primary function of the remuneration and appraisal committee is to develop remuneration policies of our Directors, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate and make recommendations on employee benefit arrangements which includes, amongst other things:

- establishing, reviewing and making recommendations to our Directors on our policy and structure concerning remuneration of our Directors and senior management;
- determining the terms of the specific remuneration package of each Director and members of senior management;
- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time; and
- other duties conferred by the Board of Directors.

Nomination Committee

We have established a nomination committee with terms of reference in compliance with paragraph B.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The nomination committee consists of Dr. LIN Shoukang, Mr. Lv and Dr. MEI Lehe, with Dr. LIN Shoukang being the chairman of the committee.

The primary function of the nomination committee is to make recommendations to our Board in relation to the appointment and removal of Directors which includes, amongst other things:

- reviewing the structure, size and composition of our Board on a regular basis and making recommendations to the Board regarding any proposed changes;
- identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships;
- assessing the independence of our independent non-executive Directors;
- making recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of our Directors; and
- other duties conferred by the Board of Directors.

Strategy Committee

We have established a strategy committee consists of Dr. LIN Shoukang, Mr. Lv and Mr. PAN Fei, with Mr. Lv being the chairman of the committee. The primary duties of the strategy committee are to study and advise on the long term strategy and operation plans of our Group. The strategy committee will assist the Board, in conjunction with our management, in addressing our Company's overall mission, vision and strategic direction. Areas of focus will include: providing the Board and management, as applicable, with input and recommendations with respect to key strategic initiatives and major R&D programs and partnerships; and assisting management in establishing a strategic planning process, identifying and addressing organizational challenges and evaluating strategic alternatives.

CORPORATE GOVERNANCE

Board Diversity

Our Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

As at the date of this prospectus, our Board consists of seven male members and two female members with three Directors of age 36 to 38 years old and six Directors of age 52 to 58 years old. Our Company has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable our Company to maintain high standard of operation.

Code Provision C.2.1 of the Corporate Governance Code

Under paragraph C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Although such appointment is not consistent with such paragraph C.2.1, Mr. Lv is our chairman of the Board and the

chief executive officer of our Company. With extensive experience in the medical devices industry and having served in our Company since January 2013, Mr. Lv is in charge of the overall management of business operation, strategy and corporate development of our Group. Our Board considers that vesting the roles of chairman and general manager in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of our Board, our Supervisors and our senior management, which comprises experienced and visionary individuals. Our Board currently comprises two executive Directors (including Mr. Lv), four non-executive Directors and three independent non-executive Directors, and therefore has a strong independence element in its composition.

Save as disclosed above, our Company intends to comply with all code provisions under the Corporate Governance Code after the Listing.

EMOLUMENT OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

We offer our executive Directors, employee representative Supervisor and senior management members, who are also employees of our Company, emolument in the form of salaries, allowances and benefits in kind, performance related bonuses, equity-settled share-based compensation expenses and pension scheme contributions,. Our independent non-executive Directors receive emolument based on their responsibilities (including being members or chairman of Board committees).

For the years ended December 31, 2020 and 2021 and the six months ended June 30, 2022, the aggregate amount of emolument paid by our Company to our Directors and Supervisors were RMB247.1 million (including RMB245.8 million equity-settled share-based compensation expenses), RMB265.3 million (including RMB260.2 million equity-settled share-based compensation expenses) and RMB11.6 million (including RMB9.6 million equity-settled share-based compensation expenses), respectively. It is estimated that under the arrangements currently in force, the aggregate emolument (including possible payment of discretionary bonus and equity-settled share-based compensation expenses) payable to the Directors and Supervisors for the year ending December 31, 2022, will be RMB24.2 million.

For the years ended December 31, 2020 and 2021 and the six months ended June 30, 2022, the aggregate amount of emolument paid by our Company to the five highest paid individuals were RMB252.4 million (including RMB249.2 million equity-settled share-based compensation expenses), RMB304.9 million (including RMB298.0 million equity-settled share-based compensation expenses) and RMB22.7 million (including RMB20.4 million equity-settled share-based compensation expenses), respectively. 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 a compensation for loss of office in connection with the management of the affairs of our Company or any subsidiary during the Track Record Period.

During the Track Record Period, none of our Directors and Supervisors waived or agreed to waive any emolument. Except as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest paid individuals during the Track Record Period.

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into (i) an employment contract and (ii) a confidentiality and non-competition agreement with our senior management members and other key personnel. Below sets forth the key terms of these contracts we normally enter into with our senior management and other key personnel.

Confidentiality

- *Confidentiality obligations*. The employee shall, during the course of employment with our Group and thereafter, keep in confidence all technical or trade secrets belonging to our Group or any related parties of our Group. Without our Group's written consent, the employee shall not leak, disclose, publish, announce, issue, teach, transfer or otherwise make available to any third party (including employees who are not privy to such trade secrets) any trade secrets belonging to our Group or any related parties of our Group in any manner and shall not utilize such trade secret beyond his or her scope of work.

Ownership of intellectual work products

- *Acknowledgement:* The employee acknowledges and agrees that our Group shall own all intellectual work products he or she produces, including but not limited to those produced (i) during the course of employment with our Group; or (ii) mainly using the resources, information or data of our Group in order to discharge his/her duties as an employee of our Group.

Non-competition

- *Non-competition obligation during employment term*. During the term of his/her employment with our Group, unless with our Group's written consent, the employee shall not (i) be engaged by any other enterprises or other economic entities in any forms in any forms that may constitute competitive relationship with our Group or any of the related parties of our Group; (ii) provide labor services, technical services or other services for such enterprises or other economic entities in any forms; (iii) self-operate or directly/indirectly operate for others a businesses that may constitute competitive relationship with our Group or the related parties of our Group for their own benefits or directly/indirectly operate on behalf of others in any forms; or (iv) engage in any other acts or activities that may constitute competitive relationship with our Group or any of the related parties of our Group or harm the interests of our Group or any of the related parties of our Group.

- *Non-competition obligation following termination of employment relationship*. Within two years after termination of the employment relationship between the employee and our Group, the employee shall not be engaged by any other enterprises or other economic entities in any forms that may constitute competitive relationship with our Group or any of the related parties of our Group, as well as provide labor services, technical services or other services for such enterprises or other economic entities in any forms; (ii) operate for their own benefits, entrusting others to operate or directly/indirectly operate on behalf of others businesses that may constitute competitive relationship with our Group or any of the related parties of our Group in any forms; or (iii) engage in any other acts or activities that may constitute competitive relationship with our Group or any of the related parties of our Group or harm the interests of our Group or any of the related parties of our Group.

- During the term of non-competition or after its expiry, directly or indirectly persuade, induce, encourage, or otherwise urge any management personnel or employees of the Group or its related parties to leave office, or directly or indirectly persuade, induce, encourage, or otherwise urge other individuals, enterprises or other economic organizations that have effective or potential business relationships with the Group or its related parties to terminate or otherwise change their business relationship with the Group or its related parties is not permitted. Upon termination of the employment relationship, our Group and the employee shall agree on and sign a list of such restricted businesses.

- *Compensation paid during the employment term.* During the term of non-competition, the employee will be paid monthly as the compensation for the two-year's non-competition and confidentiality obligation following the termination of employment relationship.

Compensation for breach of covenants

- If the employee breaches the obligations under the confidentiality and non-competition agreement, our Group shall be entitled to recover from the employee any losses incurred and any profits earned as a result of breaches by the employee.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our compliance advisor pursuant to Rule 3A.19 and 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise us on the following circumstances:

(a) before the publication of any announcements, circulars or financial reports required by regulatory authorities or applicable laws;

(b) where a transaction, which might constitute a notifiable or connected transaction under the Listing Rules, is contemplated, including share issues and securities repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry of us regarding unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules.

Pursuant to Rule 19A.06 of the Listing Rules, Somerley Capital Limited will, in a timely manner, inform us of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. Somerley Capital Limited will also inform us of any amendment or supplement to applicable laws and guidelines in Hong Kong.

The term of the appointment will commence on the Listing Date and end on the date on which we distribute the annual report of the first full financial year commencing after the Listing pursuant to the Rule 13.46 of the Listing Rules.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report in Appendix I to this prospectus, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us 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, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a China-based medical device company dedicated to the development of interventional products for the treatment of structural heart diseases. Our Company was established in the PRC in November 2011. Since then we have developed a series of treatment solutions targeting different types of structural heart diseases, including tricuspid valve diseases, aortic valve diseases, mitral valve diseases and heart failure. LuX-Valve, our Core Product, has the potential for treating severe tricuspid regurgitation, and is expected to become one of the first transcatheter tricuspid valve replacement (TTVR) products approved for commercialization globally given that it was the first product candidate worldwide to complete the subject enrollments for confirmatory clinical trial, according to Frost & Sullivan. In addition, LuX-Valve was designated as a "breakthrough device" by the FDA under the Breakthrough Devices Program in November 2021, and was the first domestically-developed medical device receiving such designation in the field of heart valve disease treatment, according to Frost & Sullivan. Ken-Valve, our another Core Product, is designed for the treatment of severe aortic regurgitation (or combined with aortic stenosis), and is expected to address the needs of a larger patient pool than those transcatheter aortic valve replacement (TAVR) systems that are indicated for the treatment of aortic stenosis alone. We are also developing eight other product candidates featuring leading technologies, including (i) JensClip, an innovative clip-based transcatheter mitral valve repair (TMVr) system featuring an advanced locking mechanism, (ii) MitraPatch, an innovative TMVr product candidate that can repair mitral valves using leaflet patching technologies, as well as a wide array of other advanced product candidates targeting different types of valvular diseases and heart failure.

We currently have no commercialized products and have not generated any revenue from product sales. We were not profitable and incurred operating losses during the Track Record Period. In 2020, 2021 and the six months ended June 30, 2022, we had loss for the years/period of RMB299.7 million, RMB500.7 million and RMB73.5 million, respectively. Our operating losses substantially resulted from research and development expenses and administrative expenses. We expect to incur a substantial amount of operating expenses for at least the next several years as we further our preclinical research, continue the clinical development of, seek regulatory approval for and manufacturing of, our product candidates, launch our pipeline products, and add personnel necessary to operate our business. Subsequent to the Listing, we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate from period to period due to the development status of our product candidates, regulatory approval timeline and commercialization of our product candidates after approval.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Ability to Successfully Develop and Commercialize Our Product Candidates

Our business and results of operations depend on our ability to successfully advance the development of our pipeline product candidates. As of the Latest Practicable Date, we had no commercialized product and all of our product candidates were still in various stages of development. Particularly, we expect to submit the trial results of the confirmatory clinical trial of LuX-Valve for NMPA approval in the fourth quarter of 2022 and plan to commercialize the LuX-Valve in the second half of 2023. In addition, we expect to submit the result of the one-year follow-up of the confirmatory clinical trial to the NMPA in the third quarter of 2023 and commercialize the Ken-Valve in the first half of 2024. For more details on the development status of our pipeline product candidates, see "Business — Our Product Candidates" in this prospectus. Whether our product candidates can demonstrate favorable safety and efficacy clinical trial results, and whether we can obtain the requisite regulatory approvals for our product candidates in time, are crucial for our business and results of operations.

Our results of operations also depend on our ability to successfully commercialize our product candidates upon approval. Once our product candidates are commercialized, the commercial success of our product candidates depends upon the degree of market acceptance each of such product candidates achieves, particularly among hospitals and physicians. Physicians and hospitals' receptiveness to our product candidates in turn depends on, among others, our ability to convince them as to the distinctive characteristics, advantages, safety and cost effectiveness of our product candidates as compared to our competitors' products.

Research and Development Expenses

Our results of operations are significantly affected by our ability to control our costs and expenses, particularly, research and development expenses. Since our inception, we have focused our resources on research and development activities. The development of medical devices requires significant investment of resources over a prolonged period of time, and we intend to continue making sustained investments in this area. We have devoted significant resources to research and development activities, and our pipeline of product candidates has been steadily advancing and expanding. Our current research and development activities mainly relate to product discovery, preclinical research, clinical trials and the clinical advancement of our product candidates. For details, see "Business — Research and Development" in this prospectus. In 2020, 2021 and the six months ended June 30, 2022, we incurred research and development expenses of RMB170.6 million, RMB265.3 million and RMB84.5 million, respectively. For the same years/period, our research and development expenses accounted for 56.4%, 51.9% and 67.4% of our total costs and expenses, respectively. In 2020, 2021 and the six months ended June 30, 2022, we recorded RMB149.8 million, RMB150.1 million and RMB31.6 million, respectively, in research and development expenses for our Core Products. We expect that our research and development expenses will continue to contribute to a large proportion of our total operating expenses for the foreseeable future as we move pipeline products currently at earlier clinical stage into more advanced clinical trials and advance preclinical programs into clinical trials, as well as our continued clinical development of our pipeline products.

Administrative Expenses

Our financial results are also significantly affected by our administrative expenses. We incurred administrative expenses of RMB131.5 million, RMB238.5 million and RMB40.5 million in 2020, 2021 and the six months ended June 30, 2022, respectively. The share-based compensation expenses amounted to RMB123.4 million, RMB182.2 million and RMB16.9 million in 2020, 2021 and the six months ended June 30, 2022, respectively, representing 93.8%, 76.4% and 41.7% of our total administrative expenses for the same years/period, respectively. As a result, issuance of share incentives during the Track Record Period has and will continue to have an impact on our administrative expenses. We expect to continue to incur considerable administrative expenses for ordinary course of business in the future to support our growing business scale. We also anticipate our administrative expenses for ordinary course of business, in particular, expenses in legal, compliance, accounting, recruitment, and investor and public relations areas, will increase as we operate as a public company following the completion of the Listing.

Growth of the Structural Heart Disease Treatment Market in China

We believe that our financial performance and future growth are dependent on the overall growth of the structural heart disease treatment market. In China, the markets for interventional medical devices targeting structural heart diseases are at their emerging stages. With the escalating prevalence of structural heart diseases, enhanced patient health awareness, favorable government policies, increased patient affordability, and improved clinical practice of physicians, the interventional medical device market in China had experienced exponential growth in recent years, and is expected to continue to maintain its growth momentum, according to Frost & Sullivan. The market size of structural heart disease interventional medical device will continue to rise and is estimated to reach RMB49,062.2 million in 2030.

In particular, the TTVI market is still in its early stage of development, with significant growth potential. According to Frost & Sullivan, the market size of TTVI in China is predicted to be RMB85.6 million in 2023, and with the rapid development of qualified hospitals and doctors for TTVI procedures, it is estimated to reach RMB850.8 million in 2025 representing a CAGR of 215.2% from 2023 to 2025. In addition, the TAVR market in China is expected to increase from RMB911.5 million in 2021 to RMB11,359.7 million in 2030 at a CAGR of 32.4%. Furthermore, the TMVI and heart failure markets are also projected to grow in the future.

We believe that by leveraging our clinical advantages, the variety of product portfolio, as well as strong research and development capabilities, we are well positioned to capture the significant growth potential of markets for interventional medical devices targeting structural heart diseases.

Funding for Our Operation

During the Track Record Period, we primarily funded our working capital requirements through capital contributions from our shareholders, private equity financing and other borrowings. Going forward, in the event of a successful commercialization of one or more of our product candidates, we expect to fund our operations in part with revenue generated from sales of our commercialized products. However, with the continuing expansion of our business, we may require further funding through public or private offerings, debt financing or other sources. Any fluctuation in the funding for our operations will impact our cash flow plan and our results of operations.

SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with accounting principles that conform with IFRSs issued by the IASB. The preparation of these financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses. We evaluate our estimates and judgments on an ongoing basis, and our actual results may differ from these estimates. We base our estimates on historical experience, known trends and events, contractual milestones and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Our most critical accounting policies, judgments and estimates are summarized below. See Note 2.4 and Note 3 to the Accountants' Report in Appendix I to this prospectus for a description of our significant accounting policies, judgments, and estimates.

Research and Development Expenses

All research costs are charged to the statement of profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our intention to complete and our ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development costs to be capitalized requires the use of judgements and estimation. During the Track Record Period, all of our research and development expenses were expensed.

Recognition of Income Taxes and Deferred Tax Assets

Determining income tax provision involves judgment on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Our management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognized in respect of deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilized, our management's judgment is required to assess the probability of future taxable profits. Our management's assessment is revised as necessary and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. For further details, see Note 10 and Note 25 to the Accountants' Report in Appendix I to this prospectus.

Share-Based Payments

We have set up an equity share option scheme for our Company's directors and our Group's employees. Estimating the fair value of share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate

also requires determination of the most appropriate inputs to the valuation model including the volatility, risk-free interest rate and exercise multiple and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, we use a binomial model. The assumptions and models used for estimating the fair value of share-based payment transactions are disclose in Note 28 to the Accountants' Report in Appendix I to this prospectus.

Fair Value Measurement

We measure certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by us. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of Non-Financial Assets

We assess whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, our management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows.

DESCRIPTION OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth the components of our consolidated statements of profit or loss and other comprehensive income for the years/periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2020	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income and gains	3,070	8,910	5,464	38,346
Research and development expenses	(170,629)	(265,336)	(184,607)	(84,541)
Administrative expenses	(131,476)	(238,506)	(189,978)	(40,534)
Other expenses	(44)	(6,954)	(85)	(299)
Finance costs	(594)	(130)	(58)	(50)
Share of profits and losses of an associate	–	1,343	627	13,549
Loss before tax	**(299,673)**	**(500,673)**	**(368,637)**	**(73,529)**
Income tax expenses	–	–	–	–
Loss and total comprehensive loss for the year/period	**(299,673)**	**(500,673)**	**(368,637)**	**(73,529)**
Loss attributable to:				
Owners of the parent	(299,447)	(500,517)	(368,637)	(72,853)
Non-controlling interests	(226)	(156)	–	(676)

Other Income and Gains

Our other income and gains primarily consist of (i) gains on financial assets at fair value through profit or loss, representing the realized and unrealized gains from wealth management products we purchased; (ii) net foreign exchange gains in connection with bank balance and cash denominated in U.S. dollars; (iii) government grants, primarily including subsidies received from the local governments to support our R&D activities and business operations; and (iv) interest income from bank deposits. Our net foreign exchange differences for the six months ended June 30, 2022 increased significantly from the six months ended June 30, 2021, primarily due to the appreciation of USD against RMB in relation to our USD denominated proceeds from our Series C financing. Specifically, the exchange rate of USD against RMB as set by the PBOC increased from 6.3757 USD/RMB on December 31, 2021 to 6.7114 USD/RMB on June 30, 2022, with an increase of 5.27%. The following table sets forth a breakdown of our other income and gains for the years/periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2020	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income				
Bank interest income	128	1,766	321	1,451
Government grants	1,392	646	207	8,848
Others	–	11	–	–
	1,520	2,423	528	10,299
Gains				
Gains on financial assets at fair value through profit or loss	1,503	6,487	3,952	2,509
Foreign exchange differences, net	–	–	984	25,538
Others	47	–	–	–
Total	**3,070**	**8,910**	**5,464**	**38,346**

Research and Development Expenses

Our research and development expenses primarily consist of (i) share-based compensation expenses; (ii) staff costs, including salaries, bonus and welfare for research and development personnel; (iii) costs of raw materials and consumables used for research and development of our product candidates; and (iv) third-party contracting costs, primarily including payments to CROs, clinical trial sites, and other medical institutions and testing fees incurred for preclinical studies and clinical trials. In 2020, 2021 and the six months ended June 30, 2022, we recorded RMB149.8 million, RMB150.1 million and RMB31.6 million in research and development expenses for our Core Products, respectively. The following table sets forth a breakdown of our research and development expenses for the years/periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2020	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Share-based compensation expenses	128,788	184,304	156,053	27,925
Staff costs	12,286	33,825	13,209	26,178
Costs of raw materials and consumables used	3,837	17,156	5,231	11,572
Third-party contracting costs	18,420	20,865	6,828	12,879
Depreciation and amortization	1,689	1,867	760	1,645
Others	5,609	7,319	2,526	4,342
Total	**170,629**	**265,336**	**184,607**	**84,541**

Our share-based compensation expenses under research and development expenses fluctuated during the Track Record Period, primarily in relation to the adoption of share-based compensation plan. We recorded significant amounts of share-based compensation expenses in 2020 and 2021, primarily due to granting share options under our share-based compensation plan during the same years. For details, see Note 28 to the Accountants' Report in Appendix I to this prospectus. We believe the adoption of share-based compensation plan is of significant importance to our ability to attract and retain key research and development personnel, and expect to continue to incur share-based compensation expenses going forward.

Administrative Expenses

Our administrative expenses primarily consist of (i) share-based compensation expenses; (ii) staff costs, including salaries, bonus and welfare for administrative personnel; (iii) professional service fees incurred primarily in relation to recruitment, legal and accounting services; and (iv) depreciation and amortization. The following table sets forth a breakdown of our administrative expenses for the years/periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2020	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Share-based compensation expenses	123,358	182,208	165,143	16,922
Staff costs	3,521	14,391	7,063	7,953
Professional service fees	1,065	31,882	13,260	10,379
Depreciation and amortization	1,653	3,379	1,344	2,428
Traveling and transportation expenses	226	1,216	601	446
Utilities and office expenses	157	269	82	582
Others	1,496	5,161	2,485	1,824
Total	**131,476**	**238,506**	**189,978**	**40,534**

Our share-based compensation expenses under administrative expenses fluctuated during the Track Record Period, primarily in relation to the adoption of share-based compensation plan. We recorded significant amounts of share-based compensation expenses in 2020 and 2021, primarily due to granting share options under our share-based compensation plan during the same years. For details, see Note 28 to the Accountants' Report in Appendix I to this prospectus. We believe the adoption of share-based compensation plan is of significant importance to our ability to attract and retain key administrative personnel, and expect to continue to incur share-based compensation expenses going forward.

Finance Costs

Our finance costs mainly consist of (i) interest on other borrowings mainly related to the loans from related parties, and the principal of such borrowings was fully repaid in November 2020 and (ii) interest on lease liabilities. The following table sets forth a breakdown of our finance costs for the years/periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2020	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on other borrowings	518	–	–	–
Interest on lease liabilities	76	130	58	50
Total	594	130	58	50

Share of Profits and Losses of an Associate

An associate is an entity in which we have a long-term equity interest which is generally not less than 20% and over which we are in a position to exercise significant influence. We recorded share of profits of an associate of RMB1.3 million and RMB13.5 million for 2021 and the six months ended June 30, 2022, respectively, primarily due to the gains of our minority equity investment in our associate, Starway. For details, see "History, Development and Corporate Structure — Acquisitions During the Track Record Period" and Note 16 to the Accountants' Report in Appendix I to this prospectus.

Income Tax Expenses

We did not incur any income tax expenses during the Track Record Period. No provision for PRC income tax has been provided for at a rate of 25% pursuant to the EIT Law of the PRC and the relevant regulations, as we had no estimated assessable profits.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

Other Income and Gains

Our other income and gains increased from RMB5.5 million for the six months ended June 30, 2021 to RMB38.3 million for the six months ended June 30, 2022, primarily due to (i) an increase in net foreign exchange differences in relation to our USD denominated proceeds from our Series C financing as a result of the appreciation of USD against RMB; and (ii) an increase in government grants in relation to the subsidies that we received from the local governments as incentives.

Research and Development Expenses

Our research and development expenses decreased significantly from RMB184.6 million for the six months ended June 30, 2021 to RMB84.5 million for the six months ended June 30, 2022, mainly due to a significant decrease in share-based compensation expenses incurred for research and development personnel, offsetting increases in staff costs, costs of raw materials and consumables used and third-party contracting costs in the course of our continuous research and development efforts.

Administrative Expenses

Our administrative expenses decreased significantly from RMB190.0 million for the six months ended June 30, 2021 to RMB40.5 million for the six months ended June 30, 2022, mainly due to a significant decrease in share-based compensation expenses incurred for administrative personnel.

Finance Costs

Our finance costs remained relatively stable at RMB58,000 and RMB50,000 for the six months ended June 30, 2021 and 2022, respectively.

Share of Profits and Losses of an Associate

Our share of profits of an associate increased from RMB0.6 million for the six months ended June 30, 2021 to RMB13.5 million for the six months ended June 30, 2022, primarily due to an increase in the profit of our associate, Starway.

Total Comprehensive Loss for the Period

As a result of the above, our net loss for the period decreased from RMB368.6 million for the six months ended June 30, 2021 to RMB73.5 million for the six months ended June 30, 2022.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Other Income and Gains

Our other income and gains increased from RMB3.1 million in 2020 to RMB8.9 million in 2021, primarily due to (i) an increase in gains on financial assets at fair value through profit or loss in relation to the wealth management products we purchased and (ii) an increase in bank interest income.

Research and Development Expenses

Our research and development expenses increased significantly from RMB170.6 million in 2020 to RMB265.3 million in 2021, mainly due to (i) an increase in share-based compensation expenses as we continued granting share options under our share-based compensation plan for our key research and development personnel in 2021 in recognition of their contributions to our product and technology development; (ii) an increase in staff costs as a result of increases in salaries and the number of research and development personnel; and (iii) an increase in costs of raw materials and consumables used due to the clinical progress of our Core Products. In particular, in 2021, we were in the process of conducting the confirmatory clinical trial of LuX-Valve and the feasibility clinical trial and confirmatory clinical trial of Ken-Valve and incurred more costs of raw materials and consumables used in this regard. These increases were all in line with our continuous research and development efforts to support our steadily advancing and expanding pipeline of product candidates.

Administrative Expenses

Our administrative expenses increased significantly from RMB131.5 million in 2020 to RMB238.5 million in 2021, mainly due to (i) a significant increase in share-based compensation expenses incurred for administrative personnel; (ii) an increase in staff costs as a result of increase in salaries and the number of administrative personnel to support our business growth; and (iii) an increase in professional service fees in relation to accounting, recruitment and legal services.

Finance Costs

Our finance costs decreased from RMB0.6 million in 2020 to RMB0.1 million in 2021, mainly due to a decrease in interest on other borrowings.

Total Comprehensive Loss for the Year

As a result of the above, our net loss for the year increased from RMB299.7 million in 2020 to RMB500.7 million in 2021.

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:

	As of December 31,		As of June 30,
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	17,657	512,554	549,403
Total current assets	355,186	828,805	759,749
Total assets	372,843	1,341,359	1,309,152
Total current liabilities	18,356	49,700	46,097
Total non-current liabilities	1,704	1,068	616
Net current assets	336,830	779,105	713,652
Total liabilities	20,060	50,768	46,713
Net assets	352,783	1,290,591	1,262,439
Share capital	19,617	409,091	409,091
Reserves	333,166	888,001	860,419
Shares held for share compensation plan	–	(6,345)	(6,239)
Equity attributable to owners of the parent	352,783	1,290,747	1,263,271
Non-controlling interests	–	(156)	(832)
Total equity	352,783	1,290,591	1,262,439

Under the equity movement basis, our net assets increased from RMB352.8 million as of December 31, 2020 to RMB1,290.6 million as of December 31, 2021, primarily driven by (i) capital contribution from shareholders of RMB1,078.3 million due to completion of Series C financing in May 2021; (ii) loss and total comprehensive loss for the year of RMB500.7 million; and (iii) share-based compensation of RMB366.5 million. Our net assets decreased from RMB1,290.6 million as of December 31, 2021 to RMB1,262.4 million as of June 30, 2022, primarily driven by (i) loss and total comprehensive loss for the period of RMB73.5 million; and (ii) share-based compensation of RMB44.8 million.

Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment mainly included plant and machinery, leasehold improvements, construction in progress, office equipment and motor vehicles. The following tables set forth a breakdown of the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,		As of June 30,
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Plant and machinery	5,018	8,703	18,195
Leasehold improvements	1,020	4,882	5,686
Construction in progress	1,247	1,012	617
Office equipment	504	2,726	2,828
Motor vehicles	53	376	309
	7,842	**17,699**	**27,635**

Our property, plant and equipment increased from RMB7.8 million as of December 31, 2020 to RMB17.7 million as of December 31, 2021, mainly due to an increase in plant and machinery for our research and development activities as well as office equipment, which were all in line with the continuing expansion of our business and the development of our product candidates. Our property, plant and equipment further increased from RMB17.7 million as of December 31, 2021 to RMB27.6 million as of June 30, 2022, primarily due to an increase in plant and machinery for our research and development activities.

Right-of-Use Assets

As of December 31, 2020 and 2021, our right-of-use assets amounted to RMB2.6 million and RMB2.8 million, respectively, which consisted of buildings used in our operations. Our right-of-use assets increased to RMB27.3 million as of June 30, 2022, primarily due to our acquisition of land use right for one piece of land in China.

Investment in an Associate

Investment in an associate is stated in the consolidated statement of financial position at our share of net assets under the equity method of accounting, less any impairment losses. In May 2021, pursuant to an equity transfer agreement entered into by and between Starway, AUT-VII HK Holdings Limited and our Company, we acquired from AUT-VII HK Holdings Limited approximately 24.98% equity interests in Starway. As a result of the acquisition, Starway became our associate. Starway is a limited company established in the PRC in 2002 and is principally engaged in the research and development, manufacturing and sales of interventional medical devices for congenital heart diseases including patent foramen ovale (PFO) occluder, ventricular septal defect (VSD) occluder, patent ductus arteriosus (PDA) occluder and atrial septal defect (ASD) occluder. According to the audited accounts of Starway for 2021

and the management accounts of Starway for the six months ended June 30, 2022, as of December 31, 2021 and June 30, 2022, the total assets of Starway were approximately RMB282.7 million and RMB378.1 million, respectively. Starway generated revenue of approximately RMB229.2 million and RMB157.1 million for 2021 and the six months ended June 30, 2022, respectively. Further, the net profit generated by Starway was approximately RMB75.8 million and RMB74.2 million for 2021 and the six months ended June 30, 2022, respectively. For details of Starway's summarized financial information after adjustments made for fair value and amortization of intangible assets identified at the time of acquisition and reconciled to the carrying amount, as stated in our consolidated statements of financial position and consolidated statements of profit or loss and other comprehensive income, see Note 16 to the Accountants' Report in Appendix I to this prospectus.

Our Directors confirm that the consideration for the acquisition was determined after arms' length negotiations between the parties, and during such negotiations, we primarily considered the business profile and product portfolio of Starway and the appraised value of Starway of approximately RMB2,002 million as of March 31, 2021 pursuant to a valuation report issued by a third-party valuer. We believe that our acquisition of the equity interest in Starway puts us in a strong position and is beneficial for our efforts to become a global leading medical device platform with a comprehensive offering of interventional cardiovascular devices. Starway has sophisticated in-house business development and marketing functions and a well-established sales network. As we plan to establish our distribution network by cooperating with reputable distributors with proven sales records in high-growth regions in China, we expect that the well-established distribution network of Starway would have strong synergy with, and could supplement, the sales channels we will build ourselves in the future.

We recorded investment in an associate of RMB467.6 million and RMB481.1 million as of December 31, 2021 and June 30, 2022, respectively, primarily due to the initial investment costs in Starway adjusted by post-acquisition profit or loss.

Inventories

During the Track Record Period, our inventories consisted of raw materials used in research and development of our product candidates. We regularly monitor our inventories and endeavor to keep an optimal inventory level in line with the expected usages in the near term. For details, see "Business — Inventory Management" in this prospectus. As of December 31, 2020 and 2021 and June 30, 2022, we recorded inventories of raw materials of RMB1.5 million, RMB4.7 million and RMB8.1 million, respectively. Our inventories increased during the Track Record Period, primarily due to the increased procurement of raw materials and consumables to support our research and development activities. As of August 31, 2022, RMB1.4 million, representing 17.7% of our inventories as of June 30, 2022, had been utilized.

Prepayments, Other Receivables and Other Assets

During the Track Record Period, our prepayments, other receivables and other assets mainly included (i) prepayment to suppliers, representing the prepaid fees for raw materials, consumables and research and development services; (ii) deferred listing expenses in relation to the Global Offering; and (iii) deposits primarily paid for office leases. The following tables set forth a breakdown of prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		As of June 30,
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments to suppliers	3,706	12,348	15,035
Deferred listing expenses	284	8,680	2,431
Deposits	297	1,737	1,558
Amounts due from related parties	66	528	1,026
Others	246	250	317
Total	**4,599**	**23,543**	**20,367**

Our prepayments, other receivables and other assets increased from RMB4.6 million as of December 31, 2020 to RMB23.5 million as of December 31, 2021, mainly due to (i) an increase in deferred listing expenses in relation to the Global Offering and (ii) an increase in prepayments to suppliers which resulted from our increased procurement of raw materials, consumables and third-party contracting services to support our research and development activities. Our prepayments, other receivables and other assets decreased from RMB23.5 million as of December 31, 2021 to RMB20.4 million as of June 30, 2022, mainly due to a decrease in deferred listing expenses in relation to the Global Offering, partially offset by an increase in prepayments to suppliers which resulted from further increased procurement of raw materials, consumables and third-party contracting services to support our research and development activities. As of August 31, 2022, RMB3.4 million, representing 16.8% of our prepayments, other receivables and other assets as of June 30, 2022, had been settled.

Financial Assets at Fair Value Through Profit or Loss

During the Track Record Period, our financial assets at fair value through profit or loss represented wealth management products we purchased. Such wealth management products comprised short-term and low-risk financial products issued by commercial banks in China. The expected rate of return ranged from 1.76% to 4.1% per annum. As of June 30, 2022, all wealth management products were redeemed. Our investment in financial assets at fair value through profit or loss will be subject to the compliance of Chapter 14 of the Listing Rules.

With our surplus cash on hand, we make investments in wealth management products. We have implemented a series of internal control policies and rules regarding investment in wealth management products to ensure that the purpose of investment is to preserve capital and liquidity until free cash is used in our primary business and operation. From the perspective of cash management and risk control, we

diversify our investment portfolios and have a designated finance team with relevant background in making such investments in accordance with our investment policy. Prior to making an investment, we ensure that there remains sufficient working capital for our business needs, operating activities, research and development and capital expenditures even after purchasing such wealth management products. We adopt a prudent approach in selecting financial products. Our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, such as duration of the investment and the expected returns. To control our risk exposure, we have in the past sought, and may continue in the future to seek other low-risk financial products with terms no longer than six months. Additionally, we mainly invest in financial products offered by reputable commercial banks in China. After making an investment, we closely monitor its performance and fair value on a regular basis. We believe such investments are in our best interest since our primary objective of short-term investments in wealth management products is to generate finance income at a yield higher than current deposit bank interest rates, with an emphasis on capital preservation. In addition, we believe that our internal policies regarding investment in wealth management products and the related risk management mechanism are adequate.

Our investments in wealth management products during the Track Record Period were categorized as level 3 financial assets. The fair value of wealth management products was estimated using a discounted cash flow valuation model based on expected future cash flows calculated based on expected future interest return on maturity of the wealth management products. In relation to the valuation of wealth management products classified as level 3 financial assets measured at fair value through profit or loss, our Directors have considered, among others, the following factors: (1) the terms of the wealth management products subscription agreements, (2) the available market information of similar wealth management products, and (3) the risk-adjusted discount rates of the wealth management products. The Directors believe that the estimated fair values resulting from the valuation technique are reasonable, and that they are the most appropriate values at the end of each year of the Track Record Period. The details of the fair value measurement of the financial assets measured at fair value through profit or loss, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs and the relationship of the unobservable inputs to the fair values, are disclosed in Note 33 to the Accountants' Report in Appendix I to this prospectus.

Details of the fair value measurement of Level 3 financial instruments, particularly the fair value hierarchy, the valuation techniques and key inputs, including the significant unobservable inputs, the sensitivity analysis and the reconciliation of the Level 3 fair value measurements are disclosed in Note 33 to the Historical Financial Information of the Group for the Track Record Period as set out in the Accountants' Report issued by the reporting accountants in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. The Reporting Accountants' opinion on the Historical Financial Information, as a whole, of the Group for the Track Record Period is set out on page 2 of Appendix I to this Prospectus.

The Joint Sponsors have conducted relevant due diligence work, including (i) obtaining and reviewing the terms of the relevant agreements and documents regarding the financial assets; (ii) reviewing relevant notes in the Accountants' Report as contained in Appendix I to this prospectus; and (iii) understanding from the Company and the Reporting Accountants the work done and the key basis and assumptions for the valuation of the financial instruments. Having considered the work done by the management and the Reporting Accountants (and its internal valuation team), and the relevant due diligence done as stated above, nothing material has come to the Joint Sponsors' attention that indicates

that the Company management have not undertaken independent and sufficient investigation and due diligence on such level 3 financial assets.

Cash and Bank Balances

As of December 31, 2020, our cash and bank balances were denominated in Renminbi. As of December 31, 2021 and June 30, 2022, the majority of our cash and bank balances were denominated in U.S. dollars. The following table sets forth the breakdown of our cash and bank balances as of the dates indicated:

	As of December 31,		As of June 30,
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	349,067	800,590	395,673
Time deposits with maturity of over 3 months	–	–	335,570
Cash and bank balances	**349,067**	**800,590**	**731,243**

Our cash and bank balances increased from RMB349.1 million as of December 31, 2020 to RMB800.6 million as of December 31, 2021 primarily due to the Series C financing in May 2021. Our cash and bank balances decreased from RMB800.6 million as of December 31, 2021 to RMB731.2 million as of June 30, 2022, mainly as a result of cash outflows in relation to our expanded research and development activities and daily operations.

Trade Payables

During the Track Record Period, our trade payables primarily consisted of (i) trade payables due to third parties in relation to our purchase of raw materials and third-party contracting services and (ii) trade payables due to related parties in relation to rental payments and property management fees. Our trade payables are non-interest-bearing with credit terms around 60 days. The following table sets forth an aging analysis of our trade payables as of the dates indicated based on the invoice date:

	As of December 31,		As of June 30,
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	3,631	8,004	8,156
Over 1 year	159	441	95
Total	**3,790**	**8,445**	**8,251**

Our trade payables increased from RMB3.8 million as of December 31, 2020 and to RMB8.4 million as of December 31, 2021, primarily due to the increase in purchases of raw materials and services in relation to our research and development activities. Our trade payables remained relatively stable at RMB8.4 million and RMB8.3 million as of December 31, 2021 and June 30, 2022, respectively. As of August 31, 2022, RMB3.7 million, representing 44.6% of our trade payables as of June 30, 2022, had been settled.

Other Payables and Accruals

During the Track Record Period, our other payables and accruals primarily consisted of (i) payable in relation to government grants in connection with certain financial assistance related to research and development projects, which have not yet met conditions attached to the grants; (ii) payroll and welfare payables representing salaries, welfares and bonuses to be paid to our employees; and (iii) other payables primarily in relation to listing expenses and consolidation of ESOP Platforms. For details, see Note 28 to the Accountants' Report in Appendix I to this prospectus. The table below sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		As of June 30,
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Payable in relation to government grants	6,676	11,476	10,750
Payroll and welfare payables	5,666	11,579	11,939
Amount due to related parties	277	210	717
Other payables	122	16,648	13,451
Total	**12,741**	**39,913**	**36,857**

Our other payables and accruals increased from RMB12.7 million as of December 31, 2020 to RMB39.9 million as of December 31, 2021, primarily due to (i) an increase in other payables in relation to the listing expenses; (ii) an increase in payroll and welfare payables due to bonuses to be paid to our employees; and (iii) our reception of project-based government grants. Our other payables and accruals decreased from RMB39.9 million as of December 31, 2021 to RMB36.9 million as of June 30, 2022, primarily due to a decrease in other payables as a result of our settlement of some accrued amounts. As of August 31, 2022, RMB8.0 million, representing 21.7% of our other payables and accruals as of June 30, 2022, had been settled.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets/Liabilities

	As of December 31,		As of June 30,	As of July 31,
	2020	2021	2022	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current assets				
– Inventories	1,520	4,672	8,139	8,785
– Prepayments, other receivables and other assets	4,599	23,543	20,367	22,079
– Financial assets at fair value through profit or loss	–	–	–	–
– Cash and bank balances	349,067	800,590	731,243	717,897
Total current assets	**355,186**	**828,805**	**759,749**	**748,761**
Current liabilities				
– Trade payables	3,790	8,445	8,251	7,439
– Other payables and accruals	12,741	39,913	36,857	37,948
– Other borrowings	611	–	–	–
– Lease liabilities	1,214	1,342	989	993
Total current liabilities	**18,356**	**49,700**	**46,097**	**46,380**
Net current assets	**336,830**	**779,105**	**713,652**	**702,381**

Our total current assets increased from RMB355.2 million as of December 31, 2020 to RMB828.8 million as of December 31, 2021, primarily due to (i) an increase in cash and bank balances as a result of the Series C financing in May 2021 and (ii) an increase in prepayments, other receivables and other assets due to the increases in prepaid listing expenses in relation to Global Offering and prepayments to suppliers primarily for leasehold improvement and third-parties contracting service. Our total current assets decreased from RMB828.8 million as of December 31, 2021 to RMB759.7 million as of June 30, 2022, primarily due to a decrease in cash and bank balances mainly as a result of cash outflows in relation to our expanded research and development activities and daily operations.

Working Capital

Our primary uses of cash relate to the research and development of our product candidates and capital expenditures. During the Track Record Period, we primarily funded our working capital requirements through capital contributions from our shareholders, private equity financing and other borrowings. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. Our net cash used in operating activities was RMB46.9 million, RMB141.9 million and RMB58.0 million in 2020, 2021 and the six months ended June 30, 2022, respectively. As our business develops and expands, we expect to generate net cash from our operating activities, through the sales revenue of our future commercialized products. As of June 30, 2022, we had cash and cash equivalents of RMB395.7 million.

The Directors are of the opinion that, taking into account the financial resources available to our Group, including cash and bank balances, internally generated funds and the estimated net proceeds from the Global Offering, we will have sufficient working capital to cover at least 125% of our costs and expenses, including research and development expenses, administrative expenses, and other operating costs, for at least the next 12 months from the date of this prospectus.

Our cash burn rate refers to our average monthly (i) net cash used in operating activities;(ii) capital expenditures; and (iii) lease payments. By taking into account our cash and bank balances as of June 30, 2022, and assuming that our average cash burn rate going forward would be approximately 2.1 times the level in 2021, even without taking into account the estimated net proceeds from the Global Offering, we will be able to maintain our financial viability for approximately 26.2 months or, if we also take into account the estimated net proceeds (assuming an Offer Price per Offer Share of HK$27.75, being the mid-point of the indicative price range of HK$26.70 to HK$28.80) from the Global Offering, for approximately 30.8 months. We will continue to monitor our working capital closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months. Our Directors and our management team will continue to monitor our working capital, cash flows, and our business development status. In the event our business operations experience any material and adverse impact, we will proactively manage our cash flows and control our costs and expenses, for example, by reducing our marketing efforts; on the other hand, in the event we identify any additional promising research and development projects, or identify any suitable target for investment or acquisition, we may adjust our financing plans, to take advantage of such opportunities. We may also diversify our source of funding to further support the development of our product candidates going forward.

Cash Flows

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

	Year Ended December 31,		Six Months Ended June 30,	
	2020	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cash outflow from operating activities before movements in working capital	(45,098)	(129,820)	(50,818)	(65,855)
Changes in working capital	(1,755)	(12,074)	(1,145)	7,837
Net cash flows used in operating activities	(46,853)	(141,894)	(51,963)	(58,018)
Net cash flows from/(used in) investing activities	6,619	(475,073)	(470,882)	(372,006)
Net cash flows from/(used in) financing activities	383,514	1,075,326	1,061,569	(431)
Net increase/(decrease) in cash and cash equivalents	343,280	458,359	538,724	(430,455)
Cash and cash equivalents at beginning of year/period	5,787	349,067	349,067	800,590
Effect of foreign exchange rate changes, net	–	(6,836)	984	25,538
Cash and cash equivalents at end of year/period	349,067	800,590	888,775	395,673

Net Cash Flows Used in Operating Activities

For the six months ended June 30, 2022, our net cash used in operating activities was RMB58.0 million, which was primarily attributable to our net loss before tax of RMB73.5 million, adjusted for non-cash and non-operating items. Negative adjustments for non-cash and non-operating items primarily included share-based compensation expenses of RMB44.8 million, partially offset by net foreign exchange gains of RMB25.5 million and share of profits and losses of an associate of RMB13.5 million. The amount was then further adjusted positively by changes in working capital, primarily including (i) an increase in inventories of RMB3.5 million and (ii) a decrease in other payables and accruals of RMB3.1 million, partially offset by a decrease in prepayments, other receivables and other assets of RMB14.4 million.

In 2021, our net cash used in operating activities was RMB141.9 million, which was primarily attributable to our net loss before tax of RMB500.7 million, adjusted for non-cash and non-operating items. Negative adjustments for non-cash and non-operating items primarily included share-based compensation expenses of RMB366.5 million and net foreign exchange gains of RMB6.8 million, partially offset by gains on financial assets at fair value through profit or loss of RMB6.5 million. The amount was then further adjusted positively by changes in working capital, primarily including (i) an increase in prepayments, other receivables and other assets of RMB34.4 million and (ii) an increase in shares held for share compensation plan of RMB6.3 million, partially offset by an increase in other payables and accruals of RMB27.2 million.

In 2020, our net cash used in operating activities was RMB46.9 million, which was primarily attributable to our net loss before tax of RMB299.7 million, adjusted for non-cash and non-operating items. Negative adjustments for non-cash and non-operating items primarily included share-based compensation expenses of RMB252.1 million and depreciation of property, plant and equipment of RMB2.4 million, partially offset by gains on financial assets at fair value through profit or loss of RMB1.5 million. The amount was then further adjusted positively by changes in working capital, primarily including an increase in prepayments, other receivables and other assets of RMB4.3 million, partially offset by an increase in other payables and accruals of RMB2.1 million.

In view of our net operating cash outflows throughout the Track Record Period, we plan to improve such position by (i) rapidly advancing our pipeline products towards commercialization to generate revenue from product sales. In particular, we plan to rapidly advance our development of LuX-Valve and plan to apply for the registration certificate with the NMPA in the fourth quarter of 2022 and to commence commercialization in the second half of 2023 with an aim to generate cash from the sales of such product in 2023 at the earliest. We also plan to kickstart the commercialization of LuX-Valve by educating target hospitals and physicians to prepare for the formal commercial launch in 2023 and enhancing our sales efforts to cover more hospitals in China. As we optimize our product portfolio, prepare the commercialization for our near future product candidates, and continue to grow our business, we expect to generate a steady inflow of cash from operations in the foreseeable future, which will be applied to our working capital; (ii) adopting comprehensive measures to effectively control our cost and operating expenses, primarily including research and development expenses and administrative expenses. For example, by leveraging economies of scale, we plan to negotiate volume discounts with our suppliers, renegotiate better lease terms with landlords and may consolidate our leased prosperities when necessary. In particular, for third-party contractors, for example, CROs, we would enjoy stronger bargaining power as we have an increasing number of projects with them; (iii) enhancing working capital management efficiency. For example, we plan to utilize the favorable credit term when settling trade payables and plan to adopt technological solutions to optimize our operational process and enhance our efficiency; (iv) successfully completing the Global Offering to obtain the proceeds; and (v) seeking additional funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources, if needed. Going forward, we believe our liquidity requirements for conducting our research and development activities and realizing the commercialization of our product candidates, as well as supporting our future expansion plans will be satisfied by using funds from a combination of our cash and bank balances, net proceeds from the Global Offering and other funding sources as we believe appropriate.

Net Cash Flows From/Used in Investing Activities

For the six months ended June 30, 2022, our net cash flows used in investing activities was RMB372.0 million, primarily due to (i) purchase of time deposits with maturity over three months of RMB335.6 million, and (ii) acquisition of land use right of RMB25.8 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB2.5 million.

In 2021, our net cash flows used in investing activities was RMB475.1 million, primarily due to (i) acquisition of an investment in an associate of RMB466.2 million and (ii) purchases of property, plant and equipment of RMB13.3 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB6.5 million.

In 2020, our net cash flows generated from investing activities was RMB6.6 million, primarily as a result of proceeds from disposal of financial assets at fair value through profit or loss of RMB9.2 million, partially offset by purchases of items of property, plant and equipment of RMB2.1 million.

Net Cash Flows From/Used in Financing Activities

For the six months ended June 30, 2022, our net cash used in financing activities was RMB0.4 million, as a result of principal portion of lease liabilities of RMB0.9 million, partially offset by contribution by shareholders of RMB0.4 million.

In 2021, our net cash generated from financing activities was RMB1,075.3 million, primarily as a result of proceeds from issue of shares of RMB1,078.1 million, partially offset by principal portion of lease liabilities of RMB2.4 million.

In 2020, our net cash generated from financing activities was RMB383.5 million, primarily as a result of proceeds from issue of shares of RMB400.0 million and new other borrowings of RMB56.2 million, and partially offset by repayment of other borrowings of RMB58.7 million and payments of financing expenses of RMB13.3 million.

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the years/periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
R&D costs				
R&D costs for our Core Products				
– Third-party contracting costs	12,524	10,588	3,724	4,205
– Staff costs	5,439	11,982	3,731	7,626
– Raw material costs	3,836	6,452	2,055	3,599
– Others	3,488	7,446	3,468	1,306
R&D costs for our other products candidates				
– Third-party contracting costs	2,731	9,615	2,971	11,977
– Staff costs	2,312	15,880	4,929	17,135
– Raw material costs	666	18,747	6,127	8,873
– Others	708	4,727	2,941	3,937
Workforce employment costs[(1)]	11,363	35,321	11,665	24,762
Product marketing costs[(2)]	–	–	–	–
Direct production costs	4,502	25,199	8,182	12,473
Non-income taxes, royalties and other governmental charges	–	–	–	–
Contingency allowance	–	–	–	–

Notes:

(1) Workforce employment costs represent total staff costs mainly including salaries and bonus.

(2) We had not commenced product sales as of the Latest Practicable Date.

INDEBTEDNESS

As of December 31, 2020 and 2021, June 30, 2022, and July 31, 2022, except as disclosed in the table below, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, any guarantees or other material contingent liabilities. As of July 31, 2022, we did not have any unutilized bank facilities. Since July 31, 2022, the latest practicable date for the purpose of this indebtedness statement, and up to the date of this prospectus, there had been no material adverse change to our indebtedness. The following table sets forth the components of our indebtedness as of the dates indicated.

	As of December 31,		As of June 30,	As of July 31,
	2020	2021	2022	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Lease liabilities				
– Current	1,214	1,342	989	993
– Non-current	1,704	1,068	616	524
Other borrowings from related parties	611	–	–	–
Total	**3,529**	**2,410**	**1,605**	**1,517**

Lease Liabilities

As of December 31, 2020 and 2021, June 30, 2022, and July 31, 2022, we recorded lease liabilities of RMB2.9 million, RMB2.4 million, RMB1.6 million and RMB1.5 million, respectively, which was primarily in relation to the properties we leased for our office premises, manufacturing, research and development. We recognize lease liabilities with respect to all leases, except for short-term leases and leases of low value assets.

Other Borrowings from Related Parties

Our other borrowings from related parties during the Track Record Period were primarily used to supplement our working capital. During the Track Record Period, our other borrowings from related parties bore interest at a rate equivalent to 4.35%–4.75% per year and the principal of the borrowings was fully repaid in November 2020. Furthermore, the interests in relation to the borrowings from related parties were fully settled in September 2021. As of July 31, 2022, the outstanding balance was nil. Our Directors confirmed that we had not defaulted in the repayment of the other borrowings during the Track Record Period. Our Directors confirmed that, as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

We regularly incur capital expenditures to expand our operations, upgrade our facilities, enhance our development capabilities and increase our operating efficiency. Our capital expenditures primarily consisted of expenditures on machinery and office equipment, as well as leasehold improvements during the Track Record Period. Historically, we have funded our capital expenditures mainly through capital contributions by our shareholders and equity financing. The following table sets forth our capital expenditures for the years/periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2020	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Purchases of property, plant and equipment	2,092	13,278	7,711	12,699
Purchases of intangible assets	480	2,077	905	496
Acquisition of land use right	–	–	–	25,750
Total	2,572	15,355	8,616	38,945

CONTRACTUAL OBLIGATIONS

Capital Commitments

As of December 31, 2020 and 2021 and June 30, 2022, we did not have any capital commitments.

CONTINGENT LIABILITIES

As of December 31, 2020 and 2021 and June 30, 2022, we did not have any contingent liabilities. 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 RATIO

The table below sets forth our key financial ratio as of the dates indicated:

	As of December 31,		As of June 30,
	2020	2021	2022
Current ratio[(1)]	19.3	16.7	16.5

Note:

(1) Current ratio represents current assets divided by current liabilities as of the same date.

Our current ratio decreased from 19.3 as of December 31, 2020 to 16.7 as of December 31, 2021, mainly attributable to an increase in other payables and accruals, while our current assets increased at a relatively slower rate. Our current ratio remained relatively stable at 16.7 and 16.5 as of December 31, 2021 and June 30, 2022, respectively, mainly attributable to a decrease in our current liabilities, while our current assets decreased concurrently.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had the following transactions with the following related parties that had material transaction amounts or balances with us. We are able to obtain alternative financings if and when needed. As such, there is no financial reliance on our related parties.

Transaction With Related Parties

	Year ended December 31,		Six months ended June 30,	
	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Rental expenses	2,029	2,200	909	1,561
Purchase of materials	116	1,655	456	1,687
Purchase of services	101	617	113	544
Advance of payroll from a related party	–	272	272	–
Repayments to related parties	2,500	–	–	–

Outstanding Balances with Related Parties

	As of December 31,		As of June 30,
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Other payables and accruals (trade in nature)	277	210	717
Other borrowings from related parties (non-trade in nature)	611	–	–
Prepayments, other receivables and other assets			
– Trade in nature	52	528	1,026
– Non-trade in nature	14	–	–
Trade payables (trade in nature)	1	–	–
Total	**955**	**738**	**1,743**

Our Directors are of the view that the related party transactions discussed above and set out in Note 31 of the Accountants' Report in Appendix I to this prospectus were conducted in the ordinary and usual course of business and on normal commercial terms between the relevant parties. Our Directors further confirmed 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 or make our historical results over the Track Record Period not reflective of our expectations for our future performance. As of June 30, 2022, we had settled the non-trade in nature outstanding balances with related parties.

MARKET RISK DISCLOSURE

The main risks arising from our financial instruments are credit risk and liquidity risk. Our Directors review and agree policies for managing each of these risks, as set out below. For more details, see Note 34 to the Accountants' Report in Appendix I to this prospectus. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks.

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. Since we trade only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within our Group as the customer bases of our other receivables are widely dispersed in different sectors and industries. For more details, see Note 34 to the Accountants' Report in Appendix I to this prospectus.

Liquidity Risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance the operations and mitigate the effects of fluctuations in cash flows. For more details, see Note 34 to the Accountants' Report in Appendix I to this prospectus.

DIVIDENDS

No dividend (nil) has been paid or declared by our Company during the Track Record Period. After completion of the Global Offering, our shareholders will be entitled to receive dividends declared by us. Any future declarations and payments of dividends may or may not reflect the historical declarations and payments of dividends. The determination of whether to pay a dividend and in which amount is based on our results of operations, cash flow, financial condition, capital requirements and other factors the Board may deem relevant. Any dividend distribution will also be subject to the approval of the Shareholders in the Shareholder's meeting.

As advised by our PRC Legal Adviser, under the PRC law and the constitutional documents of our Company and our PRC operating subsidiaries, dividends may be paid only out of distributable profits, which refer to after-tax profits less any recovery of accumulated losses and required allocations to statutory and other reserves. As further advised by our PRC Legal Adviser, taking into account of the aforesaid, we may not have sufficient or any distributable profits to make dividend distributions to Shareholders in a given year, even if we become profitable, as we will only be able to declare or pay dividends out of our distributable profits until (i) the accumulated losses are covered by our after-tax profits and (ii) sufficient statutory and other reserves are drawn in accordance with the relevant laws, regulations and the constitutional documents of our Company and our PRC operating subsidiaries.

DISTRIBUTABLE RESERVES

As of June 30, 2022, we did not have any distributable reserves.

LISTING EXPENSE

Listing expenses to be borne by us are estimated to be approximately RMB61.2 million (HK$69.7 million) (assuming an Offer Price of HK$27.75 per Offer Share, being the mid-point of the indicative price range of HK$26.70 to HK$28.80, and that the Over-allotment Option is not exercised), including (i) underwriting-related expenses, including underwriting commission and other expenses of approximately RMB9.8 million (HK$11.2 million) and (ii) non-underwriting-related expenses of approximately RMB51.4 million (HK$58.5 million), comprising (a) fees and expenses of legal advisers and Reporting Accountants of approximately RMB28.3 million (HK$32.2 million) and (b) other fees and expenses of approximately RMB23.1 million (HK$26.3 million). As of June 30, 2022, we incurred a total of RMB34.9 million (HK$39.9 million) in listing expenses, among which RMB32.5 million were recognized in our consolidated statement of profit or loss and other comprehensive income, and RMB2.4 million were deducted from equity.

We estimate that additional listing expenses of approximately RMB26.3 million (HK$29.8 million) (including underwriting commissions of approximately RMB6.9 million (HK$7.8 million), assuming the Over-allotment Option is not exercised and an Offer Price of HK$27.75 per Offer Share, being the mid-point of the indicative price range of HK$26.70 to HK$28.80, will be incurred by our

Company, approximately RMB15.6 million (HK$17.7 million) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB10.7 million (HK$12.1 million) of which will be deducted from equity upon Listing. Our listing expenses as a percentage of gross proceeds is 31.10%, assuming an Offer Price of HK$27.75 per Offer Share, being the mid-point of the indicative price range of HK$26.70 to HK$28.80, and that the Over-allotment Option is not exercised. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets of our Group prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to owners of the parent as if the Global Offering had taken place on June 30, 2022.

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group to owners of the parent had the Global Offering been completed as of June 30, 2022 or as of any future dates.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company	**Estimated net Proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets as of June 30, 2022**	**Unaudited pro forma adjusted consolidated net tangible assets per Share as of June 30, 2022**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an Offer Price of HK$26.70 per Share	1,260,527	172,761	1,433,288	3.44	3.91
Based on an Offer Price of HK$28.80 per Share	1,260,527	186,910	1,447,437	3.47	3.95

Notes:

(1) The consolidated net tangible assets of our Group attributable to equity holders of the Company as of June 30, 2022 was equal to the audited net assets attributable to owners of the Company as of June 30, 2022 of RMB1,263,271,000 after deducting of other intangible assets of RMB2,744,000 as of June 30, 2022 set out in the Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the estimated low end and high end offer prices of HK$26.70 or HK$28.80 per Share after deduction of the underwriting fees and other related expenses payable by the Company and do not take into account any share which may be sold and offered upon exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 417,167,290 Shares are in issue assuming the Global Offering has been completed on June 30, 2022.

(4) For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balances stated in RMB are converted into HK$ at the rate of RMB1.00 to HK$1.1387.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to June 30, 2022.

NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that up to the date of this prospectus, other than as disclosed under "Summary — Recent Developments and No Material Adverse Change" in this prospectus, there had been no material adverse change in our financial, operational or prospects since June 30, 2022, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report in Appendix I to this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirmed that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND PROSPECTS

For a detailed description of our future plans, see "Business — Our Strategies" in this prospectus.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$154.4 million after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, assuming no exercise of the Over-allotment Option and an Offer Price of HK$27.75 per Offer Share, being the mid-point of the indicative price range of HK$26.70 to HK$28.80 . If the Offer Price is set at HK$28.80 per Offer Share, which is the high end of the indicative Offer Price range, the net proceeds from the Global Offering will increase by approximately HK$8.1 million. If the Offer Price is set at HK$26.70 per Offer Share, which is the low end of the indicative Offer Price range, the net proceeds from the Global Offering will decrease by approximately HK$8.1 million. We currently intend to apply these net proceeds for the following purposes:

- approximately 65.0%, or approximately HK$100.3 million, will be allocated to the research and development, manufacturing and commercialization of our Core Products, namely, LuX-Valve and Ken-Valve, as follows:

  ➢ approximately 33.3%, or approximately HK$51.4 million, will be used for the ongoing research and development activities, further clinical studies, preparation for registration filings, and planned commercial launch of LuX-Valve. We expect that:

    - approximately 12.7%, or approximately HK$19.6 million, will be used to conduct a series of clinical trials of LuX-Valve, including (i) to conduct five-year follow-up evaluations with the trial subjects enrolled or to be enrolled in the clinical trials we completed or are conducting for LuX-Valve and to complete such evaluations by the third quarter of 2026; and (ii) to conduct a series of post-launch clinical trials for LuX-Valve from the first quarter of 2024;

    - approximately 1.7%, or approximately HK$2.6 million, will be used for development projects for product improvement to further upgrade and optimize the features of LuX-Valve, such as further fine-tuning the anti-leakage ring, optimization of its septum anchoring needle and valve suturing process;

    - approximately 7.1%, or approximately HK$11.0 million, will be used for expansion of the manufacturing capacity of LuX-Valve, including the addition and upgrade of manufacturing equipment and machines used for the R&D and manufacturing of LuX-Valve, building and expanding our in-house manufacturing facilities at commercial scale, particularly for the construction of plant and buildings of our manufacturing facility in Ningbo in the next two years to meet the market demand for LuX-Valve, recruiting additional manufacturing employees and providing training to them. Upon the completion of the expansion, the annual manufacturing capacity of LuX-Valve is expected to reach approximately 5,000 sets. For details, see "Business — Our Production Facilities and Processes — Manufacturing Facilities and Production Capacity" in this prospectus;

- approximately 11.8%, or approximately HK$18.2 million, will be used for the preparation of commercial launches (including sales and marketing) of LuX-Valve in China. Specifically, we plan to provide more training programs to physicians (including trainings for TTVI preoperative analysis, SOPs for intraoperative operations and postoperative patient management), organize and participate in more academic conferences (including China Valve Hangzhou and China Valve Chengdu) and carry out other general marketing activities for the commercialization of LuX-Valve to increase our market penetration rate and expand the sales channels to hospitals that have valve surgical centers or cardiac catheterization labs nationwide. We also plan to dedicate more resources and expand our sales and marketing team to approximately 50 employees for LuX-Valve in 2023;

➢ approximately 31.7%, or approximately HK$48.9 million, will be used for the ongoing research and development activities, further clinical studies, preparation for registration filings, and planned commercial launch of Ken-Valve. We expect that:

- approximately 14.2%, or approximately HK$21.9 million, will be used to conduct a series of clinical trials of Ken-Valve, including (i) to conduct five-year follow-up evaluations with the trial subjects enrolled or to be enrolled in the clinical trials we completed or are conducting for Ken-Valve and to complete such evaluations by the first quarter of 2027; and (ii) to conduct a series of post-launch clinical trials for Ken-Valve from the first quarter of 2025;

- approximately 1.9%, or approximately HK$2.9 million, will be used for development projects for product improvement to further upgrade and optimize the features of Ken-Valve, such as simulation-based optimization of its stent and leaflet, optimization of its delivery system, further fine-tuning the anti-leakage ring and valve suturing process;

- approximately 4.7%, or approximately HK$7.3 million, will be used for expansion of the manufacturing capacity of Ken-Valve, including the addition and upgrade of manufacturing equipment and machines used for the R&D and manufacturing of Ken-Valve, building and expanding our in-house manufacturing facilities at commercial scale, particularly for the construction of plant and buildings of our manufacturing facility in Ningbo in the next two years to meet the market demand for of Ken-Valve, recruiting additional manufacturing employees and providing training to them. Upon the completion of the expansion, the annual manufacturing capacity of Ken-Valve is expected to reach approximately 3,000 sets. For details, see "Business — Our Production Facilities and Processes — Manufacturing Facilities and Production Capacity" in this prospectus;

- approximately 10.9%, or approximately HK$16.8 million, will be used for the preparation of commercial launches (including sales and marketing) of Ken-Valve in China. Specifically, we plan to provide more training programs to physicians, organize and participate more academic conferences (such as China Valve Hangzhou and China Valve Chengdu) and carry out other general marketing activities for the commercialization of Ken-Valve to increase our market penetration rate and expand the sales channels to hospitals that have

valve surgical centers or cardiac catheterization labs nationwide. We also plan to dedicate more resources and expand our sales and marketing team to approximately 50 employees for Ken-Valve in 2023;

- approximately 25.0%, or approximately HK$38.6 million, will be allocated to the research and development, clinical trials and product registration of other product candidates in our pipeline, including LuX-Valve Plus, KenFlex and mitral valve products. We expect that:

  ➢ approximately 17.0%, or approximately HK$26.2 million, will be used for the ongoing research and development activities of LuX-Valve Plus in China and other countries. We expect that:

    - approximately 4.4%, or approximately HK$6.8 million, will be used for confirmatory clinical trials in China;

    - approximately 12.6%, or approximately HK$19.5 million, will be used for product registration of LuX-Valve Plus in the EU. As part of our global strategies, we plan to conduct the clinical trials in relation to LuX-Valve Plus in Europe for CE Marking, the application documents of which have been submitted in France and Spain in July 2022 and in Italy in August 2022, and commercialize LuX-Valve Plus in the second half of 2024;

  ➢ approximately 4.0%, or approximately HK$6.2 million, will be used for the ongoing research and development activities of KenFlex in China, including conducting confirmatory clinical trials;

  ➢ approximately 4.0%, or approximately HK$6.2 million, will be used for the ongoing research and development activities of our mitral valve products, primarily confirmatory clinical trials for JensClip in China; and

- approximately 10.0%, or approximately HK$15.4 million, will be used for our working capital and general corporate purposes.

The above allocation of the net proceeds from the Global Offering will be adjusted on a *pro rata* basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range stated in this prospectus. If the Over-allotment Option is exercised in full, the net proceeds that we will receive will be approximately HK$186.3 million, assuming an Offer Price of HK$27.75 per Offer Share (being the mid-point of the indicative price range of HK$26.70 to HK$28.80). In the event that the Over-allotment Option is exercised in full, we intent to apply the additional net proceeds to the above purposes in the proportions stated above.

If the net proceeds of the Global Offering are not immediately applied to the above purposes, we will only deposit those net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

OVERALL COORDINATORS AND JOINT REPRESENTATIVES

China International Capital Corporation Hong Kong Securities Limited
Citigroup Global Markets Asia Limited

JOINT GLOBAL COORDINATORS

China International Capital Corporation Hong Kong Securities Limited
Citigroup Global Markets Asia Limited
Huatai Financial Holdings (Hong Kong) Limited
ABCI Capital Limited

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited
Citigroup Global Markets Asia Limited
Huatai Financial Holdings (Hong Kong) Limited
ABCI Securities Company Limited
BOCOM International Securities Limited
Futu Securities International (Hong Kong) Limited
Tiger Brokers (HK) Global Limited
Silverbricks Securities Company Limited

HONG KONG UNDERWRITING ARRANGEMENTS

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 808,000 Hong Kong Offer Shares (subject to adjustment) for subscription by the public in Hong Kong at the Offer Price on and subject to the terms and conditions of this prospectus.

Subject to (a) the Stock Exchange granting listing of, and permission to deal in, the H Shares to be issued and sold pursuant to the Global Offering (including any additional H Shares which may be issued and/or sold pursuant to the exercise of the Over-allotment Option) as mentioned herein and (b) to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to subscribe or procure subscriptions for their respective applicable proportions of the Hong Kong Offer Shares now being offered but which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Joint Sponsors, the Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Hong Kong Underwriters) shall be entitled by notice (in writing) to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date:

(a) there shall develop, occur, exist or come into effect:

(i) any or a series of local, national, regional or international event(s) or circumstance(s) in the nature of force majeure (including, without limitation, any acts of government, declaration of a local, regional, national or international emergency or war, calamity, crisis, epidemic, pandemic (including Severe Acute Respiratory Syndrome (SARS), Coronavirus Disease 2019 (COVID-19), H1N1 and H5N1 and such related/mutated forms and the escalation, mutation or aggravation of such diseases), or interruption or delay in transportation, outbreak, escalation, mutation or aggravation of disease, economic sanctions, strikes, labour disputes, lock-outs, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, riots, rebellion, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed), paralysis in government operations in or directly or indirectly affecting Hong Kong, the PRC, the United States, the United Kingdom, Singapore or the European Union (or any member thereof) or any other jurisdiction relevant to the Group (collectively, the "**Relevant Jurisdictions**"); or

(ii) any change, or any development involving a prospective change, or any event or circumstance or series of events likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or directly or indirectly affecting any Relevant Jurisdictions; or

(iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange or the Singapore Stock Exchange; or

(iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), the PRC, New York (imposed at Federal or New York State level or other competent authority), London, European Union or any other Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any Relevant Jurisdictions; or

(v) any new law, or any change or any development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(vi) the imposition of sanctions or the withdrawal of trading privileges, in whatever form, directly or indirectly, under any sanction laws, or regulations in, Hong Kong, the PRC or any other Relevant Jurisdictions; or

(vii) any change or development involving a prospective change in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including a material devaluation of the Hong Kong dollar, or the RMB against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the currency of the United States dollar), or the implementation of any exchange control, in any of the Relevant Jurisdictions or adversely affecting an investment in the Offer Shares; or

(viii) any litigation, dispute, legal action or claim, regulatory investigation or action of any third party being threatened or instigated or announced against any member of the Group or any Director; or

(ix) any contravention by any member of the Group or any Director or any Supervisor of the Listing Rules or applicable laws; or

(x) non-compliance of the prospectus (or any other documents used in connection with the contemplated offer and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(xi) except with the written prior consent of the Joint Sponsors, the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents issued or used in connection with the contemplated offer and sale of the H Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xii) any change, prospective change or development involving a prospective change in, or a materialization of any of the risks set out in the section headed "Risk Factors" of this prospectus; or

(xiii) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Hong Kong Underwriters) (1) has or will have or may have a Material Adverse Change (as defined in the Hong Kong Underwriting Agreement); or (2) has or will have or may have a Material Adverse Change (as defined in the Hong Kong Underwriting Agreement) on the success or marketability of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or may make it inadvisable or inexpedient or impracticable or incapable for the Global Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offer Related Documents (as defined below); or (4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Sponsors, the Joint Representatives and the Overall Coordinators:

(i) that any statement contained in any of the Offering Documents, the Operative Documents, the Preliminary Offering Circular, the PHIP (as defined in the Hong Kong Underwriting Agreement) and/or in any notices, announcements, circulars, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto but excluding information furnished by or relating to the Underwriters, being the market name, legal name and address of the Underwriter and expert qualification of the sponsors appearing in the Offer-Related Documents) (collectively, the "**Offer Related Documents**") was, when it was issued, or has become, untrue, incorrect, incomplete in any material respect or misleading, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Offer Related Documents is not fair and honest and based on reasonable grounds or reasonable assumptions; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from, or misstatement in, any of the Offer-Related Documents; or

(iii) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement or any of the Cornerstone Agreements (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement; or

(v) any Material Adverse Change (as defined in the Hong Kong Underwriting Agreement); or

(vi) any breach of, or any event or circumstance rendering untrue or incorrect, incomplete in any respect or misleading, any of the representations or warranties in the Hong Kong Underwriting Agreement; or

(vii) the chairman, the chief executive officer, the chief financial officer or a Director vacating his or her office; or

(viii) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the H Shares (including the Option Shares (as defined in the Hong Kong Underwriting Agreement)) pursuant to the terms of the Global Offering; or that approval by the Listing Committee of the listing of, and permission to deal in, the H Shares to be issued or sold (including any additional H Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

(ix) the Company withdraws any of the Offer Related Documents or the Global Offering; or

(x) any person (other than the Joint Sponsors) has withdrawn or is subject to withdrawing its consent to being named in this prospectus or to the issue of any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement); or

(xi) a Director or a Supervisor or the chief financial officer or the chief medical officer of the Company as named in this prospectus being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company or being subject to any disciplinary proceedings by or before any Authority (as defined in the Hong Kong Underwriting Agreement) or political or regulatory or administrative body, agency or organisation in any Relevant Jurisdictions (including, in particular, the CSRC and its local branches and representative offices); or

(xii) any order or petition for the winding up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or

(xiii) that a material portion of the orders placed or confirmed in the bookbuilding process, or of the investment commitments made by any cornerstone investor(s) under agreements signed with such cornerstone investor(s), have been withdrawn, terminated or cancelled, or any cornerstone investment agreement is terminated; or

(xiv) an Authority (as defined in the Hong Kong Underwriting Agreement) or a political body or organisation in any Relevant Jurisdictions (including, in particular, the CSRC and its local branches and representative offices) commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group or any Director or the chief financial officer or the chief medical officer of the Company.

UNDERTAKINGS TO THE HONG KONG STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Undertakings by Our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that, we will not issue any further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the Listing Date), except pursuant to the Global Offering, the exercise of Over-allotment Option or for the circumstances permitted under Rule 10.08 of the Listing Rules.

Undertakings by Our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, our Controlling Shareholders have undertaken to each of the Hong Kong Stock Exchange, the Joint Sponsors and to our Company that, save as disclosed in the prospectus and except pursuant to the Global Offering or the exercise of the Over-allotment Option, they will not, and will procure that the relevant registered holder(s) (if any) of the Shares in which they have a beneficial interest will not:

(a) at any time in the period commencing on the date by reference to which disclosure of his or her shareholding in the Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares in which the Controlling Shareholders are shown in the prospectus to be the beneficial owners; and

(b) at any time in the period of six months commencing from the date on which the period referred to in the above paragraph (a) expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares to such extent that, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, our Controlling Shareholders will, directly or indirectly cease to be our Controlling Shareholders, provided that the above shall not prevent them from using securities of the Company beneficially owned by them as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the laws of Hong Kong) for a bona fide commercial loan.

Our Controlling Shareholders have further undertaken to the Stock Exchange and to our Company respectively that, within the period commencing from the date by reference to which disclosure of his or her shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he or she will immediately inform the Company and the Stock Exchange in writing of:

(1) any pledge(s) or charge(s) of any Shares or securities of the Company beneficially owned by him or her directly or indirectly in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan as permitted under the Listing Rules, and the number of such Shares or securities of our Company so pledged or charged; and

(2) any indication(s) received by him or her, either verbal or written, from any pledgee or chargee of any Shares or other securities of the Company pledged or charged that any of such Shares or other share capital will be sold, transferred or disposed of.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by our Controlling Shareholders and disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed by our Controlling Shareholder.

UNDERTAKINGS PURSUANT TO THE HONG KONG UNDERWRITING AGREEMENT

Undertaking by Our Company

Except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-Allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), the Company undertakes to each of the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries not to, without the prior written consent of the Joint Sponsors, the Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any Shares or other securities of the Company, or any interest in any of the foregoing (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable), or deposit any Shares or other securities of the Company, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any Shares or other securities of the Company, or any interest in any of the foregoing (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraphs (a), (b) and (c) above is to be settled by delivery of Shares or other securities of the Company, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period). In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), the Company enters into any of the transactions specified in paragraphs (a), (b) or (c) above or offers to or contracts to or agrees to or announces or publicly announces any intention to effect any such transaction, the Company undertakes to take all reasonable steps to ensure that such transaction, agreement, announcement or disclosure (as the case maybe) will not create a disorderly or false market in the securities of the Company.

Undertaking by Our Controlling Shareholders

Each of the Controlling Shareholder has jointly and severally undertaken to each of the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that, without the prior written consent of the Joint Sponsors, the Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, he or she will not, and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for him or her and the companies controlled by him or her and/or entities which entrusted him or her to exercise their voting rights will not, at any time during the First Six-Month Period:

(a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant, or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest therein (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) beneficially owned by him or her as of the Listing Date (the "**Locked-up Securities**"), or deposit any Shares or other securities of the Company with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Locked-up Securities; or

(c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b), and (c) above is to be settled by delivery of Shares or other securities of the Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

During the Second Six-Month Period, he or she will not, and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for him or her and the companies controlled by him or her will not, at any time, enter into any transaction described in (a), (b) or (c) above in respect of any Locked-up Securities or offer to or agree to or contract to or publicly announce any intention to enter into any such transaction if, immediately following such transaction or upon the exercise or enforcement of any option, right, interest or Encumbrance (as defined in the Hong Kong Underwriting Agreement) pursuant to such transaction, Mr. Lv Shiwen or Ms. Li Hui (individually or in aggregate) will cease to be a "controlling shareholder" (as defined under the Listing Rules) of the Company.

Until the expiry of the Second Six-Month Period, in the event that he or she enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, he or she will take all reasonable steps to ensure that he or she will not create a disorderly or false market in the securities of the Company; and at any time during the First Six-Month Period and the Second Six-Month Period, he or she will and will procure that the relevant registered holder(s), any nominee, trustee holding on trust for him or her and the companies controlled by him or her will (a) if and when he or she pledges or charges any Shares or other securities of the Company beneficially owned by him or her, immediately inform the Company, the Joint Sponsors, the Joint Representatives and the Overall Coordinators in writing of such pledge or charge together with the number of Shares or other securities of the Company so pledged or charged; and (b) if and when he or she or the relevant registered holder(s) or any nominee or trustee holding on trust for him or her or the companies controlled by him or her or it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities of the Company will be disposed of, immediately inform the Company, the Joint Sponsors, the Joint Representatives and the Overall Coordinators in writing of such indications. The Company shall, as soon as reasonably practicable upon receiving such information in writing from the member of the Controlling Shareholders and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of an announcement.

The Controlling Shareholders' undertakings do not (i) apply to any pledge or charge or any Shares or other equity securities of the Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of the Company) after the Global Offering in favour of an authorized institution as defined in the Banking Ordinance for a bona fide commercial loan.

INTERNATIONAL OFFERING

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters, subject to certain conditions set out therein, will agree severally to procure subscribers or purchasers for, or failing which, to purchase the International Offer Shares being offered pursuant to the International Offering. Please see "Structure of the Global Offering — The International Offering" in this prospectus.

We expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Representatives and the Overall Coordinators on behalf of the International Underwriters, on or before Saturday, October 29, 2022, being the 30th day from the last day for lodging applications under the Hong Kong Public Offering, to require us to issue and allot, up to an aggregate of 1,211,400 Shares, representing in aggregate approximately 15.0% of Offer Shares initially available under the Global Offering at the Offer Price to cover over-allocations, if any, in the International Offering. Please see "Structure of the Global Offering — The International Offering — Over-Allotment Option" in this prospectus.

COMMISSION AND EXPENSES

Our Company will pay an underwriting commission of 3.5% of the aggregate Offer Price of all the Offer Shares, including Offer Shares to be issued pursuant to the Over-allotment Option (the "**Fixed Fees**"). Our Company may, at our sole and absolute discretion, pay an incentive fee up to but not exceeding 1.5% of the Offer Price of all the Offer Shares (including Offer Shares to be issued pursuant to the Over-allotment Option) (the "**Discretionary Fees**"). Assuming the Discretionary Fees are paid in full, the ratio of the Fixed Fees and Discretionary Fees payable is therefore 70:30. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters and not the Hong Kong Underwriters.

The aggregate commissions and fees, together with the listing fees, SFC transaction levy, FRC transaction levy, the Hong Kong Stock Exchange trading fee, legal and other professional fees, printing and other expenses payable by us relating to the Global Offering are estimated to amount to approximately RMB61.2 million (approximately HK$69.8 million) in total (based on the Offer Price of HK$27.75 per Offer Share which is the mid point of the Offer Price range and assuming the Over-allotment Option is not exercised).

HONG KONG UNDERWRITERS' INTERESTS IN OUR COMPANY

Save as disclosed in this prospectus, save for its obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters has any shareholding in any member of our Group or any right or option (whether legally enforceable or not) to purchase or subscribe for or to nominate persons to purchase or subscribe for securities in any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement.

JOINT SPONSORS' INDEPENDENCE

Each of the Joint Sponsors satisfies the independence criteria set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the relevant rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares) whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. China International Capital Corporation Hong Kong Securities Limited and Citigroup Global Markets Asia Limited are the Joint Sponsors, the Joint Representatives and the Overall Coordinators of the Global Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of the Company to the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued as mentioned in this prospectus.

The Global Offering consists of (subject to reallocation and the Over-allotment Option):

(i) the Hong Kong Public Offering of 808,000 H Shares (subject to reallocation as mentioned below) in Hong Kong as described in the paragraph headed "— The Hong Kong Public Offering" in this section; and

(ii) the International Offering of 7,268,400 H Shares (subject to reallocation and Over-allotment Option as mentioned below) in the United States to QIBs in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, and outside the United States in offshore transactions in reliance on Regulation S.

The Offer Shares will represent approximately 1.9% of the total issued share capital of our Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 2.2% of the total issued share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in the paragraph headed "— The International Offering — Over-allotment Option" in this section.

Investors may either:

(i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or

(ii) apply for or indicate an interest, if qualified to do so, for International Offer Shares under the International Offering,

but may not do both.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of the International Offer Shares to QIBs in the United States in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, as well as to institutional and professional investors and other investors expected to have a sizeable demand for the International Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. The International Underwriters and the Joint Bookrunners are soliciting from prospective investors' indications of interest in acquiring the International Offer Shares. Prospective investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price.

The number of Hong Kong Offer Shares and International Offer Shares to be offered under the Hong Kong Public Offering and the International Offering respectively may be subject to reallocation as described in the paragraph headed "— The Hong Kong Public Offering — Reallocation and Clawback" in this section.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

Subject to reallocation as mentioned below, the Company is initially offering 808,000 H Shares at the Offer Price under the Hong Kong Public Offering for subscription by the public in Hong Kong, representing approximately 10.0% of the 8,076,400 H Shares initially available under the Global Offering. Subject to reallocation as mentioned below, the number of H Shares initially offered under the Hong Kong Public Offering will represent approximately 0.19% of our total issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

In Hong Kong, individual retail investors are expected to apply for the Hong Kong Offer Shares through the Hong Kong Public Offering and individual retail investors, including individual investors in Hong Kong applying through banks and other institutions, seeking International Offer Shares will not be allotted International Offer Shares in the International Offering.

The Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Underwriters) and the Joint Sponsors may require any investor who has been offered H Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Representatives, the Overall Coordinators and the Joint Sponsors so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for the Hong Kong Offer Shares.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the paragraph headed "— Conditions of the Global Offering" in this section.

Allocation

For allocation purposes only, the 808,000 H Shares initially being offered for subscription under the Hong Kong Public Offering (after taking into account any reallocation in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Offering) will be divided equally into two pools (with any odd lots being allocated to pool A): pool A and pool B. Pool A initially comprising 404,000 Hong Kong Offer Shares and Pool B initially comprising 404,000 Hong Kong Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for the Hong Kong Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy, FRC transaction levy and the Hong Kong Stock Exchange trading fee) of HK$5 million or below will fall into Pool A and all valid applications that have been received for the Hong Kong Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy, FRC transaction levy and Hong Kong Stock Exchange trading fee) of over HK$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If the Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed,

the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools and only apply for Hong Kong Offer Shares in either Pool A or Pool B. When there is over-subscription, allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering, both in relation to Pool A and Pool B, will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation in each pool may vary, depending on the number of Hong Kong Offer Shares validly applied for by each applicant. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Reallocation and Clawback

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached.

If the number of H Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Hong Kong Offer Shares available under the Hong Kong Public Offering, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will be increased to 2,423,200 (in the case of (i)), 3,230,800 (in the case of (ii)), and 4,038,400 Shares (in the case of (iii)), respectively, representing approximately 30%, 40%, and 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option).

Additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Representatives and the Overall Coordinators deem appropriate.

In addition to any mandatory reallocation required as described above, the Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Representatives and the Overall Coordinators. The Joint Representatives and the Overall Coordinators may, at their sole discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In particular, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of Shares initially available for subscription under the Hong Kong Public Offering, the Joint Representatives and the Overall Coordinators have the authority to reallocate International Offer Shares originally in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that in accordance with Guidance Letter HKEX-GL91-18 issued by the Stock

Exchange, (i) total number of Offer Shares available under the Hong Kong Public Offering following such reallocation should not exceed 1,616,000 Shares, representing approximately 20% of the Offer Shares initially available under the Global Offering, increasing the total number of Offer Shares available under the Hong Kong Public Offering to not more than 1,616,000 Shares; and (ii) the final Offer Price should be fixed at the bottom end of the indicative Offer Price range (i.e., HK$26.70 per Offer Share).

If the Hong Kong Public Offering is not fully subscribed for, the Joint Representatives and the Overall Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Representatives and the Overall Coordinators deem appropriate.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering expected to be published on Friday, October 7, 2022.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Multiple or suspected multiple applications and any application for more than 50% of the 808,000 H Shares initially comprised in the Hong Kong Public Offering (that is 404,000 Hong Kong Offer Shares) will be rejected.

The listing of the Offer Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$28.80 per H Share in addition to any brokerage, SFC transaction levy, FRC transaction levy and Hong Kong Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "— Pricing of the Global Offering" in this section, is less than the maximum Offer Price of HK$28.80 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, FRC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applications, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of International Offer Shares Offered

The number of International Offer Shares to be initially offered by us for subscription under the International Offering will consist of an initial offering of 7,268,400 Offer Shares, representing approximately 90% of the Offer Shares under the Global Offering. Subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the International Offer Shares will represent approximately 1.74% of our total issued share capital immediately after completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Allocation

Pursuant to the International Offering, the International Underwriters will conditionally place the International Offer Shares with QIBs in the United States in reliance on Rule 144A or another available exemption from the registration requirements under the U.S. Securities Act, as well as with institutional and professional investors and other investors and expected to have a sizeable demand for the International Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Allocation of the International Offer Shares pursuant to the International Offering will be determined by the Joint Representatives and the Overall Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Offer Shares after the Listing. Such allocation may be made to professional, institutional and corporate investors and is intended to result in a distribution of our Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Representatives and the Overall Coordinators so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation and Clawback

The total number of International Offer Shares to be transferred pursuant to the International Offering may change as a result of the clawback arrangement described in the paragraph headed "— The Hong Kong Public Offering — Reallocation and Clawback" in this section, exercise of the Over-allotment Option in whole or in part and/or reallocation of all or any unsubscribed Hong Kong Offer Shares to the International Offering.

Over-Allotment Option

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Representatives and the Overall Coordinators at their sole and absolute discretion on behalf of the International Underwriters for up to 30 days after the last day for lodging applications under the Hong Kong Public Offering being Saturday, October 29, 2022. Pursuant to the Over-allotment Option, the Joint Representatives and the Overall Coordinators will have the right to require our Company to issue and allot, at the Offer Price, up to an aggregate of additional 1,211,400 H Shares representing in aggregate approximately 15.0% of the number of the Offer Shares initially available under the Global Offering at the Offer Price to cover over-allocations in the International Offering, if any. An announcement will be made in the event that the Over-allotment Option is exercised.

If the Over-allotment Option is exercised in full, the additional International Offer Shares to be issued pursuant thereto will represent approximately 0.29% of the issued share capital of the Company immediately after the completion of the Global Offering.

Stabilization

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the Underwriters may bid for, or purchase, the new securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, an activity aimed at reducing the market price is prohibited and the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the last day for the lodging of applications under the Hong Kong Public Offering. Any market purchases of H Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering being Saturday, October 29, 2022. The number of H Shares that may be over-allocated will not exceed the number of H Shares that may be issued and/or sold under the Over-allotment Option, namely 1,211,400 H Shares, which is approximately 15% of the Offer Shares initially available under the Global Offering.

Stabilizing action will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization and stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) under SFO includes: (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the H Shares; (ii) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the H Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

(i) the Stabilizing Manager, or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the H Shares;

(ii) there is no certainty regarding the extent to which and the time period for which the Stabilizing Manager, or any person acting for it, will maintain such a position;

(iii) liquidation of any such long position by the Stabilizing Manager may have an adverse impact on the market price of the H Shares;

(iv) no stabilizing action can be taken to support the price of the H Shares for longer than the stabilizing period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;

(v) the price of the H Shares cannot be assured to stay at or above the Offer Price either during or after the stabilizing period by the taking of any stabilizing action; and

(vi) stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the H Shares.

In order to effect stabilization actions, the Stabilizing Manager will arrange cover of up to an aggregate of 1,211,400 H Shares, representing up to 15% of the initial Offer Shares, through delayed delivery arrangements with investors who have been allocated Offer Shares in the International Offering. The delayed delivery arrangements (if specifically agreed by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the Offer Price for the Offer Shares allocated to such investor will be fully paid on the Listing Date, accordingly there will be no delayed settlement of the Offer Shares.

Our Company will procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

Over-Allocation

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilizing Manager may cover such over-allocations by exercising the Over-allotment Option, making purchases in the secondary market at prices that do not exceed the Offer Price or by any combination of these means.

PRICING OF THE GLOBAL OFFERING

The Offer Price is expected to be fixed by agreement between the Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Underwriters) and our Company on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Thursday, September 29, 2022 and in no event later than Friday, October 7, 2022.

The Offer Price will be not more than HK$28.80 per Offer Share and is currently expected not to be less than HK$26.70 per Offer Share unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$28.80 for each Hong Kong Offer Share together with brokerage of 1%, a Hong Kong Stock Exchange trading fee of 0.005%, a FRC transaction levy of 0.00015% and a SFC transaction levy of

0.0027%. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative price range stated in this prospectus.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

Reduction in Offer Price and/or number of Offer Share

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Underwriters) and the Joint Sponsors consider it appropriate, with our consent the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus may be reduced at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of Thursday, September 29, 2022, being the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the Hong Kong Stock Exchange's website at **www.hkexnews.hk**, and on our Company's website at **www.jenscare.com** notice of such reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the offering statistics as currently set out in this prospectus and any other financial information which may change as a result of such reduction. Upon issue of such notice, the number of Offer Shares in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon between the Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Underwriters) and the Company, will be fixed within such revised Offer Price range.

As soon as practicable after such reduction of the number of Offer Shares and/or the indicative Offer Price range, we will also issue a supplemental prospectus updating investors of such reduction together with an update of all financial and other information in connection with such change, and, where appropriate, extend the period under which the Hong Kong Public Offering is open for acceptance, and give potential investors who had applied for the Offer Shares to withdraw their applications.

In the absence of any such notice and supplemental prospectus so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between our Company and the Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Underwriters), will under no circumstances be set outside the Offer Price range stated in this prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the Offer Price is so reduced, such applications can subsequently be withdrawn. All applicants who have already submitted an application will be entitled to withdraw their applications and will need to confirm their applications in accordance with the procedures set out in the supplemental prospectus. All unconfirmed applications will not be valid.

The Hong Kong Offer Shares and the International Offer Shares may, in certain circumstances, be reallocated as between the Hong Kong Public Offering and International Offering at the discretion of the Joint Sponsors, the Joint Representatives and the Overall Coordinators.

The final Offer Price, level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering, the basis of allocations of the Hong Kong Offer Shares and the results of applications in the Hong Kong Public Offering are expected to be announced on Friday, October 7, 2022 through a variety of channels described in the paragraph headed "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

We expect that our Company will, on or about Thursday, September 29, 2022, enter into the International Underwriting Agreement relating to the International Offering. Underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on, inter alia:

- the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

- the Offer Price having been agreed between the Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Underwriters) and our Company;

- the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date;

- our Company having submitted to the HKSCC all requisite documents to enable the Offer Shares to be admitted to trade on the Hong Kong Stock Exchange; and

- the obligations of the Underwriters under the respective Underwriting Agreements becoming and remaining unconditional (unless and to the extent such conditions are validly waived on or before such dates and times) and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If for any reason, the Offer Price is not agreed by Friday, October 7, 2022 between us and the Joint Representatives and the Overall Coordinators (for themselves and on behalf of the Joint Global Coordinators and the Underwriters), the Global Offering will not proceed and will lapse.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published by us on the websites of the Company at **www.jenscare.com**, and the Hong Kong Stock Exchange at **www.hkexnews.hk**, respectively on the next day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the Company's receiving banker(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, amongst other things, the other becoming unconditional and not having been terminated in accordance with its terms.

Share certificates for the Offer Shares are expected to be issued on Friday, October 7, 2022 but will only become valid evidence of title at 8:00 a.m. on the date of commencement of the dealings in our H Shares, which is expected to be on Monday, October 10, 2022, provided that (i) the Global Offering has become unconditional in all respects at or before that time and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade H Shares prior to the receipt of H Share certificates or prior to the H Share certificates bearing valid evidence of title do so entirely at their own risk.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, October 10, 2022, it is expected that dealings in Shares on the Hong Kong Stock Exchange will commence on Monday, October 10, 2022. Shares will be traded in board lots of 200 Shares each and the stock code will be 9877.

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this prospectus or any printed copies of any application forms for use by the public.

*This prospectus is available at the website of the Stock Exchange at **www.hkexnews.hk** under the "HKEXnews > New Listings > New Listing Information" section, and our website at **www.jenscare.com**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.*

The contents of the electronic version of the prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

*If you are an intermediary, **broker** or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.*

1. HOW TO APPLY

We will not provide any printed application forms for use by the public.

To apply for Hong Kong Offer Shares, you may:

(1) apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or

(2) apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

   (i) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

   (ii) (if you are an existing CCASS Investor Participant) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Representatives, the Overall Coordinators, the designated **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

Eligibility for the Application

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States; and
- are not a legal or natural person of the PRC.

If an application is made by a person under a power of attorney, the Joint Representatives and the Overall Coordinators may accept it at their discretion and on any conditions they think fit, including requiring evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director, a Supervisor or chief executive officer of the Company and/or any of its subsidiaries;
- a close associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

Items Required for the Application

If you apply for the Hong Kong Offer Shares online through the **White Form eIPO** service, you must:

(a) have a valid Hong Kong identity card number; and

(b) provide a valid e-mail address and a contact telephone number.

If you are applying for the Hong Kong Offer Shares online by instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

3. TERMS AND CONDITIONS OF AN APPLICATION

By applying through the application channels specified in this prospectus, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Representatives and the Overall Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to the Company, our H Share Registrar, receiving bank(s), the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Overall Coordinators and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any H Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "— 14. Despatch/Collection of H Share Certificates and Refund Monies — Personal Collection" in this section to collect the H Share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company, the Joint Representatives and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person giving **electronic application instructions** to HKSCC; and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant and CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

4. MINIMUM APPLICATION AMOUNT AND PERMITTED NUMBERS

Your application through **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 200 Hong Kong Offer Shares and in one of the numbers set out in the table below. You are required to pay the amount next to the number you select.

Jenscare Scientific Co., Ltd. (Stock Code: 9877)
(Maximum Offer Price of HK$28.80 per Hong Kong Offer Share)

NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK$		*HK$*		*HK$*		*HK$*
200	5,818.06	4,000	116,361.04	20,000	581,805.21	160,000	4,654,441.73
400	11,636.11	5,000	145,451.31	30,000	872,707.83	180,000	5,236,246.95
600	17,454.16	6,000	174,541.57	40,000	1,163,610.43	200,000	5,818,052.16
800	23,272.20	7,000	203,631.82	50,000	1,454,513.04	240,000	6,981,662.59
1,000	29,090.26	8,000	232,722.09	60,000	1,745,415.65	280,000	8,145,273.03
1,200	34,908.31	9,000	261,812.35	70,000	2,036,318.25	320,000	9,308,883.45
1,400	40,726.37	10,000	290,902.61	80,000	2,327,220.87	360,000	10,472,493.89
1,600	46,544.41	12,000	349,083.13	90,000	2,618,123.47	404,000[1]	11,752,465.36
1,800	52,362.47	14,000	407,263.65	100,000	2,909,026.08		
2,000	58,180.53	16,000	465,444.17	120,000	3,490,831.29		
3,000	87,270.78	18,000	523,624.70	140,000	4,072,636.51		

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in the paragraph headed "— 2. Who can apply" in this section may apply through the **White Form eIPO** Service Provider for the Hong Kong Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** Service Provider.

The application for the Offer Shares will commence on Friday, September 23, 2022 through Thursday, September 29, 2022, being longer than normal market practice of three and a half days.

Time for Submitting Applications under the White Form eIPO

You may submit your application to the designated **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, September 23, 2022 until 11:30 a.m. on Thursday, September 29, 2022 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, September 29, 2022 or such later time under the paragraph headed "— 10. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Commitment to sustainability

The obvious advantage of the **White Form eIPO** is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "**Jenscare Scientific Co., Ltd.**" **White Form eIPO** application submitted via the website **www.eipo.com.hk** to support sustainability.

6. APPLYING THROUGH CCASS EIPO SERVICE

General

You may instruct your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf. CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong if you complete an input request.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Representatives, the Overall Coordinators and our H Share Registrar.

Applying through CCASS EIPO service

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares (either indirectly through a **broker** or **custodian** or directly) and an application is made by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that the Company, the Directors, the Joint Representatives and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allotted to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between the Company and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of the Company, the Joint Representatives, the Joint Global Coordinators, the Overall Coordinators, the Underwriters, the Capital Market Intermediaries, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to this prospectus);

- agree to disclose your personal data to the Company, our H Share Registrar, receiving banks, the Joint Representatives, the Joint Global Coordinators, the Overall Coordinators, the Underwriters, the Capital Market Intermediaries and/or its respective advisors and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

- agree with the Company, for itself and for the benefit of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company (and so that the Company will be deemed by its acceptance in whole

or in part of this application to have agreed, for itself and on behalf of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company, with each CCASS Participant giving **electronic application instructions**):

(a) to refer all differences and claims arising from the Articles of Association of the Company or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association of the Company;

(b) that any award made in such arbitration shall be final and conclusive; and

(c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

- agree with the Company (for the Company itself and for the benefit of each shareholder of the Company) that H Shares in the Company are freely transferable by their holders;

- authorize the Company to enter into a contract on its behalf with each director and officer of the Company whereby each such director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association of the Company; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Applying through CCASS EIPO service

By applying through **CCASS EIPO** service, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy, FRC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy, FRC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this prospectus.

Time for Inputting Electronic Application Instructions(1)

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Friday, September 23, 2022 – 9:00 a.m. to 8:30 p.m.
- Saturday, September 24, 2022 – 8:00 a.m. to 1:00 p.m.
- Monday, September 26, 2022 – 8:00 a.m. to 8:30 p.m.
- Tuesday, September 27, 2022 – 8:00 a.m. to 8:30 p.m.
- Wednesday, September 28, 2022 – 8:00 a.m. to 8:30 p.m.
- Thursday, September 29, 2022 – 8:00 a.m. to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

The application for the Offer Shares will commence on Friday, September 23, 2022 through Thursday, September 29, 2022, being longer than normal market practice of three and a half days.

CCASS Investor Participants can input **electronic application instructions** from 9:00 on Friday, September 23, 2022 until 12:00 noon on Thursday, September 29, 2022 (24 hours daily, except on Thursday, September 29, 2022, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, September 29, 2022, the last application day or such later time as described in the paragraph headed "— 10. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this section.

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Personal Data

The following Personal Information Collection Statement applies to any personal data held by the Company, the H Share Registrar, the receiving bank(s), the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through **CCASS EIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of the Company and its H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to the Company or its agents and the H Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of the Company or its H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of H Share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and e-Refund payment instructions/refund check, where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of the Hong Kong Offer Shares;
- enabling compliance with all applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Company's Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the Company's Register of Members;
- verifying identities of the holders of the Company's Shares;
- establishing benefit entitlements of holders of the Company's Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Company's Shares;

- making disclosures as required by laws, rules or regulations;
- disclosing identities of successful applicants by way of press announcement(s) or otherwise;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to holders of the Company's Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

Transfer of personal data

Personal data held by the Company and its H Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but the Company and its H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisors, receiving bankers and overseas principal share registrar;
- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;
- the Hong Kong Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and
- any other persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

Retention of personal data

The Company and its H Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

Access to and correction of personal data

Holders of the Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company, at the Company's registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the secretary, or the Company's H Share Registrar for the attention of the privacy compliance officer.

7. WARNING FOR ELECTRONIC APPLICATIONS

The application for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the designated **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Bookrunners, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Overall Coordinators, the Underwriters and the Capital Market Intermediaries take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the designated **White Form eIPO** Service Provider will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System or the CCASS Internet System for submission of **electronic application instructions**, they should go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, September 29, 2022, the last application day, or such time as described in the paragraph headed "— 10. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this section.

8. HOW MANY APPLICATIONS YOU CAN MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application through the **CCASS EIPO** service (directly or indirectly through your **broker** or **custodian**) or through the **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your behalf.

For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$28.80 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.005%. This means that for one board lot of 200 Hong Kong Offer Shares, you will pay HK$5,818.06.

You must pay the maximum Offer Price, brokerage, SFC transaction levy, FRC transaction levy and the Stock Exchange trading fee in full upon application for the Hong Kong Offer Shares.

You may submit an application through the **White Form eIPO** service or the **CCASS EIPO** service in respect of a minimum of 200 Hong Kong Public Offer Shares. Each application or **electronic application instruction** in respect of more than 200 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in "— 4. Minimum Application Amount and Permitted Numbers" in this section, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), the FRC transaction levy and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy and the FRC transaction levy, collected by the Stock Exchange on behalf of the SFC and the FRC respectively).

For further details on the Offer Price, please see "Structure of the Global Offering — Pricing of the Global Offering" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 am and 12:00 noon on Thursday, September 29, 2022. Instead they will open between 11:45 am and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 am and 12:00 noon.

If the application lists do not open and close on Thursday, September 29, 2022 or if there is/are a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made on our website at **www.jenscare.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Friday, October 7, 2022 on the Company's website at **www.jenscare.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.jenscare.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 am on Friday, October 7, 2022;
- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Friday, October 7, 2022 to 12:00 midnight, on Thursday, October 13, 2022; and
- from the allocation results telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Friday, October 7, 2022, Monday, October 10, 2022, Tuesday, October 11, 2022 and Wednesday, October 12, 2022.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By applying through the **CCASS EIPO** service or through the **White Form eIPO** Service Provider, you agree that your application or application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) in the following circumstances:

(a) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this prospectus; or

(b) if any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Representatives and the Overall Coordinators, the designated **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Representatives or the Overall Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price per Offer Share (excluding brokerage, SFC transaction levy, FRC transaction levy, and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the paragraph headed "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy, FRC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Friday, October 7, 2022.

14. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **CCASS EIPO** service where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Friday, October 7, 2022. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Monday, October 10, 2022 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply through the White Form eIPO service

If you apply for 100,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) and/or refund check(s) (if applicable) from our H Share Registrar, Computershare Hong Kong Investor Services Limited at Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, October 7, 2022, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) and/or refund check(s) (if applicable) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 100,000 Hong Kong Offer Shares, your Share certificate(s) and/or refund check(s) (where applicable) will be sent to the address specified in your application instructions on or before Friday, October 7, 2022 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(ii) If you apply through CCASS EIPO service

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant's stock account on Friday, October 7, 2022, or, on any other date determined by HKSCC or HKSCC Nominees.

The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a **broker** or **custodian**, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in the paragraph headed "— 11. Publication of Results" in this section on Friday, October 7, 2022. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, October 7, 2022 or such other date as determined by HKSCC or HKSCC Nominees.

If you have instructed your **broker** or **custodian** to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that **broker** or **custodian**.

If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, October 7, 2022. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy, FRC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your **broker** or **custodian** on Friday, October 7, 2022.

15. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JENSCARE SCIENTIFIC CO., LTD., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CITIGROUP GLOBAL MARKETS ASIA LIMITED

Introduction

We report on the historical financial information of Jenscare Scientific Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-61, which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2020 and 2021, and the six months ended 30 June 2022 (the "Relevant Periods"), the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2020 and 2021 and 30 June 2022, 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-4 to I-61 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 23 September 2022 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' 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 accountants' judgement, 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 accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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 accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2020 and 2021 and 30 June 2022 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises consolidated statements of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2021 and other explanatory information (the "Interim Comparative Financial Information"). The directors are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange 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-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
23 September 2022

I. HISTORICAL FINANCIAL INFORMATION

PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		Six months ended 30 June	
	Notes	**2020**	**2021**	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income and gains	*5*	3,070	8,910	5,464	38,346
Research and development expenses		(170,629)	(265,336)	(184,607)	(84,541)
Administrative expenses		(131,476)	(238,506)	(189,978)	(40,534)
Other expenses		(44)	(6,954)	(85)	(299)
Finance costs	*7*	(594)	(130)	(58)	(50)
Share of profits and losses of an associate		–	1,343	627	13,549
LOSS BEFORE TAX	*6*	(299,673)	(500,673)	(368,637)	(73,529)
Income tax expenses	*10*	–	–	–	–
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		(299,673)	(500,673)	(368,637)	(73,529)
Attributable to:					
Owners of the parent		(299,447)	(500,517)	(368,637)	(72,853)
Non-controlling interests		(226)	(156)	–	(676)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted					
For loss for the year/period	*12*	(1.07)	(1.48)	(1.18)	(0.20)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2020	As at 31 December 2021	As at 30 June 2022
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	7,842	17,699	27,635
Other intangible assets	*14*	467	2,394	2,744
Right-of-use assets	*15*	2,573	2,758	27,335
Investment in an associate	*16*	–	467,561	481,110
Other non-current assets	*17*	6,775	22,142	10,579
Total non-current assets		17,657	512,554	549,403
CURRENT ASSETS				
Inventories	*18*	1,520	4,672	8,139
Prepayments, other receivables and other assets	*19*	4,599	23,543	20,367
Cash and bank balances	*20*	349,067	800,590	731,243
Total current assets		355,186	828,805	759,749
CURRENT LIABILITIES				
Trade payables	*21*	3,790	8,445	8,251
Other payables and accruals	*22*	12,741	39,913	36,857
Other borrowings	*23*	611	–	–
Lease liabilities	*24*	1,214	1,342	989
Total current liabilities		18,356	49,700	46,097
NET CURRENT ASSETS		336,830	779,105	713,652
TOTAL ASSETS LESS CURRENT LIABILITIES		354,487	1,291,659	1,263,055
NON-CURRENT LIABILITIES				
Lease liabilities	*24*	1,704	1,068	616
Total non-current liabilities		1,704	1,068	616
Net assets		352,783	1,290,591	1,262,439

	Notes	As at 31 December 2020	As at 31 December 2021	As at 30 June 2022
		RMB'000	*RMB'000*	*RMB'000*
EQUITY				
Share capital	*26*	19,617	409,091	409,091
Reserves	*27*	333,166	888,001	860,419
Shares held for share compensation plan		–	(6,345)	(6,239)
Equity attributable to owners of the parent		352,783	1,290,747	1,263,271
Non-controlling interests		–	(156)	(832)
Total equity		352,783	1,290,591	1,262,439

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent									
	Share capital	Paid in capital	Share premium*	Other reserve *	Share-based payment*	Accumulated losses*	Shares held for share compensation plan	Total	Non-controlling interests	Total equity
	(note 26)	*(note 26)*	*(note 27)*	*(note 27)*	*(note 27)*	*(note 27)*				
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2020	–	13,622	52,448	6,824	25,663	(85,445)	–	13,112	(286)	12,826
Loss and total comprehensive loss for the year	–	–	–	–	–	(299,447)	–	(299,447)	(226)	(299,673)
Capital contribution from shareholders	–	3,591	383,893	–	–	–	–	387,484	–	387,484
Share-based compensation	–	–	–	–	252,146	–	–	252,146	–	252,146
Business combination under common control**	–	2,404	3,908	(6,824)	–	–	–	(512)	512	–
As at 31 December 2020	–	19,617	440,249	–	277,809	(384,892)	–	352,783	–	352,783
As at 1 January 2021	–	19,617	440,249	–	277,809	(384,892)	–	352,783	–	352,783
Loss and total comprehensive loss for the year	–	–	–	–	–	(500,517)	–	(500,517)	(156)	(500,673)
Capital contribution from shareholders	49,091	5,073	1,024,151	–	–	–	–	1,078,315	–	1,078,315
Share-based compensation	–	–	–	–	366,511	–	–	366,511	–	366,511
Consolidation of special purpose vehicles	–	–	–	–	–	–	(6,345)	(6,345)	–	(6,345)
Conversion into a joint stock company	360,000	(24,690)	(430,899)	–	(294,956)	390,545	–	–	–	–
As at 31 December 2021	409,091	–	1,033,501	–	349,364	(494,864)	(6,345)	1,290,747	(156)	1,290,591
As at 1 January 2022	409,091	–	1,033,501	–	349,364	(494,864)	(6,345)	1,290,747	(156)	1,290,591
Loss and total comprehensive loss for the period	–	–	–	–	–	(72,853)	–	(72,853)	(676)	(73,529)
Capital contribution from shareholders	–	–	424	–	–	–	–	424	–	424
Share-based compensation	–	–	–	–	44,847	–	–	44,847	–	44,847
Consolidation of special purpose vehicles	–	–	–	–	–	–	106	106	–	106
As at 30 June 2022	409,091	–	1,033,925	–	394,211	(567,717)	(6,239)	1,263,271	(832)	1,262,439

* These reserve accounts comprise the consolidated reserves of RMB333,166,000, RMB888,001,000 and RMB860,419,000 in the consolidated statements of financial position as at 31 December 2020 and 2021 and 30 June 2022, respectively.

** Pursuant to the shareholders' resolutions dated 29 September 2020, the registered capital of the Company was increased from RMB13,622,100 to RMB16,026,000. Amongst the increased registered capital of RMB2,403,900, Mr. Lv Shiwen, Ningbo Linfeng Biotechnology Co., Ltd. ("Ningbo Linfeng") and Mr. Wu Danke subscribed for RMB1,330,078, RMB833,432 and RMB240,390 registered capital, respectively. In consideration for the subscription, each of Mr. Lv Shiwen, Ningbo Linfeng and Mr. Wu Danke transferred the equity interests they held in Ningbo Diochange to the Company.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		Six months ended 30 June	
		2020	2021	2021	2022
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(299,673)	(500,673)	(368,637)	(73,529)
Adjustments for:					
Finance costs	*7*	594	130	58	50
Share of profits and losses of an associate		–	(1,343)	(627)	(13,549)
Gains on financial assets at fair value through profit or loss	*5*	(1,503)	(6,487)	(3,952)	(2,509)
Depreciation of property, plant and equipment	*13*	2,444	3,407	1,405	2,754
Amortisation of other intangible assets		13	150	39	146
Depreciation of right-of-use assets	*15*	885	1,704	660	1,173
(Reversal of)/recognition of impairment of other receivables	*19*	(47)	102	72	291
Loss on disposal of items of property, plant and equipment	*6*	43	14	13	9
Foreign exchange losses/(gains), net		–	6,836	(984)	(25,538)
Share-based compensation expenses		252,146	366,511	321,196	44,847
Termination of a lease		–	(171)	(61)	–
Increase in inventories		(61)	(3,152)	(1,232)	(3,467)
(Increase)/decrease in prepayments, other receivables and other assets		(4,341)	(34,404)	(20,054)	14,448
Increase/(decrease) in trade payables		594	4,655	2,521	(194)
(Increase)/decrease in shares held for share compensation plan		–	(6,345)	(3,195)	106
Increase/(decrease) in other payables and accruals		2,053	27,172	20,815	(3,056)
Net cash flows used in operating activities		(46,853)	(141,894)	(51,963)	(58,018)

	Year ended 31 December		Six months ended 30 June	
	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	–	13	–	–
Purchases of items of property, plant and equipment	(2,092)	(13,278)	(7,711)	(12,699)
Purchases of items of other intangible assets	(480)	(2,077)	(905)	(496)
Acquisition of an investment in an associate	–	(466,218)	(466,218)	–
Proceeds from disposal of financial assets at fair value through profit or loss	9,191	6,487	3,952	2,509
Acquisition of land use right	–	–	–	(25,750)
Purchase of time deposits with maturity over three months	–	–	–	(335,570)
Net cash flows from/(used in) investing activities	6,619	(475,073)	(470,882)	(372,006)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	400,000	1,078,056	1,063,344	–
New other borrowings	56,200	–	–	–
Repayment of other borrowings	(58,700)	–	–	–
Contribution by shareholders	–	–	–	424
Principal portion of lease liabilities	(718)	(2,357)	(1,467)	(855)
Payments of financing expenses	(13,268)	(373)	(308)	–
Net cash flows from/(used in) financing activities	383,514	1,075,326	1,061,569	(431)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	343,280	458,359	538,724	(430,455)
Cash and cash equivalents at beginning of year/period	5,787	349,067	349,067	800,590
Effect of foreign exchange rate changes, net	–	(6,836)	984	25,538
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	349,067	800,590	888,775	395,673

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		As at 30 June
		2020	2021	2022
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	7,504	16,852	26,121
Other intangible assets	*14*	467	2,376	2,727
Right-of-use assets	*15*	2,573	2,758	27,335
Investments in subsidiaries		149,718	171,116	185,178
Investment in an associate	*16*	–	467,561	481,110
Other non-current assets	*17*	6,543	21,499	10,363
Total non-current assets		166,805	682,162	732,834
CURRENT ASSETS				
Inventories	*18*	1,192	3,427	6,559
Prepayments, other receivables and other assets	*19*	12,068	32,712	35,387
Cash and bank balances	*20*	348,080	794,268	717,592
Total current assets		361,340	830,407	759,538
CURRENT LIABILITIES				
Trade payables	*21*	3,580	7,756	8,139
Other payables and accruals	*22*	10,157	28,326	25,580
Other borrowings	*23*	403	–	–
Lease liabilities	*24*	1,214	1,342	989
Total current liabilities		15,354	37,424	34,708
NET CURRENT ASSETS		345,986	792,983	724,830
TOTAL ASSETS LESS CURRENT LIABILITIES		512,791	1,475,145	1,457,664

	Notes	As at 31 December 2020	As at 31 December 2021	As at 30 June 2022
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Lease liabilities	*24*	1,704	1,068	616
Total non-current liabilities		1,704	1,068	616
Net assets		511,087	1,474,077	1,457,048
EQUITY				
Share capital	*26*	19,617	409,091	409,091
Reserves	*27*	491,470	1,064,986	1,047,957
Total equity		511,087	1,474,077	1,457,048

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Jenscare Scientific Co., Ltd. (the "Company") was incorporated in the People's Republic of China (the "PRC") on 8 November 2011 as a limited liability company. On 23 March 2021, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The registered office of the Company is located at No.777 Binhai Forth Road, Hangzhou Bay New District, Ningbo, Zhejiang, the PRC.

During the Relevant Periods, the Company and its subsidiaries (the "Group") was mainly engaged in the research and development of bioprosthetic heart valves and other related medical products.

As at the date of this report, the Company had direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Ningbo Diochange Medical Technology Co., Ltd. ("Diochange") (寧波迪創醫療科技有限公司) *(note (a))*	PRC/Mainland China 15 January 2014	RMB15,000,000	100%	Research and development
Jenscare (Hainan) Venture Capital Co., Ltd. (健世(海南)創業投資有限公司) *(note (a))*	PRC/Mainland China 15 January 2021	RMB10,000,000	100%	Consulting and investment
Shanghai Xuanmai Medical Technology Co., Ltd. (上海炫脈醫療科技有限公司) *(note (a))*	PRC/Mainland China 9 November 2021	RMB5,000,000	55%	Research and development
Jenscare Scientific (Netherlands) B.V. *(note (a))*	Netherlands 22 March 2022	EUR100,000	100%	Research and development
Jenscare International Co., Ltd *(note (a))*	Hong Kong 29 March 2022	HKD5,000,000	100%	Research and development

The English names of these companies represent the best effort made by the directors of the Company (the "Directors") to translate the Chinese names as these companies have not been registered with any official English names.

Note:

(a) As at the date of this report, no audited financial statements have been prepared for these entities since their incorporation as statutory accounts are not required under the relevant rules and regulations in their jurisdiction of incorporation.

Ningbo Maidi Enterprise Management L.P. (Limited Partnership) (寧波脈迪企業管理合夥企業(有限合夥)) was incorporated in Ningbo of the PRC under the Law of the People's Republic of China on Partnerships on 17 July 2020 as a vehicle to hold the ordinary shares for the Company's employees under the equity-settled share-based compensation plan, and its name was changed to Hainan Maidi Enterprise Management L.P. (Limited Partnership) (海南脈迪企業管理合夥企業(有限合夥)) ("Hainan Maidi") in May 2021.

Hainan Hualing Investment L.P. (Limited Partnership) (海南華翎投資合夥企業(有限合夥)) ("Hainan Hualing") was incorporated in Hainan of the PRC under the Law of the People's Republic of China on Partnerships on 19 February 2021 as a vehicle to hold the ordinary shares for the Company's employees under the equity-settled share-based compensation plan.

As the Company has the power to govern the relevant activities of Hainan Maidi and Hainan Hualing and can derive benefits from the contributions of the eligible employees who are awarded with the shares under the share compensation plan (the "Original Scheme"), the directors of the Company consider that it is appropriate to consolidate Hainan Maidi and Hainan Hualing. No statutory financial statements have been prepared by these vehicles during the Relevant Periods.

2.1 BASIS OF PRESENTATION

The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented.

Pursuant to the Reorganisation, as more fully explained in the sub-section headed "Reorganisation" in the section headed "History, Development and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group on 30 September 2020.

The companies now comprising the Group were under the common control of Mr. Lv Shiwen and Ms. Li Hui before and after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods.

Accordingly, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the Relevant Periods include the consolidated results and cash flows of Jenscare Scientific Co., Ltd. and its subsidiaries now comprising the Group as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position of the Group as at 31 December 2020 and 2021 and as at 30 June 2022 include the consolidated assets and liabilities of Jenscare Scientific Co., Ltd. and its subsidiaries now comprising the Group as if the current group structure had been in existence throughout the Relevant Periods. No adjustments are made to reflect fair values or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

Notwithstanding that the Group is still at the stage of R&D and continually incurred losses from operations, the financial information has been prepared on a going concern basis. The directors of the Company have considered the Group's sources of liquidity and believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB").

All IFRSs effective for the accounting period commencing from 1 January 2021, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not adopted the following standards that have been issued but are not yet effective in the Historical Financial Information:

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
IFRS 17	*Insurance Contracts*[1, 3]
Amendments to IFRS 17	*Insurance Contracts*[1, 3]
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 — Comparative Information*[1, 3]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[1]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023

2 No mandatory effective date yet determined but available for adoption

3 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

The Group is in the process of making an assessment of the impact of these new and revised IFRS upon initial application. So far, the Group considers that, these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity(including a structured entity), directly or indirectly controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are combined from the date on which the Group obtains control, and continue to be combined until the date that such control ceases.

Investment in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred.

Goodwill arising from the acquisition of an associate is included as part of the Group's investment in an associate.

If an investment in a joint venture becomes an investment in an associate or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

The Group measures certain financial instruments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Office equipment	19%
Motor vehicles	24%
Plant and machinery	19%
Leasehold improvements	10%-20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the Relevant Periods.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents leasehold improvements under construction and equipment under installation, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each of the Relevant Periods.

Intangible assets are amortised on the straight-line basis over the following useful economic lives. which are estimated based on the management's judgement:

Software	5-10 years

Research and development expenses

All research expenses are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is 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, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	2 to 4 years
Land use right	50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., a change to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of any machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be low value.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- 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.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date during the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include other payables and accruals, and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Shares held for share compensation plan

Own equity instruments which are held by the Company or the Group are recognised directly in equity at cost. Shares held for share compensation plan of the Group are shares not granted or still unvested held by vehicles for share compensation plan. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at banks.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash at banks.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

The Group do not recognise government grants until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Share-based payments

The Group operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for share grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 28 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where grants include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled grant are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the grant are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled grant is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the grant is recognised immediately. This includes any grant where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new grant is substituted for the cancelled grant, and is designated as a replacement award on the date that it is granted, the cancelled and new grants are treated as if they were a modification of the original grant, as described in the previous paragraph.

Other employee benefits

Pension scheme

The employees of the Group in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Foreign currencies

The Historical Financial Information is presented in RMB. Each entity in the Group uses RMB as its functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Research and development expenses

All research expense are charged to profit or loss as incurred. Expenditure incurred on projects to develop new products is 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, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development expense to be capitalised requires the use of judgements and estimation.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. Further details are included in notes 10 and 25 to the Historical Financial Information.

Share-based payments

The Group has set up the share compensation plan for the Company's directors and the Group's employees.

Estimating the fair value of share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the volatility, risk-free interest rate and exercise multiple and making assumptions about them.

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating the fair value of share-based payment transactions are disclose in note 28.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each of the Relevant Periods. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows.

4. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

Since nearly all of the Group's non-current assets were located in Mainland China during the Relevant Periods, no geographical segment information is presented.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended 31 December		Six months ended 30 June	
	2020	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income				
Government grants*	1,392	646	207	8,848
Bank interest income	128	1,766	321	1,451
Others	–	11	–	–
	1,520	2,423	528	10,299
Gains				
Gains on financial assets at fair value through profit or loss	1,503	6,487	3,952	2,509
Foreign exchange differences, net	–	–	984	25,538
Others	47	–	–	–
	3,070	8,910	5,464	38,346

* The government grants mainly represent subsidies received from the local governments for the purpose of compensation of expense spent on research and development activities, allowance for new medical equipment development and funds for talents.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		Six months ended 30 June	
		2020	2021	2021	2022
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Depreciation of items of property, plant and equipment	*13*	2,444	3,407	1,405	2,754
Amortisation of intangible assets	*14*	13	150	39	146
Depreciation of right-of-use assets	*15*	885	1,704	660	1,173
Research and development expenses		170,629	265,336	184,607	84,541
Loss on disposal of items of property, plant and equipment	*13*	43	14	13	9
		174,014	270,611	186,724	88,623
Staff cost (excluding directors' and chief executive's remuneration *(note 8)*):					
Wages and salaries		12,236	34,163	14,873	25,570
Pension scheme contributions		1,287	6,767	2,922	5,446
Staff welfare expenses		1,007	2,166	836	1,095
Equity-settled share compensation expense		6,304	106,342	72,534	35,234

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Year ended 31 December		Six months ended 30 June	
	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on other borrowings	518	–	–	–
Interest on lease liabilities *(note 24)*	76	130	58	50
	594	130	58	50

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

Group

	Year ended 31 December		Six months ended 30 June	
	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Fees	–	–	–	–
Other emoluments:				
Salaries, bonuses, allowances and benefits in kind	1,169	4,825	1,514	1,871
Equity-settled share compensation expense	245,842	260,169	248,662	9,613
Pension scheme contributions	108	295	127	149
	247,119	265,289	250,303	11,633

During the Relevant Periods, options were granted to Mr. Lv Shiwen, Mr. Li Biao and Mr. Pan Fei in respect of their services to the Group, further details of which are set out in note 28 to the Historical Financial Information. The fair value of such awarded shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is set out in the above directors' and supervisors' remuneration disclosures.

Executive directors, non-executive directors, and supervisors

Year ended 31 December 2020	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Equity-settled share compensation expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr Lv Shiwen *(a)*	–	726	73	245,660	246,459
Ms Xie Youpei *(b)*	–	–	–	–	–
Mr Li Biao *(c)*	–	180	35	182	397
	–	906	108	245,842	246,856
Non-executive directors:					
Mr Tan Ching *(d)*	–	–	–	–	–
Mr Zheng Jiaqi *(e)*	–	–	–	–	–
	–	–	–	–	–
Supervisors:					
Ms Yuan Dan *(f)*	–	263	–	–	263
Mr Tang Hao *(g)*	–	–	–	–	–
	–	263	–	–	263

Year ended 31 December 2021	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Equity-settled share compensation expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Lv Shiwen *(a)*	–	2,581	143	245,125	247,849
Mr. Li Biao *(c)*	–	432	22	989	1,443
Mr Pan Fei *(h)*	–	1,698	111	14,055	15,864
	–	4,711	276	260,169	265,156
Non-executive directors:					
Mr. Tan Ching *(d)*	–	–	–	–	–
Mr. Zheng Jiaqi *(e)*	–	–	–	–	–
Ms Xie Youpei *(b)*	–	–	–	–	–
Mr Chen Xinxing *(i)*	–	–	–	–	–
	–	–	–	–	–
Supervisors:					
Mr. Tang Hao *(g)*	–	–	–	–	–
Ms Xu Jing *(j)*	–	–	–	–	–
Mr Hu Bo *(k)*	–	114	19	–	133
	–	144	19	–	133

Six months ended 30 June 2022	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Equity-settled share compensation expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Lv Shiwen *(a)*	–	963	80	–	1,043
Mr. Pan Fei *(h)*	–	850	54	9,613	10,517
	–	1,813	134	9,613	11,560
Non-executive directors:					
Mr. Tan Ching *(d)*	–	–	–	–	–
Mr. Zheng Jiaqi *(e)*	–	–	–	–	–
Ms. Xie Youpei *(b)*	–	–	–	–	–
Mr Chen Xinxing *(i)*	–	–	–	–	–
	–	–	–	–	–
Supervisors:					
Mr. Tang Hao *(g)*	–	–	–	–	–
Ms. Xu Jing *(j)*	–	–	–	–	–
Mr. Hu Bo *(k)*	–	58	15	–	73
	–	58	15	–	73

Six months ended 30 June 2021 (Unaudited)	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Equity-settled share option expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Lv Shiwen *(a)*	–	775	67	245,125	245,967
Mr Li Biao *(c)*		142	19	843	1,004
Mr Pan Fei *(h)*	–	565	36	2,694	3,295
	–	1,482	122	248,662	250,266
Non-executive director:					
Mr. Tan Ching *(d)*	–	–	–	–	–
Mr Zheng Jiaqi *(e)*	–	–	–	–	–
Ms Xie Youpei *(b)*	–	–	–	–	–
Mr Chen Xinxing *(i)*	–	–	–	–	–
	–	–	–	–	–
Supervisors:					
Mr Tang Hao *(g)*	-	–	–	–	–
Ms Xu Jing *(j)*	–	–	–	–	–
Mr Hu Bo *(k)*	–	32	5	–	37
	–	32	5	–	37

(a) Mr. Lv Shiwen was appointed as the chief executive on August 2020.

(b) Ms. Xie Youpei joined the Company in November 2011 and has been a director since then.

(c) Mr. Li Biao was appointed as a director of the Company on October 2020, resigned from director on March 2021 and remained as an employee of the group.

(d) Mr. Tan Ching was appointed as a non-executive director of the Company on March 2019.

(e) Mr. Zheng Jiaqi,whose former name is Qi Zhengwang, was appointed as a non-executive director of the Company on October 2020.

(f) Ms. Yuan Dan resigned as a supervisor of the Company on October 2020.

(g) Mr. Tang Hao was appointed as a supervisor of the Company on October 2020.

(h) Mr. Pan Fei was appointed as an executive director of the Company on March 2021.

(i) Mr. Chen Xinxing was appointed as a non-executive director of the Company in May 2021.

(j) Ms. Xu Jing was appointed as a supervisor of the Company on March 2021.

(k) Mr. Hu Bo was appointed as a supervisor of the Company on March 2021.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the six months ended 30 June 2021 included two, two, one and two directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three, three, four and three highest paid employees, respectively who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		Six months ended 30 June	
	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, bonuses, allowances, and benefits in kind	1,765	1,722	438	1,198
Equity-settled share compensation expenses	2,717	19,062	14,563	10,738
Pension scheme contributions	113	192	50	213
	4,595	20,976	15,051	12,149

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		Six months ended 30 June	
	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Nil to HKD1,000,000	–	–	–	–
HKD1,000,001 to HKD1,500,000	1	–	–	–
HKD1,500,001 to HKD2,000,000	2	–	–	–
HKD2,000,001 to HKD2,500,000	–	–	–	1
HKD2,500,001 to HKD3,000,000	–	–	–	3
HKD3,000,001 to HKD3,500,000	–	1	1	–
HKD3,500,001 to HKD4,000,000	–	1	1	–
HKD8,000,001 to HKD8,500,000	–	1	1	–
	3	3	3	4

10. INCOME TAX

The Group's principal applicable tax and tax rate are as follows:

(a) Pursuant to the Corporate Income Tax Law of the PRC (the "CIT Law") and the respective regulations, the applicable tax rate is 25%. No provision for Mainland China income tax has been made, as the Group's PRC entities had no estimated assessable profits during the Relevant Periods.

(b) A reconciliation of the tax expense applicable to loss before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		Six months ended 30 June	
	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss before tax	(299,673)	(500,673)	(368,637)	(73,529)
Tax at the statutory tax rate (25%)	(74,918)	(125,168)	(92,160)	(18,382)
Profits attributable to an associate	–	(336)	(157)	(3,387)
Additional deductible allowance for qualified research and development expenses	(30,459)	(19,725)	(5,146)	(10,147)
Expenses not deductible for tax	182	922	207	625
Deductible temporary difference and tax losses not recognised	105,195	144,307	97,256	31,291
Tax charge at the Group's effective rate	–	–	–	–

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		As at 30 June	
	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Unused tax losses	151,161	359,181	239,376	441,123
Balance of deductible temporary differences	119,867	486,481	441,135	531,617
	271,028	845,662	680,511	972,740

The Group had tax losses of RMB151,161,000, RMB359,181,000 and RMB441,123,000, as at 31 December 2020, 31 December 2021 and the six months ended 30 June 2022, respectively, that will expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose.

11. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss attributable to owners of the parent, and the weighted average number of ordinary shares of 278,714,000, 338,446,000, 362,818,000 and 312,547,000 in issue during the Relevant Periods and the six months ended 30 June 2021, respectively, as adjusted to reflect the rights issue during the year or period. The weighted average number of ordinary shares in issue before the conversion into a joint stock company was determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio as upon transformation into a joint stock company in March 2021 (note 26).

The Group had potential dilutive shares throughout the Relevant Periods related to the shares held for the share compensation plan. Due to the Group's negative financial results during the Relevant Periods, shares held for the share compensation plan have an anti-dilutive effect on the Group's loss per share. Thus, diluted loss per share is equivalent to the basic loss per share.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Plant and machinery	Motor vehicles	Office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2020						
At 1 January 2020:						
Cost	4,725	125	782	6,050	2,119	13,801
Accumulated depreciation	(1,193)	(42)	(275)	(4,054)	–	(5,564)
Net carrying amount	3,532	83	507	1,996	2,119	8,237
At 1 January 2020, net of accumulated depreciation	3,532	83	507	1,996	2,119	8,237
Additions	676	–	139	30	1,247	2,092
Depreciation provided during the year	(1,267)	(30)	(141)	(1,006)	–	(2,444)
Transfer	2,119	–	–	–	(2,119)	–
Disposals	(42)	–	(1)	–	–	(43)
At 31 December 2020, net of accumulated depreciation	5,018	53	504	1,020	1,247	7,842
At 31 December 2020:						
Cost	7,435	125	913	6,081	1,247	15,801
Accumulated depreciation	(2,417)	(72)	(409)	(5,061)	–	(7,959)
Net carrying amount	5,018	53	504	1,020	1,247	7,842
31 December 2021						
At 1 January 2021:						
Cost	7,435	125	913	6,081	1,247	15,801
Accumulated depreciation	(2,417)	(72)	(409)	(5,061)	–	(7,959)
Net carrying amount	5,018	53	504	1,020	1,247	7,842
At 1 January 2021, net of accumulated depreciation	5,018	53	504	1,020	1,247	7,842
Additions	5,078	269	1,976	46	5,909	13,278
Depreciation provided during the year	(1,769)	(117)	(383)	(1,138)	–	(3,407)
Transfer	388	171	631	4,954	(6,144)	–
Disposals	(12)	–	(2)	–	–	(14)
At 31 December 2021, net of accumulated depreciation	8,703	376	2,726	4,882	1,012	17,699
At 31 December 2021:						
Cost	12,753	565	3,501	11,081	1,012	28,912
Accumulated depreciation	(4,050)	(189)	(775)	(6,199)	–	(11,213)
Net carrying amount	8,703	376	2,726	4,882	1,012	17,699

Group

	Plant and machinery	Motor vehicles	Office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 June 2022						
At 1 January 2022:						
Cost	12,753	565	3,501	11,081	1,012	28,912
Accumulated depreciation	(4,050)	(189)	(775)	(6,199)	–	(11,213)
Net carrying amount	8,703	376	2,726	4,882	1,012	17,699
At 1 January 2022, net of accumulated depreciation	8,703	376	2,726	4,882	1,012	17,699
Additions	11,064	–	433	–	1,202	12,699
Depreciation provided during the period	(1,566)	(67)	(328)	(793)	–	(2,754)
Transfer	–	–	–	1,597	(1,597)	–
Disposals	(6)	–	(3)	–	–	(9)
At 30 June 2022, net of accumulated depreciation	18,195	309	2,828	5,686	617	27,635
At 30 June 2022:						
Cost	23,776	565	3,903	12,678	617	41,539
Accumulated depreciation	(5,581)	(256)	(1,075)	(6,992)	–	(13,904)
Net carrying amount	18,195	309	2,828	5,686	617	27,635

As at 31 December 2020 and 2021 and 30 June 2022, there were no pledged property, plant and equipment.

Company

	Plant and machinery	Motor vehicles	Office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2020						
At 1 January 2020:						
Cost	4,379	125	687	4,634	2,119	11,944
Accumulated depreciation	(1,048)	(42)	(221)	(2,880)	–	(4,191)
Net carrying amount	3,331	83	466	1,754	2,119	7,753
At 1 January 2020, net of accumulated depreciation	3,331	83	466	1,754	2,119	7,753
Additions	541	–	126	30	1,247	1,944
Depreciation provided during the year	(1,193)	(30)	(127)	(800)	–	(2,150)
Transfer	2,119	–	–	–	(2,119)	–
Disposals	(42)	–	(1)	–	–	(43)
At 31 December 2020, net of accumulated depreciation	4,756	53	464	984	1,247	7,504
At 31 December 2020:						
Cost	6,954	125	805	4,665	1,247	13,796
Accumulated depreciation	(2,198)	(72)	(341)	(3,681)	–	(6,292)
Net carrying amount	4,756	53	464	984	1,247	7,504
31 December 2021						
At 1 January 2021:						
Cost	6,954	125	805	4,665	1,247	13,796
Accumulated depreciation	(2,198)	(72)	(341)	(3,681)	–	(6,292)
Net carrying amount	4,756	53	464	984	1,247	7,504
At 1 January 2021, net of accumulated depreciation	4,756	53	464	984	1,247	7,504
Additions	4,568	269	1,855	–	5,909	12,601
Depreciation provided during the year	(1,645)	(117)	(361)	(1,120)	–	(3,243)
Transfer	388	171	631	4,954	(6,144)	–
Disposals	(9)	–	(1)	–	–	(10)
At 31 December 2021, net of accumulated depreciation	8,058	376	2,588	4,818	1,012	16,852
At 31 December 2021:						
Cost	11,773	565	3,282	9,619	1,012	26,251
Accumulated depreciation	(3,715)	(189)	(694)	(4,801)	–	(9,399)
Net carrying amount	8,058	376	2,588	4,818	1,012	16,852

Company

	Plant and machinery	Motor vehicles	Office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 June 2022						
At 1 January 2022:						
Cost	11,773	565	3,282	9,619	1,012	26,251
Accumulated depreciation	(3,715)	(189)	(694)	(4,801)	–	(9,399)
Net carrying amount	8,058	376	2,588	4,818	1,012	16,852
At 1 January 2022, net of accumulated depreciation	8,058	376	2,588	4,818	1,012	16,852
Additions	10,318	–	403	–	1,145	11,866
Depreciation provided during the period	(1,435)	(67)	(309)	(780)	–	(2,591)
Transfer	–	–	–	1,540	(1,540)	–
Disposals	(5)	–	(1)	–	–	(6)
At 30 June 2022, net of accumulated depreciation	16,936	309	2,681	5,578	617	26,121
At 30 June 2022						
Cost	22,055	565	3,672	11,159	617	38,068
Accumulated depreciation	(5,119)	(256)	(991)	(5,581)	–	(11,947)
Net carrying amount	16,936	309	2,681	5,578	617	26,121

14. OTHER INTANGIBLE ASSETS

Group

	Software
	RMB'000
At 1 January 2020 net of accumulated amortisation	–
Additions	480
Amortisation provided during the year	(13)
At 31 December 2020, net of accumulated amortisation	467
At 31 December 2020:	
Cost	480
Accumulated amortisation	(13)
Net carrying amount	467
31 December 2021	
At 1 January 2021, net of accumulated amortisation	467
Additions	2,077
Amortisation provided during the year	(150)
At 31 December 2021, net of accumulated amortisation	2,394
At 31 December 2021:	
Cost	2,557
Accumulated amortisation	(163)
Net carrying amount	2,394
30 June 2022	
At 1 January 2022, net of accumulated amortisation	2,394
Additions	496
Amortisation provided during the period	(146)
At 30 June 2022, net of accumulated amortisation	2,744
At 30 June 2022:	
Cost	3,054
Accumulated amortisation	(310)
Net carrying amount	2,744

Company

	Software
	RMB'000
At 1 January 2020, net of accumulated amortisation	–
Additions	480
Amortisation provided during the year	(13)
At 31 December 2020, net of accumulated amortisation	467
At 31 December 2020:	
Cost	480
Accumulated amortisation	(13)
Net carrying amount	467
31 December 2021	
At 1 January 2021, net of accumulated amortisation	467
Additions	2,057
Amortisation provided during the year	(148)
At 31 December 2021, net of accumulated amortisation	2,376
At 31 December 2021:	
Cost	2,537
Accumulated amortisation	(161)
Net carrying amount	2,376
30 June 2022	
At 1 January 2022, net of accumulated amortisation	2,376
Additions	496
Amortisation provided during the period	(145)
At 30 June 2022, net of accumulated amortisation	2,727
At 30 June 2022:	
Cost	3,033
Accumulated amortisation	(306)
Net carrying amount	2,727

15. RIGHT-OF-USE ASSETS

Group and Company

	Land use right	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2020	–	618	618
Additions	–	2,840	2,840
Depreciation charge	–	(885)	(885)
At 31 December 2020	–	2,573	2,573
As at 1 January 2021	–	2,573	2,573
Additions	–	2,717	2,717
Termination of a lease	–	(828)	(828)
Depreciation charge	–	(1,704)	(1,704)
At 31 December 2021	–	2,758	2,758
As at 1 January 2022	–	2,758	2,758
Additions	25,750	–	25,750
Termination of a lease	–	–	–
Depreciation charge	(129)	(1,044)	(1,173)
At 30 June 2022	25,621	1,714	27,335

16. INVESTMENT IN AN ASSOCIATE

Group and Company

	As at 31 December 2021	As at 30 June 2022
	RMB'000	*RMB'000*
Share of net assets	163,595	177,144
Goodwill on acquisition	303,966	303,966
Net carrying amount	467,561	481,110

At 30 June 2022, particulars of the Group's material associate are as follows:

Name	Place of registration and business	Paid-in capital	Percentage of ownership interest attributable to the Group	Principal activities
		RMB'000		
Starway Medical Technology, Inc. (北京華醫聖傑科技有限公司) ("**Starway**")	Beijing	100,000	24.98%	Manufacturing and sale of interventional medical devices for congenital heart diseases

Starway which is considered a material associate of the Group, is engaged in manufacturing and sales of interventional medical devices for congenital heart diseases in Beijing and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Starway adjusted for fair value adjustments made and amortisation of intangible assets identified at the time of acquisition and reconciled to the carrying amount in the Historical Financial Information:

	As at 31 December 2021	As at 30 June 2022
	RMB'000	*RMB'000*
Current assets	236,433	327,475
Non-current assets, excluding goodwill	532,047	514,940
Goodwill on acquisition of the associate	1,217,037	1,217,037
Current liabilities	(38,259)	(61,243)
Non-current liabilities	(75,208)	(71,913)
Net assets	1,872,050	1,926,296
Net assets, excluding goodwill	655,013	709,259
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	24.98%	24.98%
Group's share of net assets of the associate, excluding goodwill	163,595	177,144
Goodwill on acquisition	303,966	303,966
Carrying amount of the investment	467,561	481,110
Revenue	150,243	157,073
Profit and total comprehensive income for the year/period	5,377	54,249

17. OTHER NON-CURRENT ASSETS

Group

	As at 31 December		As at 30 June
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Prepayment for purchase of property, plant and equipment	2,728	12,160	7,884
Value-added tax recoverable	4,047	9,982	2,695
	6,775	22,142	10,579

Company

	As at 31 December		As at 30 June
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Prepayment for purchase of property, plant and equipment	2,728	12,160	7,759
Value-added tax recoverable	3,815	9,339	2,604
	6,543	21,499	10,363

18. INVENTORIES

Group

	As at 31 December		As at 30 June
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	1,520	4,672	8,139
Less: Provision for inventories	–	–	–
	1,520	4,672	8,139

Company

	As at 31 December		As at 30 June
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	1,192	3,427	6,559
Less: Provision for inventories	–	–	–
	1,192	3,427	6,559

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

Group

	31 December		30 June
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Due from related parties *(note 31)*	66	528	1,026
Deposits	297	1,737	1,558
Prepayment to suppliers	3,706	12,348	15,035
Deferred offering expense	284	8,680	2,431
Others	246	250	317
	4,599	23,543	20,367

In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the Relevant Periods, the Group estimated that the expected credit loss rate for other receivables and deposits is minimal.

The movements in provision for impairment of other receivables are as follows:

Group

	As at 31 December		As at 30 June
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year/period	72	25	127
Impairment losses/(write-back of impairment losses), net	(47)	102	291
At end of year/period	25	127	418

Company

	31 December		30 June
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Due from related parties	8,070	11,618	17,850
Deposits	297	1,735	1,556
Prepayment to suppliers	3,188	10,453	13,260
Deferred offering expense	284	8,680	2,431
Others	229	226	290
	12,068	32,712	35,387

The movements in provision for impairment of other receivables are as follows:

	As at 31 December		As at 30 June
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year/period	72	25	121
Impairment losses/(write-back of impairment losses), net	(47)	96	292
At end of year/period	25	121	413

20. CASH AND BANK BALANCES

Group

	31 December		30 June
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	349,067	800,590	731,243
Less:			
Time deposits with maturity of over 3 months	–	–	335,570
Cash and cash equivalents	349,067	800,590	395,673
Denominated in:			
RMB	349,067	233,761	307,566
USD	–	566,829	423,677
	349,067	800,590	731,243

Company

	31 December		30 June
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	348,080	794,268	717,592
Less:			
Time deposits with maturity of over 3 months	–	–	335,570
Cash and cash equivalents	348,080	794,268	382,022
Denominated in:			
RMB	348,080	227,439	293,915
USD	–	566,829	423,677
	348,080	794,268	717,592

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

21. TRADE PAYABLES

The trade payables are non-interest-bearing and are normally settled within two months.

Group

	As at 31 December		As at 30 June
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
Within 1 year	3,631	8,004	8,156
Over 1 year	159	441	95
	3,790	8,445	8,251

Company

	As at 31 December		As at 30 June
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
Within 1 year	3,421	7,502	8,044
Over 1 year	159	254	95
	3,580	7,756	8,139

Included in the trade payables were an amount due to a related party of RMB29,000, nil and nil as at 31 December 2020 and 2021 and 30 June 2022, respectively, which was repayable within 30 days, which represents credit terms similar to those offered by the related party to major customers.

22. OTHER PAYABLES AND ACCRUALS

Group

	As at 31 December		As at 30 June
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Amount due to related parties *(note 31)*	277	210	717
Payroll and welfare payable	5,666	11,579	11,939
Government grants payable	6,676	11,476	10,750
Other payables*	122	16,648	13,451
	12,741	39,913	36,857

Company

	As at 31 December		As at 30 June
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Amount due to related parties	391	183	561
Payroll and welfare payable	4,533	9,937	10,197
Government grants payable	5,126	7,926	7,750
Other payables*	107	10,280	7,072
	10,157	28,326	25,580

* Other payables primarily consisted of accrued or invoiced but unpaid fees for utilities, office leasing and services. Among other payables as at 30 June 2022, the amount of RMB6,239,000 was due to the consolidation of special purpose vehicles as described in note 1.

Included in the other payables are also government grants payable that will not be recognised in profit or loss because the criteria attached to the grants have not been met by the Group.

Other payables and accruals are unsecured, non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables and accruals as at the end of each of the Relevant Periods approximated to their fair values due to their short-term maturities.

23. OTHER BORROWINGS

Group

	As at 31 December		As at 30 June
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Other borrowings repayable			
Within 1 year *(note 31)*	611	–	–
Over 1 year	–	–	–
	611	–	–

Company

	As at 31 December		As at 30 June
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Other borrowings repayable			
Within 1 year	403	–	–
Over 1 year	–	–	–
	403	–	–

During 2019, the Group borrowed RMB2,500,000 from Ningbo Linfeng with annual interest rate of 4.75% and repaid the principal portion of the borrowing on 30 November 2020. In 2021, the interest portion of the borrowing was exempted by Ningbo Linfeng.

24. LEASE LIABILITIES

Group and Company

	As at 31 December		As at 30 June
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Lease liabilities	1,214	1,342	989
Non-current			
Lease liabilities	1,704	1,068	616
	2,918	2,410	1,605

The movements of the lease liabilities during the Relevant Periods are as follows:

	As at 31 December		As at 30 June
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year/period	721	2,918	2,410
Addition	2,839	2,718	–
Interest expense	76	130	50
Termination of a lease	–	(999)	–
Lease payment	(718)	(2,357)	(855)
At the end of the year/period	2,918	2,410	1,605

25. DEFERRED TAX

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax liabilities

	Right-of-use assets
	RMB'000
As at 1 January 2020	180
Deferred tax charged to profit or loss during the year	550
Gross deferred tax liabilities at 31 December 2020	730
As at 1 January 2021	730
Deferred tax charged to profit or loss during the year	(127)
Gross deferred tax liabilities at 31 December 2021	603
As at 1 January 2022	603
Deferred tax charged to profit or loss during the period	(202)
Gross deferred tax liabilities at 30 June 2022	401

Deferred tax assets

	Lease liabilities
	RMB'000
As at 1 January 2020	180
Deferred tax charged to profit or loss during the year	550
Gross deferred tax assets at 31 December 2020	730
As at 1 January 2021	730
Deferred tax charged to profit or loss during the year	(127)
Gross deferred tax assets at 31 December 2021	603
As at 1 January 2022	603
Deferred tax charged to profit or loss during the period	(202)
Gross deferred tax assets at 30 June 2022	401

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes.

Net deferred tax recognised in the consolidated statement of financial position.

	As at 31 December		As at 30 June
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets/liabilities in respect of continuing operations	–	–	–

26. SHARE CAPITAL/PAID-IN CAPITAL

The Company was incorporated in November 2011 with initial authorised paid-in capital of RMB1,000,000 divided into 1,000,000 units with par value of RMB1.00 each. For the change of paid-in capital before the Relevant Periods, please refer to the section headed "History, Development and Corporate Structure" in this Prospectus.

A summary of movements in the Company's issued share capital/paid-in capital during the Relevant Periods is as follows:

Share capital

	Total
	RMB'000
Issued and fully paid as at 1 January 2020, 1 January 2021	–
Issue of ordinary shares upon conversion into a joint stock company *(c)*	360,000
Issue of shares *(d)*	49,091
As at 31 December 2021	409,091
Issued and fully paid as at 1 January 2022, 30 June 2022	409,091

Paid-in capital

	Total
	RMB'000
At 1 January 2020,	13,622
Capital contribution by shareholders *(a)*	5,995
At 31 December 2020 and 1 January 2021	19,617
Capital contribution by shareholders *(b)*	5,073
Conversion into a joint stock company *(c)*	(24,690)
As at 31 December 2021 and 1 January 2022 and 30 June 2022	–

Note:

(a) In September 2020, the Company entered into a capital increase agreement with shareholders of Ningbo Diochange. Amongst the increased registered capital of RMB2,403,900, Mr. Lv Shiwen, Ningbo Linfeng and Mr. Wu Danke subscribed for RMB1,330,078, RMB833,432 and RMB240,390 registered capital, respectively. In consideration for the subscription, each of Mr. Lv Shiwen, Ningbo Linfeng and Mr. Wu Danke transferred the equity interests they held in Ningbo Diochange to the Company pursuant to the Reorganisation.

In October 2020, the Company entered into a capital increase agreement with Zhuhai Yuheng Equity Investment L.P. (Limited Partnership), Qiushixingde (Tianjin) Investment Center (Limited Partnership), China Life Chengda (Shanghai) Healthcare Equity Investment Center (Limited Partnership), Beijing PICC Healthcare Fund and CICC Pucheng Investment Co., Ltd. According to the agreement, total capital of RMB400,000,000 was to be injected into the Company by the above investors with approximately RMB3,591,000 and RMB383,891,000 credited to the Company's capital and reserves. During the year ended 31 December 2020, 100% of the total capital was contributed by the shareholders.

(b) In July 2020, the Company entered into capital increase agreement with Hainan Maidi Enterprise Management L.P. (Limited Partnership). According to the agreement, total capital of RMB2,828,000 was to be injected into the Company with approximately RMB2,828,000 credited to the Company's paid-in capital. During the year ended 31 December 2021, 100% of the total capital was contributed by the shareholders.

In February 2021, the Company entered into capital increase agreement with Hainan Hualing Investment L.P. (Limited Partnership). According to the agreement, total capital of RMB2,245,000 was to be injected into the Company with approximately RMB2,245,000 credited to the Company's paid-in capital. During the year ended 31 December 2021, 100% of the total capital was contributed by the shareholders.

(c) In March 2021, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date, including paid-in capital, other reserves and accumulated losses, amounting to RMB375,081,726 were converted into 360,000,000 ordinary shares at RMB1.00 per share. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's share premium.

(d) In April 2021, the Company entered into capital increase agreement with AUT-VII HK Holdings Limited, Janecox Investment IV HK Limited, Duckling Fund, L.P, CORMORANT GLOBAL HEALTHCARE MASTER FUND, LP, ChinaAMC Summerbrook Fund, FOREBRIGHT KEEN ASCENT LIMITED, FutureX Investment I Company Limited, Start New Limited. According to the agreement, the Company issued 49,090,890 ordinary shares to the above investors at price of USD 3.33 per share. The registered share capital was increased from RMB360,000,000 to RMB409,090,890, for a total subscription price of USD163,636,300, which was converted into RMB1,054,101,000 with approximately RMB49,091,000 and RMB1,005,010,000 credited to the Company's capital and reserves.

27. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity on page I-8 of the Historical Financial Information.

28. SHARE-BASED PAYMENTS

Pursuant to the board resolution on 1 January 2012 and the approved share compensation plan (the "Original Scheme"), the Group operates a share-based payment scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors and Group's employees. During the Relevant Periods, the Group granted equity interests of the Company under the share-based payment scheme through the employee incentive platforms Hainan Maidi, Hainan Hualing and Ningbo Sangdi Investment Management L.P. (Limited Partnership). From the date of establishment of Hainan Maidi and Hainan Hualing to 30 June 2022, as the Company has the power to govern the relevant activities of Hainan Maidi and Hainan Hualing and can derive benefits from the contributions of the eligible employees who are awarded with the shares under the Original Scheme, the directors of the Company consider that it is appropriate to consolidate Hainan Maidi and Hainan Hualing. The maximum aggregate number of shares that may be issued under the original scheme is 3,060,000 Ordinary Shares.

Pursuant to the board resolution on 30 October 2020, the maximum aggregate number of shares that may be issued under the Original Scheme is 5,880,000 ordinary shares.

Pursuant to the board resolution on 27 April 2021, the maximum aggregate number of shares that may be issued under the Original Scheme is 102,273,000 ordinary shares.

Details of the specific categories of options are as follows:

	Date of grant	Number of options granted	Exercise price per share	Vesting Period	Entity
1	2019/1/2	130,400	RMB1.00	2019/1/2-2024/1/1	Diochange
2	2020/1/2	178,200	RMB1.00	2020/1/2-2025/1/1	Diochange
3	2019/1/2	1,415,801	RMB2.00	2019/1/2-2024/1/1	The Company
4	2020/1/2	1,560,151	RMB3.00	2020/1/2-2025/1/1	The Company
5	2020/11/1	6,182,281	RMB5.00	2020/11/1-2024/10/31	The Company
6	2020/11/1	13,706,000	RMB5.00	2020/11/1	The Company
7	2021/1/8	6,707,192	RMB5.00	2021/1/8	The Company
8	2021/1/8	7,774,510	RMB5.00	2021/1/8-2026/1/7	The Company
9	2021/1/8	2,770,362	RMB3.00	2021/1/8	The Company
10	2021/4/8	1,840,000	RMB0.35	2021/4/8-2025/4/7	The Company
11	2021/4/8	2,915,000	RMB0.35	2021/4/8-2026/4/7	The Company
12	2021/5/6	12,500,000	RMB1.00	2021/5/6	The Company
13	2021/5/6	1,750,000	RMB1.00	2021/5/6-2026/5/5	The Company
14	2021/5/18	970,000	RMB0.35	2021/5/18-2026/5/17	The Company

The following share options were outstanding under the share-based payment scheme during the Relevant Periods,

	Jenscare	Diochange
	Number of options	Number of options
At 1 January 2020	2,586,643	264,900
Granted during the year	21,448,433	178,200
Forfeited during the year	(277,036)	–
Exercised during the year	(13,706,000)	(86,300)
At 31 December 2020 and 1 January 2021	10,052,040	356,800
At 1 January 2021	10,052,040	356,800
Granted during the year	37,227,064	–
Exercised during the year	(19,199,901)	(356,800)
At 31 December 2021	28,079,203	–
At 1 January 2022	28,079,203	–
Exercised during the period	(1,545,570)	–
At 30 June 2022	26,533,633	–

The number of shares before the conversion into a joint stock company was determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio as upon transformation into a joint stock company in March 2021.

The fair values of the share options granted during the years ended 31 December 2020 and 2021 and six months ended 30 June 2022 were RMB145,891,000, RMB541,598,000 and nil respectively. The Group recognised share option expenses of RMB252,146,000, RMB366,511,000 and RMB44,847,000 during the relevant periods respectively.

The fair values of the equity-settled share options granted during the Relevant Periods were estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	31 December 2020
Expected volatility (%)	36.52%-45.01%
Risk-free interest rate (%)	2.66%-2.97%
Exercise multiple	2.2-2.8

	31 December 2021
Expected volatility (%)	39.94%-47.36%
Risk-free interest rate (%)	1.48%-3.07%
Exercise multiple	2.2-2.8

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2020 and 2021, and six months ended 30 June 2022, the Group had non-cash additions to right-of-use and lease liabilities of RMB2,839,000, RMB2,718,000 and nil, respectively, in respect of lease arrangement for buildings.

Pursuant to the shareholders' resolutions dated 29 September 2020, the registered capital of the Company was increased from RMB13,622,100 to RMB16,026,000. Amongst the increased registered capital of RMB2,403,900, Mr. Lv Shiwen, Ningbo Linfeng and Mr. Wu Danke subscribed for RMB1,330,078, RMB833,432 and RMB240,390 registered capital, respectively. In consideration for the subscription, each of Mr. Lv Shiwen , Ningbo Linfeng and Mr. Wu Danke transferred no cash but the equity interests they held in Ningbo Diochange to the Company.

(b) Changes in liabilities arising from financing activities

	Other Borrowings	Lease liabilities
	RMB'000	*RMB'000*
At 1 January 2020	2,592	721
Changes from financing cash flows	(2,500)	(718)
New leases	–	2,839
Interest expense	519	76
At 31 December 2020 and 1 January 2021	611	2,918
Interest exemption	(611)	–
Lease payment	–	(2,357)
New leases	–	2,718
Interest expense	–	130
Termination of a lease	–	(999)
At 31 December 2021 and 1 January 2022	–	2,410
Lease payment	–	(855)
Interest expense	–	50
At 30 June 2022	–	1,605

30. COMMITMENTS

There were no commitments as at the end of each of the Relevant Periods.

31. RELATED PARTY TRANSACTIONS

(a) Related parties for the years ended 31 December 2020 and 2021 and the six months ended 30 June 2022 were as follows:

Name	Relationship with the Company
Ningbo Linfeng Biotechnology Co., Ltd.	Controlled by Ms. Li Hui
Ningbo Linstant Polymer Materials Co., Ltd	Controlled by Ms. Li Hui
Ningbo Shouquanzhai Chinese Traditional Medicine Service Ltd	The supervisor of the Company as a director
Ningbo Trandomed 3D Medical Technology Co., Ltd	Controlled by Ms. Li Hui
Ningbo Lide Medical Technology Co., Ltd.	Controlled by Ms. Li Hui
Shanghai Jianshi Bio-tech Co., Ltd.	Controlled by Ms. Li Hui
Ningbo Hangzhou Bay New District Muhe Property Co., Ltd	Controlled by Ms. Li Hui
Ningbo Chinese Herbal Pieces Co., Ltd.	Controlled by Ms. Li Hui
Ningbo Shidi Medical Technology Co., Ltd	Controlled by Ms. Li Hui
Cryofocus Medtech (Shanghai) Co., Ltd.	Mr. Lv Shiwen as a director
Ningbo Shengjielong Medical Equipment Co., Ltd	Controlled by Ms. Li Hui
Ningbo SensCure Biotechnology Co., Ltd	Mr. Lv Shiwen as a director
Ningbo Sangdi Investment Management L.P. (Limited Partnership)	Controlled by Mr. Lv Shiwen

(b) In addition to the related party transactions as disclosed in note 23, the Group had the following transactions with related parties during the Relevant Periods and the six months ended 30 June 2021:

	Year ended 31 December		Six months ended 30 June	
	2020	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Rental expense				
Ningbo Linfeng Biotechnology Co., Ltd.	2,029	2,200	909	1,561
Purchase of materials				
Ningbo Linstant Polymer Materials Co., Ltd	116	1,248	389	1,407
Ningbo Shouquanzhai Chinese Traditional Medicine Service Ltd.	–	53	13	244
Ningbo Trandomed 3D Medical Technology Co., Ltd	–	336	54	36
Ningbo Lide Medical Technology Co., Ltd.	–	18	–	–
	116	1,655	456	1,687
Purchase of services				
Shanghai Jianshi Bio-tech Co., Ltd.	–	–	–	354
Ningbo Hangzhou Bay New District Muhe Property Co., Ltd	–	345	39	117
Ningbo Chinese Herbal Pieces Co., Ltd.	–	138	44	73
Ningbo Trandomed 3D Medical Technology Co., Ltd	60	–	–	–
Ningbo Shidi Medical Technology Co., Ltd.	41	134	30	–
	101	617	113	544
Advances of payroll from a related party				
Shanghai Jianshi Bio-tech Co., Ltd.	–	272	272	–
Repayment to related parties				
Ningbo Linfeng Biotechnology Co., Ltd.	2,500	–	–	–

The pricing of services was made according to the published prices and conditions similar to those offered to the major customers of the suppliers.

(c) Outstanding balances with related parties:

	Notes	As at 31 December		As at 30 June	
		2020	2021	2021	2022
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments, other receivables and other assets:					
Due from related parties:					
Ningbo Linstant Polymer Materials Co., Ltd	*(i)*	52	306	229	860
Ningbo Lide Medical Technology Co., Ltd.	*(i)*	–	114	132	115
Ningbo Shidi Medical Technology Co., Ltd	*(i)*	–	25	–	51
Cryofocus Medtech (Shanghai) Co., Ltd.	*(ii)*	2	–	2	–
Ningbo Shengjielong Medical Equipment Co., Ltd	*(ii)*	11	–	11	–
Ningbo SensCure Biotechnology Co., Ltd	*(ii)*	1	–	1	–
Ningbo Trandomed 3D Medical Technology Co., Ltd	*(i)*	–	83	–	–
		66	528	375	1,026
Other payables and accruals:					
Due to related parties:					
Ningbo Linfeng Biotechnology Co., Ltd.	*(i)*	153	123	954	626
Ningbo Hangzhou Bay New District Muhe Property Co., Ltd	*(i)*	9	62	13	77
Ningbo Chinese Herbal Pieces Co., Ltd.	*(i)*	–	25	–	14
Cryofocus Bio-tech (Shanghai) Ltd.	*(i)*	89	–	–	–
Shanghai Jianshi Bio-tech Co., Ltd.	*(i)*	26	–	–	–
		277	210	967	717
Other borrowings					
Due to related parties					
Ningbo Linfeng Biotechnology Co., Ltd.	*(ii)*	611	–	611	–
Trade payables					
Due to related parties					
Ningbo Trandomed 3D Medical Technology Co., Ltd	*(i)*	1	–	1	–

(i) The Group's balances due from and due to the related parties are trade in nature, unsecured, non-interest-bearing and have no fixed terms of repayment.

(ii) The Group's balances due from and due to the related parties are non-trade in nature.

(d) Compensation of key management personnel of the Group:

	Year ended 31 December		Six months ended 30 June	
	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, bonuses, allowances, and benefits in kind	3,577	9,509	3,499	1,871
Pension scheme contributions	272	803	346	149
Equity-settled share compensation expense	248,010	304,824	283,574	9,613
Total compensation paid to key management personnel	251,859	315,136	287,419	11,633

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2020

Financial assets

	Financial assets at amortised cost
	RMB'000
Financial assets included in prepayments, other receivables and other assets	609
Cash and bank balances	349,067
	349,676

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	3,790
Financial liabilities included in other payables and accruals	399
Other borrowings	611
	4,800

As at 31 December 2021

Financial assets

	Financial assets at amortised cost
	RMB'000
Financial assets included in prepayments, other receivables and other assets	2,515
Cash and bank balances	800,590
	803,105

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	8,445
Financial liabilities included in other payables and accruals	16,858
	25,303

As at 30 June 2022

Financial assets

	Financial assets at amortised cost
	RMB'000
Financial assets included in prepayments, other receivables and other assets	2,901
Cash and bank balances	731,243
	734,144

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	8,251
Financial liabilities included in other payables and accruals	14,168
	22,419

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments approximate to fair values.

Management has assessed that the fair values of cash and bank balances, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The Directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Fair value hierarchy

The Group did not have any financial assets or liabilities measured at fair value as at 31 December 2020 and 2021 and 30 June 2022.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

The movements in fair value measurements within Level 3 during the year are as follows:

Financial assets at fair value through profit or loss	**2020**	**2021**	**Six months ended 30 June 2022**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year/period	7,687	–	–
Disposals, net	(9,190)	(6,487)	(2,509)
Total gains recognised in other income and gains	1,503	6,487	2,509
At end of year/period	–	–	–

For Level 3 financial assets, the Group adopts the valuation technique to determine the fair value. The valuation technique is the Income Method. The fair value measurement of the financial instrument may involve one unobservable input, which is the expected rate of return. The Group periodically reviews this significant unobservable input and valuation adjustment used to measure the fair value of the financial asset in Level 3.

A summary of the significant unobservable input used in the fair value measurement categorized with Level 3 of the fair value hierarchy, together with a quantitative analysis as at 31 December 2019 is shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to the fair value
Financial assets at fair value through profit or loss	Income Method	Expected rate of return	31 December 2019: 3.31%	1% increase/(decrease) in the expected rate of return would result in an increase/(decrease) in fair value by RMB18,244/ (RMB18,244)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging as at 31 December 2020, 2021 and 30 June 2022

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2020, 2021 and 30 June 2022. The amounts presented are gross carrying amounts for financial assets.

31 December 2020

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets				
– Normal*	602	7	–	609
Cash and bank balances – Not yet past due	349,067	–	–	349,067
	349,669	7	–	349,676

31 December 2021

	12-month ECLs	Lifetime ECLs		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets				
– Normal*	2,196	319	–	2,515
Cash and bank balances – Not yet past due	800,590	–	–	800,590
	802,786	319	–	803,105

30 June 2022

	12-month ECLs	Lifetime ECLs		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets				
– Normal*	1,808	1,093	–	2,901
Cash and bank balances – Not yet past due	731,243	–	–	731,243
	733,051	1,093	–	734,144

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2020				
	On demand	**less than 3 months**	**3 to less than 12 months**	**1 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	3,790	–	–	–	3,790
Financial liabilities in other payables and accruals	399	–	–	–	399
Other borrowings	611	–	–	–	611
Lease liabilities	–	183	1,138	1,780	3,101
	4,800	183	1,138	1,780	7,901

	As at 31 December 2021				
	On demand	**less than 3 months**	**3 to less than 12 months**	**1 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	8,445	–	–	–	8,445
Financial liabilities in other payables and accruals	16,858	–	–	–	16,858
Lease liabilities	–	244	1,178	1,095	2,517
	25,303	244	1,178	1,095	27,820

	As at 30 June 2022				
	On demand	**less than 3 months**	**3 to less than 12 months**	**1 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	8,251	–	–	–	8,251
Financial liabilities in other payables and accruals	14,168	–	–	–	14,168
Lease liabilities	–	284	756	623	1,663
	22,419	284	756	623	24,082

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

35. EVENTS AFTER THE RELEVANT PERIODS

There were no significant events after the end of the Relevant Periods that require additional disclosure or adjustments.

36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2022.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this Prospectus, and is included herein for information purpose only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the parent as if the Global Offering had taken place on 30 June 2022.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group to owners of the parent had the Global Offering been completed as at 30 June 2022 or at any future dates.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2022	**Estimated net Proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets as at 30 June 2022**	**Unaudited pro forma adjusted consolidated net tangible assets per Share as at 30 June 2022**	
	RMB'000 (Note 1)	*RMB'000 (Note 2)*	*RMB'000*	*RMB (Note 3)*	*HK$ (Note 4)*
Based on an Offer Price of HK$26.7 per Share	1,260,527	172,761	1,433,288	3.44	3.91
Based on an Offer Price of HK$28.8 per Share	1,260,527	186,910	1,447,437	3.47	3.95

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2022 was equal to the audited net assets attributable to owners of the Company as at 30 June 2022 of RMB1,263,271,000 after deducting of other intangible assets of RMB2,744,000 as of 30 June 2022 set out in the Accountants' Report in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on the estimated low end and high end offer prices of HK$26.7 and HK$28.8 per Share after deduction of the underwriting fees and other related expenses payable by the Company and do not take into account any share which may be sold and offered upon exercise of the Over-allotment Option.

3. The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 417,167,290 Shares are in issue assuming the Global Offering has been completed on 30 June 2022.

4. For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balances stated in RMB are converted into HK$ at the rate of RMB1.00 to HK$1.1387.

5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2022.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the pro forma financial information of the Group.

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
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To the Directors of Jenscare Scientific Co., Ltd

We have completed our assurance engagement to report on the compilation of pro forma financial information of Jenscare Scientific Co., Ltd (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 June 2022, and related notes as set out on pages II-1 to II-2 of the prospectus dated 23 September 2022 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Part A of Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 30 June 2022 as if the transaction had taken place at 30 June 2022. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 June 2022, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma 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:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
23 September 2022

THE PRC TAXATION

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》), which was most recently amended on August 31, 2018 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 most recently amended on December 18, 2018 (hereinafter collectively referred to as the "**IIT Law**"), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Enterprise Investors

In accordance with the EIT Law of the PRC (《中華人民共和國企業所得税法》) issued by NPC on March 16, 2007 and latest amended 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》) issued by the State Council on December 6, 2007, came into effect on January 1, 2008 and amended on April 23, 2019 (hereinafter collectively referred to as the "**EIT Law**"), a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from 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. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise.

The Circular of the State Administration of Tax on Issues Relating to the Withholding and Remitting of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家税務總局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》), which was issued and implemented by the State Administration of Taxation (hereinafter referred to as 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.

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 with respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (hereinafter referred to as the "the Arrangement"), 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 unless 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税和防止偷漏税的安排〉第五議定書》), which came into 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 Arrangement, 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 and regulation, 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》).

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese corporate income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, 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 taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Taxation on Share Transfer

Individual Investors

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on 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》) issued by the State Administration of Tax 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.

The State Administration of Taxation has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended Individual Income Tax Law.

However, on December 31, 2009, the Ministry of Finance, SAT 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》), which came into effect on December 31, 2009, which states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market 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》) jointly issued and implemented by

such departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that 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.

Enterprise Investors

In accordance with the EIT Law, 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 is required to withhold the income tax from the amount to be paid to the non-resident enterprise. 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稅暫行條例》), which was issued on August 6, 1988 and latest 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稅暫行條例施行細則》), which came into effect on September 29, 1988, PRC stamp duty only applies to specific taxable document 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

As of the date of this prospectus, no estate duty has been levied in the PRC under the PRC laws.

PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Please refer to "Regulatory Overview" of the prospectus.

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 State Administration of Foreign Exchange (hereinafter referred to as "**SAFE**"), with the authorization of the People's Bank of China (hereinafter referred to as "**PBOC**"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Control Regulations**"), which was issued by the State Council on January 29, 1996, implemented on April 1, 1996 and latest amended on 5 August, 2008, classifies all international payments and transfers into current items and capital items. Current items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in conversion and sale of foreign

currencies and supervision and inspection by the foreign exchange control authorities. For capital items, overseas organizations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange control authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. In the event that international revenues and expenditure occur or may occur a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and control measures on international revenues and expenditure.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while imposing existing 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 the designated foreign exchange bank, on the strength of valid transaction 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 (such as our Company) 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 at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) which was promulgated by the State Council on October 23, 2014, it decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

According to 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》) issued by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state 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.

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》), which was issued by the SAFE on February 13, 2015, came into effect on June 1, 2015 and partially repealed on 30 December, 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. 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 Revolutionizing and Regulating 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》) which was promulgated by the SAFE and implemented 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 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 adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

On January 26, 2017, 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》) was issued by SAFE 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.

On October 23, 2019, the SAFE issued 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 canceled 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 debts and overseas listing revenues 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 capital revenue management regulations.

This Appendix contains a summary of laws and regulations on companies and securities in the PRC, certain major differences between the PRC Company Law and Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance as well as the additional regulatory provisions of the Stock Exchange on joint stock limited companies of the PRC. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulations applicable to us. This summary is with no intention to include all the information which may be important to the potential investors. For discussion of laws and regulations specifically governing the business of the Company, please see section entitled "Regulatory Overview" in this prospectus.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (2015 revision) (《中華人民共和國立法法(2015年修訂)》) (the "**Legislation Law**"), the NPC and the Standing Committee of the NPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of 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 the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations

The ministries and commissions of the State Council, PBOC, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, environmental protection, and historical and cultural protection based on the specific circumstances and actual requirements of such cities, which 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 but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. 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 nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《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》) passed on June 10, 1981, the Supreme People's Court of the PRC (the "**Supreme People's Court**") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organization of the People's Courts (2018 revision) (《中華人民共和國人民法院組織法(2018年修訂)》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The higher level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The PRC Civil Procedure Law (2017 revision) (《中華人民共和國民事訴訟法(2017年修訂)》) (the "**Civil Procedure Law**"), which was adopted in 1991 and amended in 2007, 2012 and 2017, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC.

If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case 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 according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides 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 finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

THE COMPANY LAW, SPECIAL REGULATIONS AND MANDATORY PROVISIONS

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following three laws and regulations in the PRC:

- The PRC Company Law which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013 respectively and the latest revision of which was implemented on October 26, 2018;

- The Special Regulations of the State Council on Share Offering and Listing Overseas by Joint-Stock Limited Liability Companies (the "**Special Regulations**") which were promulgated by the State Council on August 4, 1994 pursuant to Articles 85 and 155 of the Company Law in force at that time, and were applicable, to the overseas share subscription and listing of joint stock limited companies; and

- The Mandatory Provisions of Articles of Association of Companies Listing Overseas (the "**Mandatory Provisions**") which were issued jointly by the former Securities Commission of the State Council and the former State Economic Restructuring Commission on August 27, 1994, stating the mandatory provisions which must be incorporated into the articles of association of a joint stock limited company seeking an overseas listing. As such, the Mandatory Provisions are set out in the Articles of Association of the Company, the summary of which is set out in the section entitled "Appendix V — Summary of Articles of Association" in this prospectus.

On April 21, 2018, the National Equities Exchange and Quotations Co., Ltd. and the Hong Kong Stock Exchange signed the Memorandum of Understanding (《合作諒解備忘錄》), providing that the listing on the Hong Kong Stock Exchange by companies that are listed on the NEEQ shall conform to the Special Regulation and relevant rules of CSRC. No Pre-examination or special conditions are set down by the National Equities Exchange and Quotations Co., Ltd.

Set out below is a summary of the major provisions of the Company Law, the Special Regulations and the Mandatory Provisions applicable to the Company.

General

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. According to the Special Regulations, SOEs or enterprises with the majority of their assets owned by the PRC government may be restructured into joint stock limited companies which may issue shares to overseas investors in accordance with the relevant regulations. These companies, if incorporated by promotion, may have less than five promoters and may issue new shares once incorporated.

The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority. Joint stock limited companies established by the subscription method shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. 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 prospectus to ensure that the prospectus does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value.

If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company may issue registered or bearer share. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered share and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Special Regulations and the Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in Renminbi and subscribed for in foreign currency.

Under the Special Regulations and the Mandatory Provisions, shares issued to foreign investors and investors from the territories of Hong Kong, the Macau and Taiwan and listed overseas are known as overseas listed foreign invested shares, and those shares issued to investors within the PRC other than the territories specified above are known as Domestic Shares.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Specific provisions shall be specifically formulated by the CSRC. Under the Special Regulations, upon approval of the CSRC, a company may agree, in the underwriting agreement in respect of an issue of overseas listed foreign invested shares, to retain not more than 15% of the aggregate number of overseas listed foreign invested shares proposed to be issued after accounting for the number of underwritten shares.

The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations. Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares held by a promoter of a company shall not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the public offer of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the listing date. There is no restriction under the Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

A company shall obtain the approval of the CSRC to offer its shares to the overseas public. Under the Special Regulations, shares issued to foreign investors by joint stock limited companies and listed overseas are known as "overseas listed and foreign invested shares." Shares issued to investors within the PRC by joint stock limited companies, which also issues overseas listed and foreign shares, are known as "domestic shares." Upon approval of the securities regulatory authority of the State Council, a company issuing overseas listed and foreign invested shares in total shares determined by the issuance program may agree with underwriters in the underwriting agreement to retain not more than 15% of the aggregate number of overseas listed and foreign invested shares outside the underwritten amount. The issuance of the retained shares is deemed to be a part of this issuance.

Registered Shares

Under the Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law. Pursuant to the Special Regulations, overseas listed and foreign invested shares issued shall be in registered form, denominated in Renminbi and subscribed for in a foreign currency. Domestic shares issued shall also be in registered form.

Under the Company Law, when the company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;
- the number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a document and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction 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;
- it shall apply to the relevant administration of registration for the registration of the reduction in registered capital.

Repurchase of Shares

According to the Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) use of shares for conversion of convertible corporate bonds issued by a listed company; and (vi) the share buyback is necessary for a listed company to maintain its company value and protect its shareholders' equity.

The purchase of shares on the grounds set out in (i) and (ii) above shall require approval by way of a resolution passed by the shareholders' general meeting. For a company's share buyback under any of the circumstances stipulated in (iii), (v) or (vi) above, a resolution of the company's board of directors shall be made by a two-third majority of directors attending the meeting according to the provisions of the company's articles of association or as authorized by the shareholders' meeting.

Following the purchase of shares in accordance with (i), such shares shall be canceled within 10 days from the date of purchase. The shares shall be assigned or deregistered within six months if the share buyback is made under the circumstances stipulated in either (ii) or (iv). The shares held in total by a company after a share buyback under any of the circumstances stipulated in (iii), (v) or (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law. If the share buyback is made under any of the circumstances stipulated in (iii), (v) or (vi) hereof, centralized trading shall be adopted publicly.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail. Pursuant to the Mandatory Provisions, no modifications of registration in the share register caused by transfer of shares shall be carried out within 30 days prior to convening of shareholder's general meeting or five days prior to any base date for determination of dividend distributions.

Under the Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.

Shareholders

Under the Company Law and the Mandatory Provisions, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquiries on the company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by shareholder's general meetings and board of directors where the articles of association is violated by the above resolutions;
- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;
- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and

- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, 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 shareholders' obligation specified in the company's articles of association.

Shareholders' General Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law.

Under the Company Law, the shareholders' general meeting exercises the following principal powers:

- to decide on the company's operational policies and investment plans;
- to elect or remove the directors and supervisors (other than the representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the board of supervisors;
- to examine and approve the company's proposed annual financial budget and final accounts;
- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-in share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;
- when the board of supervisors so requests; or
- other circumstances as provided for in the articles of associations.

Under the Company Law, shareholders' general meetings 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 does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the Company Law, notice of shareholders' general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting. Under the Special Regulations and the Mandatory Provisions, such notice shall be delivered to all the registered shareholders 45 days in advance to the meeting, and the matters to be considered and time and venue of the meeting shall be specified. The written reply of shareholders planning to attend the meeting shall be delivered to the company 20 days in advance of the meeting.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Pursuant to the Special Regulations and the Mandatory Provisions, shareholder's general meeting may be convened where the number of voting shares held by the shareholders present at the meeting reaches one half or more of the company's total voting shares. If this is not attained, the company shall within five days notify the shareholders again of the matters to be considered and time and venue of the meeting to shareholders in the form of public announcement. The company may convene the shareholders' general meeting after such public announcement. Pursuant to the Mandatory Provisions, modification or abrogation of rights conferred to any class of shareholders

shall be passed both by special resolution of shareholders' general meeting and by class meeting convened respectively by shareholders of the affected class.

Pursuant to the Special Regulations, where the company convenes annual shareholder's general meeting, shareholders holding more than 5% of voting shares have a right to submit to the company new proposals in writing, in which the matters falling within the scope of shareholder's general meeting shall be placed in the agenda of the meeting.

Under the Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law and the Mandatory Provisions, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the issue of any types of shares, warrants or other similar securities; (iv) the issue of debentures; (v) the merger, division, dissolution, liquidation or change in the form of the company; (vi) other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board

Under the Company Law, a joint stock limited company shall have a board of directors, which shall consist of 5 to 19 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;

- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association.

Board Meetings

Under the Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice 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 voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, 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 may be released from that liability.

Chairman of the Board

Under the Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualification of Directors

The Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy 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 and 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; or
- a person who is liable for a relatively large amount of debts that are overdue.

Other circumstances under which a person is disqualified from acting as a director are set out in the Mandatory Provisions.

Board of Supervisors

A joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and 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 term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors of a company shall hold at least one meeting every six months. According to the PRC Company Law, a resolution of the board of supervisors shall be passed by more than half of all the supervisors, while according to the Opinions on Supplementary Amendment to Articles of Associations by Companies to be listed in Hong Kong (《關於到香港上市公司對公司章程作補充修改的意見的函》), a resolution of the board of supervisors shall be passed by more than two-thirds of all the supervisors.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- 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 the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;
- to initiate proposals for resolutions to shareholders' general meeting;
- to initiate proceedings against directors and senior management; and
- other powers specified in the articles of association.

Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Senior Management

Under the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and may exercise the following powers:

- to supervise the business and administration of the company and arrange for the implementation of resolutions of the board of directors;

- to arrange for the implementation of the company's annual business plans and investment proposals;
- to formulate the general administration system of the company;
- to formulate the company's detailed rules;
- to recommend the appointment and dismissal of deputy managers and person in charge of finance;
- to appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors); and
- to other powers conferred by the board of directors or the articles of association.

The manager shall comply with other provisions of the articles of association concerning his/her powers. The manager shall attend board meetings.

According to the Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. Directors and senior management are prohibited from:

- misappropriation of the company's capital;
- depositing the company's capital into accounts under his own name or the name of other individuals;
- loaning company funds to others or providing guarantees in favor of others supported by the company's assets in violation of the articles of association or without prior approval of the shareholders' general meeting or board of directors;
- entering into contracts or deals with the company in violation of the articles of association or without prior approval of the shareholders' general meeting;
- using their position and powers to procure business opportunities for themselves or others that should have otherwise been available to the company or operating for their own benefits or managing on behalf of others businesses similar to that of the company without prior approval of the shareholders' general meeting;

- accept and possess commissions paid by a third party for transactions conducted with the company;
- unauthorized divulgence of confidential business information of the company; or
- other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.

Finance and Accounting

Under the Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. However, the capital reserve fund may not be applied to make up the company's losses. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Special Regulations provide that a company shall employ an independent accounting firm complying with the relevant regulations of the State to audit its annual report and review and check other financial reports of the company. The accounting firm's term of office shall commence from their appointment at a shareholders' annual general meeting to the end of the next shareholders' annual general meeting.

Distribution of Profits

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn. Under the Mandatory Provisions, a company shall appoint receiving agents on behalf of holders of the overseas listed and foreign invested shares to receive on behalf of such shareholders dividends and other distributions payable in respect of their overseas listed and foreign invested shares.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. Any amendment of provisions incorporated in the articles of association in connection with the Mandatory Provisions will only be effective after approval by the company's approval department authorized by the State Council and the CSRC. In relation to matters involving the company's registration, its registration with the authority must also be changed.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved by reason of the following the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting have resolved to

dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders.

In the event of (i) above, it may carry on its existence by amending its articles of association. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The members of the company's liquidation group shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration, and a public notice of its termination shall be issued. Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

Overseas Listing

According to the Special Regulations, a company shall obtain the approval of the CSRC to list its shares overseas. A company's plan to issue overseas listed and foreign invested shares and domestic shares which has been approved by the CSRC may be implemented by the board of directors of the company by way of separate issue within 15 months after approval is obtained from the CSRC.

Loss of Share Certificates

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate. A separate procedure regarding the loss of overseas listed and foreign invested share certificates is provided for in the Mandatory Provisions.

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 Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

SECURITIES LAW AND 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 and implemented 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 deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed and foreign invested shares and disclosure of information of joint stock limited companies having domestic listed and foreign invested shares.

The PRC Securities Law took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that domestic enterprises shall comply with the relevant provisions of the State Council. to list its shares outside the PRC. Currently, the issue and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations 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 "**Arbitration Law**") was passed by the Standing Committee of the NPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

The Mandatory Provisions require an arbitration clause to be included in the articles of association of an issuer. Matters in arbitration include any disputes or claims in relation to the issuer's affairs or as a result of any rights or obligations arising under its articles of association, the Company Law or other relevant laws and administrative regulations.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, must comply with the arbitration. Disputes in respect of the definition of shareholder and disputes in relation to the issuer's register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) ("**CIETAC**") in accordance with its rules or the Hong Kong International Arbitration center ("**HKIAC**") in accordance with its Securities Arbitration Rules (the "Securities Arbitration Rules"). Once a claimant refers a dispute or claim to arbitration, the other party shall submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules. In accordance with the Arbitration Regulations of CIETAC (《中國國際經濟貿易仲裁委員會仲裁規則》) which was amended on November 4, 2014 and implemented on January 1, 2015, CIETAC shall deal with economic and trading disputes over contractual or non-contractual transactions, based on an agreement of the parties, including disputes involving Hong Kong based on the agreement of the parties. The arbitration commission is established in Beijing and its branches and centers have been set up in Shenzhen, Shanghai, Tianjin, Chongqing, Zhejiang, Hubei, Fujian, Shanxi, Jiangsu, Sichuan and Shandong.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty

concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed 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 all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

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 Co., Ltd. (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.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND PRC COMPANY LAW

The Hong Kong law applicable to a company incorporated in Hong Kong is based on the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance and is supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock limited company established in the PRC that is seeking a listing of shares on the Hong Kong Stock Exchange, we are governed by the Company Law and all other rules and regulations promulgated pursuant to the Company Law.

Set out below is a summary of certain material differences between Hong Kong company law applicable to a company incorporated in Hong Kong and the Company Law applicable to a joint stock limited company incorporated and existing under the 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. 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 preemptive provisions. A public company's articles of association do not contain such pre-emptive provisions.

Under the Company Law, a joint stock limited company may be incorporated by promotion or public subscription.

Share Capital

The directors of a Hong Kong company may, with the prior approval of the shareholders if required, issue new shares of the company. The Company Law does not provide for authorized share capital, either. Our registered capital is the amount of our issued share capital. Any increase in our registered capital must be approved by our shareholders' general meeting and file with the relevant PRC governmental and regulatory authorities.

Under the 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 and administrative regulations). For non-monetary assets to be used as capital contributions, appraisals and verification must be carried out to ensure no overvaluation or undervaluation of the assets. There is no such restriction on a Hong Kong company under Hong Kong Law.

Restrictions on Shareholding and Transfer of Shares

Generally, 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 and Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors as allowed under Tentative Regulatory Measures for Qualified Domestic Institutional Investors Investing in Overseas Securities (《合格境內機構投資者境外證券投資管理試行辦法》). If the H Shares are eligible securities under the Southbound Trading Link, they are also 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 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 our public offering 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 managers and transferred each year during their term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the 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 the company's shares held by its directors, supervisors and officers. There are no such restrictions on shareholdings and transfers of shares under Hong Kong law apart from the six-month lockup on the company's issue of shares and the 12-month lockup on controlling shareholders' disposal of shares, as illustrated by the undertakings given by the Company and our controlling shareholder to the Hong Kong Stock Exchange.

Financial Assistance for Acquisition of Shares

The 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 the Hong Kong company law.

Variation of Class Rights

The Company Law has no special provision relating to variation of class rights. However, the Company Law states that the State Council can promulgate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate 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 V — Summary of Articles of Association."

Under the Companies Ordinance, no rights attached to any class of shares can be varied except:

(i) If there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions;

(ii) If there are not relevant provisions in the articles of associations, then (1) with the consent in writing of at least three fourths of the total voting rights of holders of the shares in the class in question, or (2) with the approval of a special resolution of the holders of the relevant class at a separate meeting.

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: (i) 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; (ii) 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 (iii) 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.

Directors, Senior Management and Supervisors

The 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 guarantees in respects of directors' liability and prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain certain restrictions on major disposals and specify the circumstances under which a director may receive compensation for loss of office.

Board of Supervisors

Under the Company Law, a joint stock limited company's directors and managers are subject to the supervision of a supervisors committee. 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.

Derivative Action by Minority Shareholders

Under Hong Kong law, a shareholder may, with the leave of the Court, start a derivative action on behalf of a company for any misconduct committed by its directors against the company. For example, leave may be granted where the directors control a majority of votes at a general meeting, and could thereby prevent the company from suing the directors in its own name.

The Company Law provides shareholders of a joint stock limited company with the right so that in the event where the directors and senior management violate their fiduciary obligations to a 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 board of supervisors violates their fiduciary obligations to a company, 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.

The Mandatory Provisions provide further remedies against the directors, supervisors and senior management who breach their duties to the company. In addition, as a condition to the listing of shares on the Hong Kong Stock Exchange, each director and supervisor of a joint stock limited company is required to give an undertaking in favor of the company acting as agent for the shareholders. This allows minority shareholders to take action against directors and supervisors in default.

Protection of Minorities

Under Hong Kong law, the company may be wound up by the court if the court considers that it is just and equitable to do so, in addition, a shareholder who complains 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 regulating the affairs of the company. Furthermore, under certain circumstances, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC law does not contain similar safeguards.

The Mandatory Provisions, however, contain provisions that a controlling shareholder may not exercise its voting rights in a manner prejudicial to the interests of the shareholders generally or of a proportion of the shareholders of a company to relieve a director or supervisor of his duty to act honestly

in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders.

Notice of Shareholders' Meetings

Under the 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 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 14 days before the meeting. The notice period for the annual shareholders' general meeting is 21 days.

Quorum for Shareholders' Meetings

Under Hong Kong law, the quorum for a general meeting must be at least two members unless the articles of association of the company otherwise provide or the company has only one member, in which case the quorum is one. For companies with only one member, the quorum must be one member. The 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 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.

Voting

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting. Under the Company Law, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the general meeting except in cases of proposed amendments to a company's articles of association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights represented by the shareholders who attend the general meeting.

Financial Disclosure

Under the 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 shareholders' 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 balance sheet, 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. A joint stock limited liability company is required under the PRC law to prepare its financial statements in accordance with the PRC GAAP. The Mandatory Provisions require that a company must, in addition to preparing financial statements according to the PRC GAAP, 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 PRC GAAP.

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 Company Law gives shareholders the right to inspect the company's articles of association, minutes of the shareholders' 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 shareholders' rights of Hong Kong companies under Hong Kong law.

Receiving Agent

Under the Company Law and Hong Kong law, dividends once declared are debts payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while under the PRC law this limitation period is three years according to PRC Civil Code (《中華人民共和國民法典》), promulgated on May 28, 2020 and became effective on January 1, 2021. The Mandatory Provisions require the relevant company to appoint a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of shares dividends declared and all other monies owed by the company in respect of its 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. Under PRC law, merger, division, dissolution or change to the status of a joint stock limited liability company has to be approved by shareholders in general meeting.

Dispute Arbitration

In Hong Kong, disputes between shareholders on the one hand, and a company incorporated in Hong Kong or its directors on the other, may be resolved through legal proceedings in the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the HKIAC or the CIETAC, at the claimant's choice.

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 the Company

Under the Company Law, if a director, supervisor or manager 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. In addition, the 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

The company has the power in certain circumstances to 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 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.

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.

Closure of Register of Shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas, as required by the Company Law and the Mandatory Provisions, share transfers shall not be registered within 30 days before the date of a shareholders' meeting or within five days before the base date set for the purpose of distribution of dividends.

Any person wishing to have detailed advice on PRC law or the laws of any jurisdiction is recommended to seek independent legal advice.

This Appendix sets out a summary of the main provisions of our Articles of Association adopted by the Company on May 21, 2021, which shall become effective at the date on which the H shares are listed on the Stock Exchange. As the main purpose of this Appendix is to provide prospective investors with an overview of the Articles of Association, it may not necessarily contain all information that is important for prospective investors. As discussed in "Appendix VII — Documents Delivered to the Registrar of Companies and Available on Display" to this Prospectus, the full text of the Articles of Association in Chinese is available for examination.

1 DIRECTORS AND BOARD OF DIRECTORS

(1) Power to allot and issue shares

The Articles of Association does not contain provisions that authorize the Board of Directors to allot or issue shares. The Board of Directors shall prepare a proposal for share allotment or issue, which is subject to approval by the Shareholders at the Shareholders' general meeting by way of a special resolution. Any allotment or issue shall be in accordance with the procedures stipulated in relevant laws, administrative regulations and regulatory rules of the region where shares are listed.

(2) Power to dispose assets of our Company or any subsidiary

When the Board intends to dispose a fixed asset, if the sum of the expected value of the fixed asset to be disposed and the value obtained from the fixed assets disposed within four months before this disposal proposal exceeds 33% of the value of fixed assets indicated in the latest balance sheet reviewed at the general meeting, then the Board shall not dispose or agree to dispose of such fixed asset without the approval of the general meeting. The above disposal refers to the transfer of interests in certain assets, but does not include the provision of guarantees with fixed assets.

The validity of the transactions with respect to the disposal of fixed assets of our Company shall not be affected by the violation of the above restrictions contained in the Articles of Association.

(3) Appointment, resignation and dismissal

The Company has a Board of Directors, which consists of nine Directors, including at least one-third of independent non-executive Directors. Non-employee representative Directors shall be elected at a general meeting.

The chairman shall be elected and removed by more than half of all Directors. Any Director whose term of office has not expired may be removed by an ordinary resolution at a general meeting.

Subject to compliance with the requirements of relevant laws and administrative regulations, the general meeting may remove any Director whose term has not expired by way of an ordinary resolution, without affecting any claim for damages that may be made pursuant to any contract.

The chairman of the Board and other Directors serve a three-year term. Upon expiration of the term, a Director may be re-elected. There is no mandatory provision in the Articles of Association that imposes an age limit on Directors for retirement.

(4) Borrowing powers

The Articles of Association do not contain any special provision in respect of the manner in which borrowing powers may be exercised by the Directors, except (a) the provision regarding the power of the Directors to formulate proposals for our Company to issue bonds; and (b) the provision stating that the issuance of bonds shall be approved by the Shareholders at a general meeting by way of a special resolution.

2 DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR MANAGEMENT

(1) Emoluments or compensation for Directors and Supervisors

As provided in the written contracts entered into by the Company and the Directors or Supervisors in connection with their emoluments, they are entitled to compensation or other payments subject to the approval of the Shareholders at the general meeting in advance. The aforesaid emoluments include:

i. emoluments in respect of his/her service as a Director, Supervisor or member of senior management of the Company;

ii. emoluments in respect of his/her service as a Director, Supervisor or member of senior management of any subsidiary of the Company;

iii. emoluments in respect of other service in relation to the management of the Company and any subsidiary of the Company; and

iv. payment of compensation for loss of office or retirement from office of a Director or Supervisor.

It should be concluded in the emolument contract that where the Company is to be acquired, the Directors and Supervisors should be entitled to compensation for loss of office or retirement from office subject to the approval of the Shareholders at the general meeting in advance.

Acquisition of the Company refers to any of the following:

i. an offer made to all Shareholders of the Company; or

ii. the offeror making the offer is to become the controlling shareholder of the Company. The definition of controlling shareholder is the same as defined in the Articles of Association.

If the relevant Director or Supervisor fails to comply with the above requirements, any payment received shall belong to the persons who sell the shares in acceptance of the offer. The Director or Supervisor shall bear all expenses arising from the distribution of such payments to the persons on a pro-rata basis and all such expenses shall not be deducted from these payments distributed.

(2) Loans or guarantees for loans to Directors, Supervisors, general manager or other senior management

The Company shall not provide loans or guarantees for loans, either directly or indirectly, to the Directors, Supervisors, general manager or other senior management of the Company or its parent company as well as associates related to the aforesaid personnel.

The following circumstances are exempted from the above provision:

(i) The lender unknowingly provides loans to the personnel related to the Directors, Supervisors, general manager and other senior management of the Company or its parent company; or

(ii) The collateral provided by the Company is sold lawfully by the lender to the buyer in good faith.

The following transactions are exempted from the above provision:

i. The Company provides its subsidiaries with loans or guarantees for loans;

ii. The Company provides its Directors, Supervisors or senior management with loans, guarantees for loans or any other funds pursuant to the employment contract(s) approved at the general meeting to pay all expenses incurred for the purpose of the Company or performing duties for the Company; and

iii. Where the normal business scope of the Company covers the provision of loans and guarantees for loans, the Company may provide such Directors, Supervisors or senior management and other related personnel with loans and guarantees for loans, provided that the conditions of the above loans or guarantees for loans shall be normal commercial conditions.

For the purpose of the above provisions, "guarantee" includes the acts of the guarantor assuming obligations or providing properties to ensure the performance of obligations by the obligor.

(3) Disclosure of interests in contracts, transactions or arrangements concerning the Company

Where a Director, Supervisor and senior management member, directly or indirectly, has material interests in the contracts, transactions or arrangements that the Company has entered into or plans to enter into (except for the employment contracts entered into by the Company with the Directors, the general manager and other senior management), the above personnel shall disclose the nature and degree of his/her interests to the Board of Directors as soon as possible regardless of whether such matters are subject to the approval of the Board of Directors.

Unless the interested Director, Supervisor and senior management member of the Company discloses his/her interests to the Board in accordance with the aforesaid provision and the contracts, transactions or arrangements are approved by the Board at a meeting where the interested Director, Supervisor and senior management is not counted in the quorum and refrains from voting, the Company

shall have the right to cancel such contracts, transactions or arrangements, except where the counterparty is a party in good faith without knowledge of the acts of such Directors, Supervisors and senior management violating their obligations. A Director, Supervisor, or senior management member of the Company shall be deemed to be interested in a contract, transaction or arrangement in which his/her related person or associate is interested.

Where a Director, a Supervisor, the general manager and other senior management of the Company gives to the Board of Directors a notice in writing stating that, by virtue of the facts specified in the notice, he/she is interested in contracts, transactions or arrangements which may subsequently be entered into by our Company, so far as the content stated in such notice is concerned, such Directors, Supervisors, general manager and other senior management shall be deemed to have made the disclosures required by the Articles of Association, provided that such notice have been given before the date on which the entering into of such contracts, transactions or arrangements is first taken into consideration by the Company.

(4) Qualifications

No person shall serve as our Director, Supervisor, general manager or senior management if he/she is:

i. a person with no or limited civil capacity;

ii. a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his/her political rights due to his/her crimes, in each case where less than five years have elapsed since the date of completion of the sentence;

iii. a person who has been a former director, factory manager or general manager of a company or an enterprise that has entered into insolvent liquidation and who has been 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;

iv. 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 the law and the person has been personally responsible, where less than three years have elapsed since the date of such revocation;

v. a person who is liable for a relatively large amount of debts that are overdue;

vi. a person who is investigated by the judicial authorities for violation of criminal law and such case is pending;

vii. any other person who is otherwise not eligible under laws or administrative regulations;

viii. a person who is prohibited by China Securities Regulation Commission from entering into the securities market and is still in such prohibition period;

ix. a person judged by the competent authorities to have violated the provisions of relevant securities laws, with involvement in deceptive or dishonest acts, where less than five years have elapsed since the date on which the judgment was made;

x. a person who is not a natural person; or

xi. other contents as provided by laws, administrative regulations, departmental rules, regulatory documents and other terms set forth by relevant regulatory bodies.

The election, appointment or employment of Directors, Supervisors, general manager or other senior management shall be invalid if such election, appointment or employment is in violation of this section. If a Director, Supervisor, general manager or senior management falls into the situations provided above during his/her term of office, he/she shall be dismissed by the Company.

The validity of the act of a Director, general manager or other senior management on behalf of the Company to bona fide third parties shall not be affected by any irregularities in his/her appointment, election or qualifications.

(5) Duties

Directors, Supervisors, general manager and other senior management shall bear the obligations of good faith and diligence towards the Company. In the event of violation of obligations to the Company by Directors, Supervisors, general manager and other senior management, the Company shall have the right to take the following measures in addition to various rights and remedial measures stipulated in laws and administrative regulations:

i. claim damages from the Director, Supervisor, general manager or other senior management in compensation for losses sustained by the Company as a result of such breach;

ii. rescind any contract or transaction entered into by the Company with the Director, Supervisor, general manager or other senior management or by the Company with a third party (where such third party knows or should know that there is such a breach of duties by such Director, Supervisor, general manager or other senior management of the Company);

iii. require the Director, Supervisor, general manager or other senior management concerned to disgorge any gain arising from the breach of obligation;

iv. recover any funds received by the Director, Supervisor, general manager or other senior management that should have been received by the Company, including (but not limited to) commissions;

v. demand refund of the interest earned or which may have been earned by the Director, Supervisor, general manager or other senior management on the funds that should have been paid to the Company.

When performing their duties, Directors, Supervisors, general manager and other senior management of the Company must comply with the principle of good faith and shall not put themselves in

situations where their own interests may conflict with the obligations they have undertaken. This principle includes but is not limited to performing the following obligations:

i. to act honestly in the best interests of the Company;

ii. to exercise his/her power within but not exceeding the scope of authority;

iii. to exercise the discretion vested in him/her personally without being manipulated by others; not to transfer discretionary powers to other persons, unless and to the extent permitted by laws, administrative regulations or with the informed consent given at a Shareholders' general meeting;

iv. to treat Shareholders of the same class equally and Shareholders of different classes fairly;

v. not to enter into contracts, transactions or arrangements with the Company, unless in line with the Articles of Association or otherwise by the approval of the Shareholders' general meeting on an informed basis;

vi. not to seek private gain using the properties of the Company in any manner, unless agreed by the Shareholders' general meeting on an informed basis;

vii. not to exploit his/her position to accept bribes or other illegal income or expropriate properties of the Company by any means, including (but not limited to) opportunities beneficial to the Company;

viii. not to accept commissions associated with transactions of the Company, unless agreed by the Shareholders' general meeting on an informed basis;

ix. to comply with the Articles of Association, faithfully execute his/her duties, protect the Company's interests, and not to exploit his/her position and power in the Company to advance his/her own private interests;

x. not to compete with the Company in any kind unless agreed by the Shareholders' general meeting on an informed basis;

xi. not to misappropriate the Company's funds or lend such funds to others, or deposit the Company's capital into accounts under his/her own name or the name of other individuals, or loan the Company's funds to others or provide guarantees in favor of others supported by the Company's assets for the Company's Shareholders or other individuals in violation of the Articles of Association or without approval of the Shareholders at the general meeting;

xii. not to disclose confidential information relating to the Company obtained during employment without the consent of the Shareholders at the general meeting on an informed basis; unless in the interest of the Company, not to use such information; however, under the following circumstances, the information may be disclosed to a court or other competent government authorities as required by:

(i) the provisions of the law;

(ii) for public interests;

(iii) the interests of Directors, Supervisors, managers or senior management.

Directors, Supervisors, general manager and other senior management may not direct the following personnel or institutions ("**Related Personnel**") to do what they are prohibited from doing:

i. spouses or minor children of the Directors, Supervisors, general manager and other senior management of the Company;

ii. trustees of the Directors, Supervisors, general manager and other senior management of the Company or of the persons mentioned in the preceding paragraph;

iii. partners of the Directors, Supervisors, general manager and other senior management of the Company or of the persons mentioned in items i and ii above;

iv. any company under the de facto control of the Directors, Supervisors, general manager and other senior management of the Company individually or jointly with the persons or other Directors, Supervisors and senior management of the Company mentioned in items i, ii and iii above; and

v. the directors, supervisors, general manager or other senior management of the controlled companies mentioned in the preceding paragraph.

The good faith obligation of the Directors, Supervisors, general manager and other senior management of the Company may not necessarily cease with the termination of their terms; their obligation to keep the trade secrets of the Company in confidence shall survive the termination of their terms. The duration of other obligations shall be determined in accordance with the principle of fairness, depending on the duration between the termination and the act concerned and any circumstance and condition under which the relationships between them and the Company are terminated.

Unless otherwise provided in the Articles of Association, the liabilities of the Directors, Supervisors, general manager and other senior management of the Company arising from the violation of specific duties may be dissolved by the Shareholders' general meeting on an informed basis.

Apart from the obligations set forth in relevant laws, administrative regulations or the listing rules of the stock exchange where the Shares of the Company are listed, the Directors, Supervisors, the general manager or other senior management shall assume the following obligations for each of the Shareholders when exercising their rights and performing their obligations:

i. they shall not cause the Company to operate beyond the scope of business indicated on its business license;

ii. they shall act in good faith in the best interests of the Company;

iii. they may not deprive the Company of its properties in any manner, including but not limited to, opportunities beneficial to the Company; and

iv. they shall not deprive the Shareholders of their personal rights and interests, including but not limited to distribution rights and voting rights, except for restructuring of the Company approved at the Shareholders' general meeting pursuant to the provisions of the Articles of Association.

The Directors, Supervisors, the general manager and other senior management of the Company have the responsibilities when exercising their rights or carrying out their obligations to act with the care, diligence and skill due from a reasonably prudent person under similar circumstances.

In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or the Articles of Association by the Directors or senior management when performing their duties for the Company, the Shareholders holding more than 1% Shares of the Company separately or jointly for over 180 consecutive days shall have the rights to submit a written request to the Board of Supervisors to file an action with the people's court. Where supervisors violate laws, administrative regulations or the Articles of Association in performing their duties and cause loss to the Company, the Shareholders may submit a written request to the Board of Directors to file an action with the people's court.

In the event that the Board of Supervisors or the Board of Directors refuses to file an action upon receipt of the Shareholders' written request specified in the preceding paragraph, or fails to file an action within thirty days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of the Company, the Shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the court for the interest of the Company.

In the event that any other person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the Shareholder(s) specified in the Articles of Association may file an action with the competent court pursuant to the provisions of the preceding two paragraphs.

In the event that a Director or senior management member violates laws, administrative regulations or the Company's Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholder(s) may file an action with the competent court.

3 AMENDMENTS TO ARTICLES OF ASSOCIATION

The Company may amend the Articles of Association based on the provisions of relevant laws, administrative regulations and the Articles of Association. Any amendment to provisions incorporated in the Articles of Association in connection with the Mandatory Provisions will only be effective after approval by the company approval authority authorized by the State Council and the securities regulatory authority of the State Council. In relation to matters involving the Company's registration, its registration with the authority must also be changed in accordance with the law.

4 VARIATION OF RIGHTS OF EXISTING SHARES OR ANY CLASS OF SHARES

Any plan of the Company of changing or abolishing the rights conferred to any class of Shareholders is subject to the approval of the Shareholders' general meeting by way of a special resolution and the approval of Shareholders of the affected class at a Shareholders' general meeting convened separately before it can be implemented.

The rights of one class of Shareholders shall be deemed as changed or abolished under the following circumstances:

i. increase or decrease the number of Shares of the class, or increase or decrease the number of Shares of a class with equal or more voting rights, distribution rights, other privileges than Shares of that class;

ii. convert all or part of Shares of the class into other classes, or convert another class of Shares, partly or wholly, into the Shares of such class or authorize such conversion rights;

iii. remove or reduce the rights of Shares of the class to obtain dividends generated or cumulative dividends;

iv. reduce or remove a dividend preference or a liquidation preference attached to Shares of such class;

v. add, remove or reduce the rights of Shares of the class which include share conversion rights, options rights, voting rights, transfer rights, pre-emptive rights, and the rights to obtain the securities of the Company;

vi. remove or reduce the rights of Shares of the class to receive funds payable from the Company in specified currencies;

vii. create new classes of shares entitled to equal or more voting rights, distribution rights, or other privileges than Shares of the class;

viii. restrict the transfer or ownership of Shares of the class or increase such restrictions;

ix. issue subscription or conversion rights for Shares of this or an other class;

x. increase the rights and privileges of other classes of Shares;

xi. the restructuring plan of the Company may constitute different classes of Shareholders to assume responsibilities disproportionately in restructuring; and

xii. amend or abolish clauses stipulated in the Articles of Association.

Whether or not the Shareholders of the affected class have voting rights at the Shareholders' general meeting, in the event of involving the matters described from item ii through items viii, xi to xii above, they have voting rights at the class meeting, but the interested Shareholders shall have no voting rights at the class meeting.

Interested Shareholders include:

i. where the Company makes an offer to all the Shareholders at the same ratio according to the Articles of Association or purchase their own Shares through public transaction in the stock exchange, interested Shareholders refer to Controlling Shareholders as defined in the Articles of Association;

ii. where the Company purchase its own Shares through reaching an agreement outside the stock exchange in accordance with the Articles of Association, interested Shareholders refer to the Shareholders who are relevant such agreement;

iii. in the Company's reorganization plan, interested Shareholders refer to Shareholders who bear liabilities at a rate lower than other Shareholders in the same class or who hold different interests from other Shareholders in such class.

The resolution of the class meeting shall be passed by votes representing more than two-thirds of shareholders with voting rights attending the class meeting.

Where there are special rules in the listing rules of the stock exchange where the Shares are listed, the special rules prevail.

Insofar as possible, any class meeting shall be held to he greatest extent in accordance with the same procedures as those of the Shareholders' general meeting, and unless otherwise provided in the Articles of Association, any clause relating to the procedures for convening the Shareholders' general meeting in the Articles of Association shall apply to class meetings.

Apart from the Shareholders of other classes of Shares, Shareholders of Domestic Shares and Shareholders of H Shares are deemed to be different class Shareholders.

The special procedures for voting by the class Shareholders shall not apply under the following circumstances:

i. upon the approval by a special resolution at the Shareholders' general meeting, the Company either separately or concurrently issues Domestic Shares and overseas listed foreign invested shares once every 12 months, and the number of these Domestic Shares and overseas listed foreign invested shares to be issued shall not exceed 20% of the outstanding Shares of their respective classes;

ii. the plan to issue Domestic Shares and overseas listed foreign invested shares upon the establishment of the Company is completed within 15 months from the date of approval by the securities regulatory authorities of the State Council;

iii. upon the approval by the securities regulatory authorities of the State Council, Shareholders of Domestic Shares transfer their Shares to foreign investors and list them for trading on overseas markets.

5 SPECIAL RESOLUTIONS NEEDED TO BE PASSED BY ABSOLUTE MAJORITY VOTES

The resolutions of the Shareholders' general meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution made by the Shareholders' general meeting shall be passed by a simple majority of the votes held by the Shareholders (including proxies of Shareholders) attending the Shareholders' general meeting.

A special resolution made by the Shareholders' general meeting shall be passed by a two-thirds majority of the votes held by the Shareholders (including proxies of Shareholders) attending the Shareholders' general meeting.

6 VOTING RIGHTS

The ordinary Shareholders have the right to attend or appoint a proxy to attend and vote at general meetings. When voting at a general meeting, the Shareholder (including proxy of Shareholder) may exercise his or her voting rights in accordance with the number of Shares held by him or her carrying rights to vote and each Share shall have one vote.

According to the Hong Kong Listing Rules, the voting of Shareholders at a general meeting shall be taken by way of registered poll, unless the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by shows of hands. When voting, the Shareholders (including proxy of Shareholder) entitled to two or more votes are not required to vote against or in favor with their total number of votes.

In case of an equality of votes, whether on registered poll or show of hands, the chairman of the Board is entitled to one additional vote.

7 RULES ON SHAREHOLDERS' GENERAL MEETINGS

Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once every year and held within six months after the end of the previous fiscal year.

8 ACCOUNTING AND AUDITS

(1) Financial and accounting policies

The Company shall formulate its financial accounting policies in compliance with laws, administrative regulations and rules developed by competent authorities.

The Board shall submit to Shareholders at every annual general meeting such financial reports as required by relevant laws, rules and regulations or regulatory documents to be prepared by the Company.

The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international

accounting standards or those of the overseas place where the Shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the notes to financial statements. When the Company is to distribute its after-tax profits of a relevant fiscal year, the lower of the after-tax profits as shown in such two financial statements shall prevail.

The Company shall make its financial reports available at the Company for Shareholders' inspection 20 days before the annual general meeting is convened. Each Shareholder of the Company shall be entitled to obtain a copy of the financial reports.

The Company shall send to each Shareholder of overseas listed foreign shares by prepaid mail a copy of the aforesaid reports at least 21 days before the annual general meeting is convened and the recipient's address shall be the address as registered in the register of Shareholders.

Interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards, rules and regulations, and at the same time in compliance with international accounting standards or those of the overseas place where the Shares are listed.

The Company shall publish two financial reports in each accounting year, meaning that the interim financial reports shall be published within 60 days after the end of the first six months of the accounting year and the annual reports shall be published within 120 days after the end of the accounting year.

(2) Appointment and dismissal of accountants

The Company shall engage an independent accounting firm which is qualified under relevant national regulations to audit the Company's annual financial reports and review the Company's other financial reports.

The first accounting firm of the Company may be appointed by the inaugural meeting before the first annual general meeting. Such accounting firm shall hold office until the conclusion of the first annual general meeting.

The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which they were appointed until the conclusion of the next annual general meeting.

The Shareholders may, by ordinary resolution at the general meeting, replace the accounting firm prior to the expiration of its term, notwithstanding the terms and conditions to the contract howsoever entered into between the Company and the accounting firm, but without prejudice to the right of the firm to claim, if any, for damages in respect of such dismissal.

9 NOTICE AND AGENDA OF GENERAL MEETINGS

The general meeting is the organ of authority of the Company that performs duties and exercises powers in accordance with the law.

An extraordinary general meeting shall be convened by the Board within two months upon occurrence of the following circumstances:

i. the number of Directors is less than the number specified in the PRC Company Law or less than two-thirds of the number required in the Articles of Association;

ii. the uncovered losses of the Company reach one-third of its total paid-in share capital;

iii. the Shareholders individually or jointly holding more than 10% Shares of the Company request in writing to convene an extraordinary general meeting;

iv. the Board of Directors or the Board of Supervisors considers it necessary;

v. more than two independent non-executive Directors propose to convene such meeting;

vi. other circumstances as required by laws, administrative regulations and the Articles of Association.

In the event that the Company convenes a general meeting, Shareholders shall be notified of the time and place of the meeting and the matters under consideration 21 days before the meeting is convened. For an extraordinary general meeting, the Shareholders shall be notified 15 days before the meeting is convened. If otherwise prescribed in laws, regulations and regulations of local securities regulatory authorities where Shares of the Company are listed, such provisions shall prevail.

In the event that the Company convenes a general meeting, the Board of Directors, the Board of Supervisors or Shareholders individually or jointly holding an aggregate of more than 3% of the Company's Shares with voting rights are entitled to submit proposals to the Company.

Shareholders individually or jointly holding an aggregate of more than 3% of the Company's Shares with voting rights may submit ad hoc proposals to the convener in writing 10 days prior to the general meeting.

In the event the Company convenes an annual general meeting, Shareholders holding an aggregate of 3% or more of the Company's Shares with voting rights shall have the right to submit new proposals in writing to the Company. If the matters of the proposal fall within the scope of authority of the general meeting, the same shall be included in the agenda of such meeting.

The convener of the general meeting shall issue a supplemental notice of the general meeting to other Shareholders within 2 days after receipt of such proposal, and place the matters of the proposal falling within the scope of authority of the general meeting on the agenda for such meeting and submit for approval at the general meeting. An extraordinary general meeting shall not decide on the matters not stated in such notice.

The notice of the general meeting shall be made in writing, including the following contents:

i. in written form;

ii. specifying the place, date and time of the meeting;

iii. describing the matters to be discussed at the meeting;

iv. providing information and explanations necessary for the Shareholders to make informed decisions on the matters to be discussed. It principally includes (but is not limited to), when the Company proposes a merger, repurchase of Shares, reorganization of share capital or other restructuring, it shall provide the specific conditions and contracts (if any) of the transaction under discussions and earnestly explain the cause and result of the transaction;

v. where any Director, Supervisor, general manager and other senior management member have a material interest in respect of the matters to be discussed, the nature and extent of that interest shall be disclosed; where the impact of the matters to be discussed on such Director, Supervisor, general manager and other senior management personnel in their capacity as Shareholders is different from the impact on other Shareholders of the same class, the difference shall be illustrated;

vi. containing the full text of any special resolution proposed to be passed at the meeting;

vii. providing a conspicuous statement that Shareholders entitled to attend and vote have the right to appoint one or more proxies to attend and vote on their behalf and such proxies are not required to be Shareholders; every shareholder being a corporation shall be entitled to appoint a representative to attend and vote at any general meeting of the issuer and, where a corporation is so represented, it shall be treated as being present at any meeting in person. A corporation may execute a form of proxy under the hand of a duly authorised officer.

viii. stating the deadline and place for the delivery of proxy forms of the meeting.

If a general meeting is required to vote by other means, the time, procedure for voting and matters to be reviewed through other means shall also be stated in the notice of such meeting.

Notice of a general meeting shall be served on the Shareholders (whether or not entitled to vote thereat) by personal delivery or pre-paid mail to the addresses registered in the register of shareholders. Subject to compliance with laws, administrative regulations and the listing rules of the stock exchange where the Company's Shares are listed, notice of the Company's general meeting may be given in the form of an announcement (including publication through the Company's website).

Unless otherwise provided in Articles of Association of the Company, all notices, information or written statements delivered to Shareholders of overseas listed foreign invested shares of the Company shall be sent to each Shareholder at the registered address of each Shareholder of overseas listed foreign invested shares (including addresses outside Hong Kong) by personal delivery or by mail, and notices to each Shareholders of overseas listed foreign invested shares shall be sent in Hong Kong as practicable as possible.

The above announcements shall be published in one or more newspapers designated by the securities regulatory authority of the State Council 20 days prior to the annual general meeting and 15 days prior to the extraordinary general meeting. Once it is published, all Shareholders of domestic shares shall be deemed to have received the notice of the relevant general meeting. The Chinese and English versions of these announcements shall be published on the websites of the Hong Kong Stock Exchange and the Company respectively on the same day or in such manner as the Hong Kong Stock Exchange may prescribe from time to time.

Resolutions at general meetings are divided into ordinary resolutions and special resolutions. Matters that shall be approved at the general meeting through ordinary resolutions include:

i. work reports of the Board and the Board of Supervisors;

ii. plans of earnings distribution and loss recovery proposals proposed by the Board;

iii. removal of members of the Board and the Board of Supervisors and their remunerations and methods of payment;

iv. annual budget and final accounts report, balance sheet, income statement and other financial statements;

v. the appointment, removal of accounting firm, their remuneration and payment methods thereof;

vi. other matters other than those stipulated by laws, administrative regulations or the Articles of Association to be adopted by special resolutions.

The following matter shall be passed through special resolutions:

i. the increase or decrease of the share capital, issuance of any class of shares, warrants and other quasi-securities by the Company;

ii. issuance of corporate bonds by the Company;

iii. division, merger, dissolution, liquidation or change of corporate form of the Company;

iv. amendment to the Articles of Association;

v. matters on purchase or sale of material assets or provision of guarantee with an amount of more than 30% of the Company's audited total assets value for the most recent period within one year;

vi. other matters as required by the laws, administrative regulations or the Articles of Association, and as approved by ordinary resolutions at the general meeting which are believed could materially affect the Company and need to be approved by special resolutions;

vii. other matters as required by the listing rules of the stock exchange where the Company's Shares are listed that need to be approved by special resolutions.

10 POWER OF THE COMPANY TO REPURCHASE OF ITS OUTSTANDING SHARES

The Company may, subject to the provisions of the laws, administrative regulations, the Listing Rules and the procedures set forth in the Articles of Association and after obtaining the approval from the competent authorities of the People's Republic of China, repurchase its outstanding shares under any of the following circumstances:

i. reduction of the registered capital of the Company;

ii. merger with another company that holds the shares in the Company;

iii. using the shares for the employee share ownership scheme or equity incentive scheme;

iv. repurchase by the Company of the shares held by the shareholders as requested by them since they object the resolution for the merger or spinning-off of the Company proposed at a general meeting;

v. conversion of the convertible corporate bonds issued by a listed company into the shares;

vi. maintaining the corporate value and protecting the shareholders' interests as necessary; or

vii. other circumstances permitted by the laws or administrative regulations.

Upon obtaining an approval from relevant competent authorities of the People's Republic of China, the Company may repurchase its shares by any of the following means:

i. by making an offer to all of its shareholders for the repurchase of shares on a pro rata basis;

ii. by on-market repurchase on a stock exchange;

iii. by off-market repurchase through an agreement;

iv. by any other means permitted by laws, administrative regulations and relevant regulatory authorities.

The Company must obtain a prior approval from the shareholders at a shareholders' general meeting in accordance with the Articles of Association before it can effect an off-market repurchase through an agreement. The Company may, by obtaining a prior approval from the shareholders at a shareholders' general meeting in the same manner, rescind or vary any contract which has been so entered into or waive any right thereunder.

A contract for the repurchase of shares includes, but not limited to, an agreement which causes the Company to become entitled or obliged to repurchase its shares.

The Company may not assign any contract for the repurchase of its shares or any right contained thereunder.

Unless the Company is in liquidation, it must comply with the following provisions in relation to repurchase of its issued shares:

i. where the Company repurchases its shares at nominal value, payment shall be made out of the book balance of the distributable profits of the Company and out of the proceeds from a new issue of shares made for the purpose of repurchasing old shares;

ii. where the Company repurchases its shares at a premium to nominal value, payment equal to such nominal value may be made out of the book balance of the distributable profits of the Company and out of the proceeds from a new issue of shares made for the purpose of repurchasing old shares. Payment of any excess over nominal value shall be effected as follows:

   (i) if the shares being repurchased were issued at nominal value, payment shall be made out of the book balance of the distributable profits of the Company;

   (ii) if the shares being repurchased were issued at a premium to nominal value, payment shall be made out of the book balance of the distributable profits of the Company and out of the proceeds from a new issue of shares made for the purpose of repurchasing old shares, provided that the amount to be deducted the proceeds from the new issue shall not exceed the aggregated premiums received by the Company on the issue of the old shares repurchased nor shall it exceed the the amount standing to the credit of the Company's premium account (or capital reserve account) (including any premiums on the new issue) at the time of the repurchase.

iii. the Company shall make any payment for the following purposes out of the Company's distributable profits:

   (i) acquisition of the right to repurchase its own shares;

   (ii) variation of the contract for the repurchase of its shares;

   (iii) release of the Company's obligation(s) under the contract for the repurchase of shares.

iv. after the Company's registered capital has been reduced by the aggregate nominal value of the cancelled shares in accordance with relevant provisions, the amount deducted from the distributable profits of the Company for payment of the nominal value of shares which have been repurchased shall be recorded in the Company's premium account (or capital reserve account).

11 SHARE TRANSFER

All fully-paid overseas-listed foreign shares listed in Hong Kong may be transferred freely in accordance with the Articles of Association. However, the Board of Directors may refuse to recognize any transfer instrument without giving any reason, unless:

i. any transfer instrument and other documents that are related to or may affect the ownership of the shares shall be registered; in case that any fees or charges shall be paid for the registration, such fees or charges shall not exceed the maximum fees or charges specified in the Listing Rules by the Hong Kong Stock Exchange from time to time;

ii. the transfer instrument only relates to the overseas-listed foreign shares listed in Hong Kong;

iii. the stamp duty chargeable on the transfer instrument has been paid;

iv. relevant share certificate(s) and any other evidence reasonably required by the Board of Directors certifying that the transferor has the right to transfer the shares shall be provided;

v. if it is intended that the shares be transferred to joint holders, the maximum number of joint holders shall not be more than four;

vi. no corporate lien is attached to relevant shares.

Amendments or rectification of the register of shareholders shall be made in accordance with the laws of the place where the register of shareholders is maintained.

Transfer of shares may not be entered in the register of shareholders within 30 days prior to the date of a shareholders' general meeting or within 5 days before the record date for the Company's determination of dividend payment.

12 FINANCIAL ASSISTANCE FOR APPLICATION FOR ACQUISITION OF SHARES IN THE COMPANY OR ANY OF ITS SUBSIDIARIES

According to the provisions under the Articles of Association, the Company or its subsidiaries shall not, at any time, provide any form of financial assistance to a person who is acquiring or intends to acquire the shares. This includes any person who directly or indirectly incurs any obligations as a result of acquisition of the shares in the Company. The Company or its subsidiaries shall not, at any time, provide any form of financial assistance for the purposes of reducing or discharging such obligations assumed by such person.

For the purpose of the abovementioned provision, "financial assistance" includes, but not limited to, the following:

i. gifts;

ii. guarantee (including the assumption of liability by the guarantor or the provision of property to secure the performance of the obligations by the obligor), compensation (other than compensation arising out of the Company's own fault) or release or waiver of any right;

iii. provision of a loan or entering into any other agreement under which the obligations of the Company are to be fulfilled ahead of the obligations of another party, or entering into an agreement to change such loan or the parties of such loan or the assignment of the rights under such loan or agreement; or

iv. any other form of financial assistance given by the Company when the Company is unable to pay its debts, has no net assets or when its net assets would be reduced by a material extent.

"Assumption of obligations" includes the assumption of obligations by way of agreement or other arrangement (irrespective of whether such agreement or arrangement is enforceable or not and irrespective of whether such obligations are borne by him or her individually or jointly with other persons) or by any other means which results in a change in his/her financial position.

The following transactions shall not be deemed to be prohibited:

i. provision of financial assistance by the Company where the financial assistance is given in good faith and in the interests of the Company, and the principal purpose of which is not for the acquisition of the shares in the Company, or the giving of the financial assistance is an incidental part of a master plan of the Company;

ii. lawful distribution of the Company's assets as dividends;

iii. distribution of dividends in the form of shares;

iv. reduction of registered capital, repurchase of the shares of the Company or reorganization of the shareholding structure of the Company effected in accordance with the Articles of Association;

v. provision of loans by the Company for its normal business activities within its scope of business (provided that this does not reduce the net assets of the Company or that financial assistance is provided out of the distributable profits of the Company, even if it does reduce the net assets of the Company); and

vi. contributions made by the Company to the employee share ownership schemes (provided that this does not reduce the net assets of the Company or that financial assistance is provided out of the distributable profits of the Company, even if it does reduce the net assets of the Company).

13 THE RIGHTS OF ANY SUBSIDIARY OF THE COMPANY TO OWN THE SHARES OF THE PARENT COMPANY

No provision under the Articles of Association shall confer any right on any subsidiary of the Company to own the shares of the parent company.

14 DIVIDENDS AND OTHER METHODS OF DISTRIBUTION

The Company may distribute its dividends in the form of cash or shares.

Any amount paid up in advance of calls on any shares may carry interest but the holder of such shares shall not be entitled to participate in respect thereof in a subsequent dividend declaration.

The Company shall appoint the receiving agent(s) for holders of the overseas-listed foreign shares. Such receiving agent(s) shall receive dividends which have been declared by the Company and all other amounts which the Company shall pay to the holders of the overseas-listed foreign shares on such shareholders' behalf. Such amounts shall be kept by the receiving agent(s) on such shareholders' behalf pending for paying such amounts to them.

The receiving agent(s) appointed for the holders of overseas-listed foreign shares listed in Hong Kong Stock Exchange shall each be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

The Company shall pay cash dividends and other payments in RMB payable to the holders of domestic shares. Cash dividends and other payments payable to the holders of overseas-listed foreign shares shall be calculated and declared in RMB by the Company, and such distribution shall be handled in accordance with applicable regulations on foreign exchange control of the People's Republic of China. As for the foreign currency needed by the Company for payment of cash dividends and other payments payable to the holders of the overseas-listed foreign shares, it shall be arranged in accordance with applicable regulations on foreign exchange control of the People's Republic of China.

15 PROXY/ PROXIES OF SHAREHOLDERS

Any shareholder entitled to attend and vote at a shareholders' general meeting of the Company shall have the right to appoint one or more proxies to represent him/her and vote on his/her behalf. The proxy need not be a shareholder. Every shareholder being a corporation shall be entitled to appoint a representative to attend and vote at any general meeting of the issuer and, where a corporation is so represented, it shall be treated as being present at any meeting in person. A corporation may execute a form of proxy under the hand of a duly authorised officer. A proxy so appointed may, pursuant to the instructions from that shareholder, exercise the following rights:

i. the shareholders' right to speak at the meeting;

ii. the right to demand, whether on his own or together with others, a poll;

iii. the right to exercise voting rights on a show of hands or on a poll, provided however, that where more than one proxy is appointed, the proxies may only exercise such voting rights on a poll.

A shareholder may appoint a proxy through a written power of attorney, which shall be signed by the appointer or the proxy he/she so appoints in writing. In the event that the appointer is a legal person, the power of attorney shall be affixed with the seal of the legal person or signed by its director or a duly authorized officer or a duly appointed proxy.

The proxy form shall be lodged at the Company's premises or such other place designated in the notice convening the general meeting at least 24 hours prior to the relevant meeting for which the proxy is appointed to vote or 24 hours prior to the scheduled voting time. Where the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents, together with the proxy form, shall be lodged at the Company's premises or such other place designated in the notice convening the meeting.

If the proxy is an institutional shareholder, its legal representative (the person in charge) or any representative authorized by its board of directors or by other decision-making body may attend the shareholders' meeting of the Company on its behalf.

Any proxy form issued to a shareholder by the board of directors for use by such shareholder for the purpose of appointing a proxy to attend and vote at a general meeting of the Company shall give the shareholder a free choice to instruct the proxy to vote in favors of or against a resolution, and in respect of each individual matter to be voted on at the meeting. The proxy form shall contain a statement that, in the absence of specific instructions from the shareholder, the proxy may vote as he/she thinks fit.

A vote made in accordance with the proxy form shall be valid notwithstanding the death or loss of capacity of the appointer or revocation of the proxy form or the authorization for executing such proxy form, or the transfer of the shares in respect of which the proxy form is given, provided that the Company does not receive any written notice in respect of such matters before the commencement of the relevant meeting.

16 INSPECTION OF THE REGISTER OF SHAREHOLDERS AND OTHER RIGHTS OF THE SHAREHOLDERS

The Company must maintain the register of shareholders.

The Company may, in accordance with the understanding and agreements made between the securities regulatory authorities of the State Council and an overseas securities regulator, maintain the register of shareholders of overseas-listed foreign shares overseas and appoint the overseas agent(s) to manage such register of shareholders.

The original register of shareholders for the holders of overseas-listed foreign shares listed in Hong Kong shall be maintained in Hong Kong. A duplicate register of shareholders for the holders of overseas-listed foreign shares shall be maintained at the domicile of the Company and shall be open for inspection by shareholders. The appointed overseas agent(s) shall ensure the consistency between the original and the duplicate registers of shareholders at all times.

Where the original and copies of the register of members of overseas listed foreign shares are inconsistent, the original shall prevail.

The Company shall keep a complete register of members. The register of members shall include the following:

i. register of members kept at our Company's residence other than those specified in items ii and iii below;

ii. register of members of our Company's overseas listed foreign shares kept at the location(s) of the overseas stock exchange(s) where such Shares are listed; and

iii. register of members kept in other location(s) according to the decisions of the Board as required for the listing of the shares of the Company.

Different parts of the register of members shall not overlap. The transfer of Shares registered in a certain part of the register of members shall not be registered elsewhere in the register of members as long as such Shares remain registered.

Any alteration or rectification to different parts of the register of members shall be made in accordance with the laws in the place where such part of the register of members is maintained.

No change of the register of members as a result of Share transfer shall be made within 30 days before the general meeting is convened or within five days prior to the record date for the Company's determination of dividend payment.

When the Company convenes the general meeting, distributes dividends, puts into liquidation or is involved in other activities that require the determination of identity, the Board shall fix a date of record, upon expiration of which the Shareholders whose names appear on the register of members are entitled to such equity.

Any person who objects to the register of members and requests to register his/her/its name (title) in the register of members or to remove his/her/its name (title) from the register of members may apply to the court with jurisdiction to correct the register of members.

17 RESTRICTIONS ON RIGHTS OF CONTROLLING SHAREHOLDERS

Apart from the obligations required by laws, administrative regulations or the listing rules of the stock exchange on which the Shares of the Company are listed, the Controlling Shareholders shall not make any decision that is prejudicial to the interests of all or part of the Shareholders on the following issues by exercising his/her/its Shareholder voting rights when exercising his/her/its power of Shareholders:

i. releasing the responsibilities of the Directors and Supervisors to act honestly in the best interests of the Company;

ii. permitting the Directors and Supervisors (for their own benefit or for the benefit of others) to deprive the Company's assets in any form, including but not limited to any opportunity beneficial to the Company; and

iii. permitting the Directors and Supervisors (for their own benefit or for the benefit of others) to deprive other Shareholders' personal rights and interests, including but not limited to any distributions or voting rights, but excluding the restructuring proposal of the Company submitted to the general meeting for approval pursuant to the Articles of Association.

18 LIQUIDATION PROCEDURES

Upon the occurrence of any of the following circumstances, the Company shall be lawfully dissolved and liquidated:

i. where the term of operation expires as stipulated in the Articles of Association or other reasons for dissolution as stipulated in the Articles of Association occur;

ii. where the general meeting dissolves with special resolution;

iii. where dissolution is required for the purpose of merger or division of the company;

iv. where the Company is legally declared bankrupt due to its inability to repay the debts as they fall due;

v. where the business license of the Company is suspended or revoked, or the Company is ordered to close down according to law in violation of laws or administrative regulations; or

vi. where the Company runs into difficulties in operation and management, its continuous existence may cause heavy losses to the Shareholders' interests, and such difficulties may not be dealt with in other ways, the Shareholders holding more than 10% of the total number of Shares carrying voting rights may apply to the court to dissolve the Company.

Where the Company is dissolved in accordance with the provisions set forth in items i, ii, v and vi above, the liquidation team shall be established within 15 days and the personnel of which shall consist of the persons determined by ordinary resolution at the general meeting. In the event the that no liquidation team is established within such period to carry out liquidation, the creditor(s) may apply to the people's court to designate relevant persons to form a liquidation team to carry out liquidation.

In the event that the Company is dissolved in accordance with the provision set forth in item iv above, the people's court shall organize the Shareholders, the related authorities and related professionals to form a liquidation team to carry out liquidation pursuant to provisions of relevant laws. In the event that the Company is ordered to close down or dissolve in violation of laws or administrative regulations, the relevant competent authority shall organize the Shareholders, the related authorities and relevant professionals to form a liquidation team to carry out liquidation.

Where the Board decides to liquidate the Company for any reason other than the Company's declaration of its bankruptcy, the Board shall include a statement in the notice convening a general meeting for such purpose that the Board has performed a comprehensive investigation into the affairs of the Company, and is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of liquidation.

Upon the passing of the special resolution to liquidate the Company at the general meeting, the functions and powers of the Board of the Company shall cease immediately.

In accordance with the instructions of the general meeting, the liquidation team shall make a report at least once every year to the general meeting on the team's income and expenditure, the business of the company and the progress of liquidation, and present a final report to the general meeting upon completion of liquidation.

The liquidation team shall, within 10 days of its establishment, send notices to creditors, and shall, within 60 days of its establishment, publish an announcement in newspapers. The creditors shall, within 30 days of receipt of the notice, or for who have not personally received such notice, within 45 days of the date of announcement, claims their rights to the liquidation team. The liquidation team shall carry out registration of the rights.

In claiming its rights, the creditor shall explain the relevant matters and provide supporting materials in respect thereof. The liquidation team shall carry out registration of the rights.

In the course of claiming of creditor's rights, the liquidation team shall not make any payment to the creditors.

After sorting out the assets of the company and preparing the balance sheet and an inventory of assets, the liquidation team shall formulate a liquidation proposal and present it to the general meeting or relevant competent authorities for confirmation.

In the event of liquidation due to dissolution of the Company and the liquidation team finds that, after sorting out the Company's assets and preparing the balance sheet and an inventory of assets, the assets of the Company are insufficient to pay the debts, it shall immediately apply to the people's court to declare insolvency.

After the Company is declared insolvent by ruling of the people's court, the liquidation team shall transfer matters arising from the liquidation to the people's court.

Following the completion of liquidation of the company, the liquidation team shall prepare a liquidation report, a statement of income and expenditure and financial books during the liquidation period, which, after being verified by a Chinese registered accountant, shall be presented to the general meeting or relevant authorities for confirmation. The liquidation team shall, within 30 days after such confirmation by the general meeting or relevant authorities, present the above-mentioned documents to the company registration authority and apply for cancellation of registration of the Company and publish an announcement relating to the termination of the Company.

19 OTHER IMPORTANT PROVISIONS FOR THE COMPANY OR THE SHAREHOLDERS

(1) General Provisions

The Company is a permanently existing joint stock limited liability company.

The Company may invest in other limited liability companies or joint stock companies limited and bear responsibility to the companies in which it has invested in proportion to the amount of investment it has made, however, it shall not become an investor that shall bear several and joint liabilities for the debts of the enterprises it invests in, unless otherwise provided by law.

The Articles of Association shall be a legally binding document governing the rights and obligations between the Company and the Shareholders, and among the Shareholders. In terms of powers and obligations regarding affairs of the Company, a Shareholder may take action against the Company pursuant to the Articles of Association, and vice versa. A Shareholder may also take action against another Shareholder, and may take action against the Directors, Supervisors, general manager and other senior management of the Company pursuant to the Articles of Association.

The actions referred to in the above include court proceedings and arbitration proceedings.

(2) Shares and Transfer

Foreign Investors mentioned in the Articles of Association refer to those investors of foreign countries and regions of Hong Kong, Macau and Taiwan who subscribe for the Shares issued by the Company; domestic Investors mentioned above refer to those investors within the territory of the PRC (except the above said regions) who subscribe for the Shares issued by the Company.

The Company may increase share capital by the following ways:

i. non-public offering of shares;

ii. placing or giving new Shares to existing Shareholders;

iii. conversion of provident funds into share capital;

iv. other ways permitted by the laws and administrative regulations.

The increase in the Company's share capital, after being approved according to the provisions of the Articles of Association, shall be dealt with in accordance with the procedures stipulated by the related laws and administrative regulations and regulatory requirements in the place where the Company's shares are listed.

The Company may reduce its registered capital in accordance with the procedures stipulated in the Company Law and other provisions as well as the Articles of Association.

When the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets.

Subject to the approval of the securities regulatory authority of the State Council, the Company may issue the Shares to onshore and offshore investors.

(3) Shareholders

The Shareholders of the Company are persons lawfully holding the Company's Shares and whose names (titles) are listed in the register of members. Shareholders are entitled to rights and assume obligations according to the class of shares they hold. Shareholders who hold the same class of Shares are entitled to the same rights and assume the same obligations.

The shareholders of the Company's ordinary shares shall be entitled to the following rights:

i. to receive distribution of dividends and other forms of benefits in proportion to the number of Shares held;

ii. to request, convene, preside over, attend or appoint a proxy to attend general meetings, and to exercise the corresponding voting rights according to laws;

iii. to supervise and manage the company's business and operational activities, put forward proposals or raise queries;

iv. to transfer his/her/its Shares according to the provisions of the laws, administrative regulations and the Articles of Association;

v. to obtain relevant information according to the provisions of the Articles of Association;

vi. to participate in the distribution of the remaining assets of the Company according to the number of Shares held in the event of the termination or liquidation of the Company;

vii. other rights conferred by laws, administrative regulations, departmental rules and the Articles of Association.

The Company's Share certificates shall be in registered form.

The Share certificates are signed by the chairman of the Board. Where the stock exchange on which the Shares of the Company are listed requires the Share certificates to be signed by other senior management of the Company, they shall also be signed by such other senior management. The Share

certificates shall take effect after being affixed with the seal of the Company or machine-imprinted seal. The Share certificates shall only be affixed with the Company's seal under the authorization of the Board. The signatures of the chairman of the Board or other related senior management on the share certificates may also be in printed form. Under the circumstance of paperless issuance and trade, the Shares of the Company are applicable for such provisions as provided by the securities regulatory authorities or the stock exchanges at the location where the Shares of the Company are listed.

Any shareholders who is registered in, or any person who requests to have his/her/its name (title) entered in, the register of members may (if his/her/its Share certificate (the "**Original Share Certificate(s)**") is lost) apply to the Company for a replacement of new Share certificates in respect of such Shares.

In the event a holder of Domestic Shares loses his/her/its Share certificates and applies for a replacement, it shall be dealt with pursuant to related provisions of the Company Law.

In the event a shareholder of overseas listed invested Shares loses his/her/its Share certificates and applies for a replacement, it shall be dealt with pursuant to the laws and rules of the stock exchange or other related provisions where the original register of members of the overseas listed foreign Shares is maintained.

In the event a shareholder of overseas listed foreign Shares of a Hong Kong listed company loses his/her/its Share certificates and applies for a replacement, the issue of placement of Share certificate shall comply with the following requirements:

i. An applicant shall submit the application in the form prescribed by the Company accompanied by a notarial certificate or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the Share certificate as well as stating that no other person shall be entitled to request to be registered as a Shareholder with respect to the relevant Shares;

ii. No statement has been received by the Company from any person other than the applicant for having his name to be registered as the Shareholder with respect to the Shares before the Company came to a decision to issue the replacement Share certificate;

iii. The Company shall, if it decides to issue a replacement new Share certificate to the applicant, publish an announcement of its intention to issue the replacement new share certificate in such newspapers designated by the Board. The announcement shall be made at least once every 30 days in a period of 90 days;

iv. The Company shall, prior to the publication of its announcement of intention to issue a replacement certificate, deliver a copy of the announcement to be published to the stock exchange on which the Shares are listed. The Company may publish the announcement upon receiving a confirmation from the stock exchange that the announcement has been exhibited at the stock exchange. The announcement shall be exhibited at the stock exchange for a period of 90 days.

If an application to issue a replacement Share certificate has been made without the consent of the registered Shareholders of the related Shares, the Company shall send a copy of the announcement to be published by post to such Shareholders.

v. In the event that, upon expiration of the 90-day exhibition period of the announcement specified in items iii and iv above, the Company has not received from any person any objection to the issue of replacement new Share certificate, the Company may issue a replacement new Share certificate to the applicant according to his/her/its application;

vi. Where the Company issues a replacement new Share certificate under the Articles of Association, it shall forthwith cancel the Original Share Certificate(s) and enter the cancellation and issue in the register of Shareholders;

vii. All expenses incurred by the Company for the cancellation of an Original Share Certificate and issue of the replacement new Share certificate shall be borne by the applicant. The Company shall have the right to refuse to take any action until a reasonable guarantee is provided by the applicant.

(4) Untraceable Shareholders

The Company shall have the right to cease sending dividend warrants by post to a holder of foreign shares listed overseas, but such right can only be exercised after the dividend warrants have been so left uncashed on two consecutive occasions. However, such right may be exercised by the Company after the first occasion in which such a warrant is returned undelivered.

The Company shall have the right to sell any shares of a holder of foreign shares listed overseas who is untraceable in a manner which the Board deems appropriate, but the following conditions must be observed:

i. the dividends on such shares have been distributed at least three times in a period of 12 years and the dividends are not claimed by anyone during this period; and

ii. upon expiry of the 12-year period, the Company shall put notices on newspapers, stating its intention to sell the shares and notify the Hong Kong Stock Exchange of such intention.

(5) The Board

The Board shall be accountable to the general meeting, and exercise the following functions and powers:

i. to convene general meetings and report on its work to the general meetings;

ii. to implement resolutions passed at the general meetings;

iii. to decide on the Company's business plans and investment plans;

iv. to formulate the Company's annual financial budgets and final accounting plans;

v. to formulate the Company's profit distribution proposals and loss recovery proposals;

vi. to formulate proposals for the increase or reduction of the Company's registered capital and the issuance of corporate bonds;

vii. to formulate proposals for the major acquisition or disposal, the repurchase of the Company's Shares;

viii. to formulate proposals for the merger, division, dissolution or change of corporate form of the Company;

ix. to determine on the Company's internal management structure;

x. to appoint or dismiss the general manager, and appoint or dismiss deputy general managers and financial controller of the Company pursuant to the general manager's nominations and decide on their remuneration;

xi. to formulate the Company's basic management system;

xii. to formulate proposals for amendments to the Articles of Association;

xiii. to propose to general meetings for the appointment or replacement of the auditors of the Company;

xiv. to decide on other major and administrative affairs of the Company, and to sign other important agreements, save for the matters to be resolved at the general meetings as stipulated by the laws, administrative regulations, relevant regulatory requirements in the place where the shares of the Company are listed, and the Articles of Association;

xv. to exercise other functions and powers as granted by the general meeting and the Articles of Association.

Except for the matters specified in items vi, viii and xii which shall be passed by the affirmative vote of more than two-thirds of all Directors, the resolutions of the Board in respect of all other matters may be passed by the affirmative vote of more than half of all Directors.

Board meeting may be held only if more than half of the Directors (including proxies) are present.

(6) Secretary to the Board

The Company shall have one secretary to the Board, who shall be a senior management member of the Company. The Company's secretary to the Board shall be a natural person who has requisite professional knowledge and experience and is appointed by the Board.

(7) Board of Supervisors

The Company shall set up a Board of Supervisors.

The Board of Supervisors consists of three Supervisors, including one chairman of the Board of Supervisors. A Supervisor shall serve a term of three years, and can be re-elected. The appointment or dismissal of the chairman of the Board of Supervisors shall be passed by at least two-thirds of the members of the Board of Supervisors by way of vote.

The Board of Supervisors shall comprise an appropriate proportion of employee representatives and the proportion of employee representative supervisors shall not be less than one-third of the total number of members of the Board of Supervisors. Supervisors, other than the employee supervisors, in the Board of Supervisors shall be elected and removed at the general meetings while the employee representative supervisors shall be elected and removed through the employee representatives meetings, employee meetings or through other forms of democratic election.

A resolution of the Board of Supervisors shall be passed by the affirmative votes of at least two-thirds of the members of the Board of Supervisors.

The Director, general manager and other senior management of the Company shall not act concurrently as a Supervisor.

The Board of Supervisors shall be accountable to the general meeting, and exercise the following functions and powers:

i. to inspect the financial affairs of the Company;

ii. to supervise the conduct of the Directors, general managers and other senior management of the Company in the performance of their duties for the Company in contravention of the law, administrative regulations or the Articles of Association;

iii. to require the rectification of the conduct of Directors, general managers and other senior management of the Company when such conduct is prejudicial to the interests of the Company;

iv. to verify financial information such as financial reports, business reports, profit distribution plans, etc that the Board intends to submit to the shareholders' general meeting and, if in doubt, to be able to appoint, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information;

v. to propose the convening of extraordinary general meetings;

vi. to propose the convening of board meetings;

vii. to represent the Company in negotiation with or initiate legal proceedings against a Director;

viii. to exercise other functions and powers as specified by the laws, administrative regulations and the Articles of Association.

The Supervisors may be present at the meetings of the Board.

(8) General Manager

The Company shall have a general manager, who shall be appointed or dismissed by the Board.

The general manager of the Company shall be accountable to the Board and shall exercise the following functions and powers:

i. to be in charge of the production, operation and management of the Company and to organize the implementation of the Board's resolutions;

ii. to organize the implementation of the Company's annual business plan and investment proposals;

iii. to draft the plans for the establishment of internal management structure of the Company;

iv. to draft the basic management system of the Company;

v. to formulate the basic rules and regulations for the Company;

vi. to recommend the appointment or dismissal of the deputy general manager and the financial controller of the Company;

vii. to appoint or dismiss executive officers other than those who should be appointed or dismissed by the Board;

viii. other powers conferred by the Articles of Association and the Board.

(9) Provident Fund

In distributing its profits after tax, the Company shall allocate 10% of its profits to the statutory provident fund. Allocation to the statutory provident fund of the Company may be waived once the cumulative amount of funds exceeds 50% of registered capital of the Company.

Where the statutory provident fund of the Company is not sufficient to cover the loss from the previous year, the profits from current year shall be used to cover such loss before allocation is made to the statutory provident fund in accordance with the abovementioned provisions.

After allocation to the statutory provident fund has been made from profits after tax, the Company may further allocate any amount from profits after tax to arbitrary statutory provident fund upon passing resolutions in general meetings.

Unless otherwise stipulated in the Articles of Association, after the Company has covered its loss and made allocation to the statutory provident fund, the remainder of profits after tax shall be distributed to the Shareholders in proportion to their shareholding.

If the general meeting violates the above provisions by distributing profits to Shareholders before covering losses and making allocation to the statutory provident fund, the Shareholders shall return the profits so distributed to the Company.

The Shares of the Company held by the Company may not apply for profit distribution.

The statutory provident fund of the Company shall only be used for covering loss, expansion for operation scale or conversion to the increased capital of the Company. However, capital reserves may not be used for covering the losses of the Company.

When converting the statutory provident fund into capitals, the balance of the statutory provident fund may not fall below 25% of the Company's registered capital before converting.

(10) Dispute Resolution

The Company complies with the following principles for dispute resolution:

i. Any dispute or claim arising between the shareholders of overseas listed foreign shares and the Company; shareholders of overseas listed foreign shares and the Directors, Supervisors, general manager and other senior management of the Company; shareholders of overseas listed foreign shares and shareholders of domestic shares, in respect of any rights or obligations arising from the Articles of Association, the Company Law and other relevant laws and administrative regulations concerning the affairs of the Company shall be submitted by the abovementioned party for arbitration.

   When the aforesaid dispute or claim is submitted for arbitration, the entire claim or dispute shall be referred to arbitration. For those who have a cause of action based on the same facts giving rise to the dispute or claim, shall, where such person is the Company or its Shareholder, a Director, Supervisor, general manager and other senior management of the Company, comply with the arbitration.

   Disputes relating to the definition of Shareholders and register of members may be resolved without arbitration.

ii. The claimant may choose for arbitration to be conducted at either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules, or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once the claimant submits a dispute or claim to arbitration, the other party must conduct arbitration at the arbitral body chosen by the claimant.

   If a claimant chooses for arbitration to be conducted at the Hong Kong International Arbitration Centre, either party may apply for a hearing to take place in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

iii. The PRC laws shall apply to the settlement of disputes or claims arising from item (i) above by way of arbitration; except where otherwise provided by law or administrative regulations;

iv. The award of the arbitral body shall be final and conclusive and binding on all parties.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established in the PRC on November 8, 2011 with an initial registered capital of RMB1,000,000. On March 23, 2021, our Company was converted into a joint stock company with limited liability under the PRC Company Law. Accordingly, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. The relevant PRC laws and regulatory provisions and a summary of our Articles of Association are set out in Appendices IV and V to this prospectus, respectively.

Our registered place of business in Hong Kong is at 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. We were registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance on June 7, 2021. Mr. Lv and Mr. PAN Fei have been appointed as our authorized representatives for the acceptance of service of process and notices in Hong Kong.

2. Changes in the Share Capital of Our Company

As at the date of our incorporation, our registered capital was RMB1,000,000, which was fully paid up upon establishment. On March 23, 2021, our Company was converted into a joint stock company with limited liability, and our registered capital was RMB360,000,000 divided into 360,000,000 shares with a nominal value of RMB1.00 each. As at the date of this prospectus, our registered capital was RMB409,090,890 divided into 409,090,890 shares with a nominal value of RMB1.00 each.

Assuming the Over-allotment Option is not exercised, upon completion of the Global Offering, our issued share capital will increase to RMB417,167,290, made up of 285,576,658 Unlisted Shares and 131,590,632 H Shares fully paid up or credited as fully paid up, representing approximately 68.46% and 31.54% of our registered share capital, respectively.

Save as disclosed in the section headed "History, Development and Corporate Structure" in this prospectus, there has been no alteration in our share capital within two years immediately preceding the date of this prospectus.

3. Changes in the Share Capital of Our Subsidiary

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountants' Report as set out in Appendix I. Save as disclosed in the section headed "History, Development and Corporate Structure" in this prospectus, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this prospectus.

4. Resolutions of the Shareholders of the Company Passed on May 21, 2021

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders on May 21, 2021, it was resolved, among others:

(a) our H Shares to be listed on the Stock Exchange be issued;

(b) subject to the completion of the Global Offering, the Articles of Association have been approved and adopted, which shall become effective on the Listing Date, and the Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and

(c) authorizing our Board and its authorized person to handle all relevant matters relating to, among other things, the implementation of issuance of H Shares and the Listing.

5. Restrictions on Repurchase

Please refer to Appendix V to this prospectus for details.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF THE COMPANY

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this prospectus and are or may be material:

(a) The Hong Kong Underwriting Agreement; and

(b) A cornerstone investment agreement dated September 21, 2022 entered into among our Company, Lifetech Scientific Corporation (先健科技公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司), pursuant to which Lifetech Scientific Corporation (先健科技公司) agreed to subscribe for H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of U.S. dollar 20,000,000, details of which are included in the section headed "Cornerstone Investment" in this prospectus.

2. Our Material Intellectual Property Rights

(a) 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	Place of registration	Name of registered proprietor	Registration no.	Class	Expiry date
1	JenScare	PRC	Our Company	10766442	10	June 20, 2023
2	Jenscare 健世科技	PRC	Our Company	17558055	10	September 20, 2027
3	Jenscare	PRC	Our Company	17558056	10	September 20, 2026
4	JeniGal	PRC	Our Company	25201325	10	July 20, 2028
5	LuX-Valve	PRC	Our Company	25807760	10	August 13, 2028
6	Ken-Valve	PRC	Our Company	25807761	10	August 13, 2028
7	Jenscare	PRC	Our Company	28806145	10	December 27, 2028
8	健世科技	PRC	Our Company	38705023	10	February 6, 2030
9	Mitral-Patch	PRC	Our Company	38705024	10	March 27, 2030
10	KEN PLUS	PRC	Our Company	49878987	10	September 20, 2031
11	JensClip	PRC	Our Company	51374936	10	August 6, 2031
12	MitraPatch	PRC	Our Company	51442868	10	August 13, 2031
13	J-Kay	PRC	Our Company	53545078	10	September 20, 2031
14	Ken-Valve-plus	PRC	Our Company	54059599	10	September 27, 2031
15	LuX-Valve Plus	PRC	Our Company	48059911	10	April 13, 2031

No.	Trademark	Place of registration	Name of registered proprietor	Registration no.	Class	Expiry date
16	JensKay	PRC	Our Company	53523656	10	December 27, 2031
17	Ken 2	PRC	Our Company	56371294	10	March 6, 2032
18	Anchorwell	PRC	Our Company	56391288	10	December 6, 2031
19	Neorient	PRC	Our Company	56399579	10	February 20, 2032
20	KenFlex	PRC	Our Company	56526657	10	December 20, 2031
21	JT-Clip	PRC	Our Company	56535689	10	December 20, 2031
22		PRC	Our Company	60021182	10	April 20, 2032
23		PRC	Our Company	60026274	35	April 27, 2032
24	Jenscare	PRC	Our Company	60027425	35	April 20, 2032
25	KEN PLUS - VALVE	PRC	Our Company	49871611	10	June 6, 2031
26		PRC	Ningbo Diochange	14527336	10	June 27, 2025
27	Diochange	PRC	Ningbo Diochange	17558052	10	September 20, 2026
28	LAplace	PRC	Ningbo Diochange	26443188	10	September 6, 2028
29	EndoInjex	PRC	Ningbo Diochange	26915344	10	September 27, 2028
30	AlginSys	PRC	Ningbo Diochange	26921030	10	September 27, 2028
31	EndoInjex	PRC	Ningbo Diochange	46616288	10	January 27, 2031
32	**MyoPatch**	PRC	Ningbo Diochange	46940639	10	March 6, 2031
33	**SimuLock**	PRC	Ningbo Diochange	46942540	10	January 20, 2031
34	**MyoInjex**	PRC	Ningbo Diochange	46970906	10	January 20, 2031
35	**MicroFlux**	PRC	Ningbo Diochange	46976786	10	January 20, 2031
36	LAA Patch	PRC	Ningbo Diochange	54858906	10	October 27, 2031
37	PDA Patch	PRC	Ningbo Diochange	54873320	10	October 27, 2031
38	ASD Patch	PRC	Ningbo Diochange	54870188	10	October 27, 2031

No.	Trademark	Place of registration	Name of registered proprietor	Registration no.	Class	Expiry date
39	PFO Patch	PRC	Ningbo Diochange	54873326	10	October 27, 2031
40	MicroFlux	PRC	Ningbo Diochange	59631403	10	March 20, 2032
41	MICROFLUX	PRC	Ningbo Diochange	59631435	10	March 20, 2032

As of the Latest Practicable Date, we had applied for registration of the following trademarks which have been published to the public and we consider to be or may be material to our business:

No.	Trademark	Place of application	Name of applicant	Application no.	Class	Application date
1	VSD Patch	PRC	Ningbo Diochange	54878235	10	April 1, 2021
2	NeoValve	PRC	Our Company	56379195	10	May 26, 2021

(b) Patents

For a discussion of the details of the material patents and material patent applications by our Company in connection with our Core Products, LuX-Valve and Ken-Valve, please see "Business — Intellectual Property Rights" in this prospectus.

(c) Domain Name

As of the Latest Practicable Date, we owned the following domain name which we consider to be material to be or may be material to our business:

No.	Domain name	Registrant	Date of registration	Expiry date
1	jenscare.com	Our Company	March 1, 2013	March 1, 2023

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of our Company and our associated corporations

The following table sets out the interests and short positions of our Directors and chief executive of our Company immediately following completion of the Global Offering and the conversion of our Unlisted Shares to H Shares in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in 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 entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once our Shares are listed:

Name of Director/ Chief Executive	Capacity/ nature of interest	Class of Shares	Number of Shares	Approximate percentage of shareholding in the issued share capital of our Company as of the date of this prospectus	Approximate percentage of shareholding in the total share capital of our Company upon completion of the Global Offering (assuming no exercise of the Over-allotment Option)[1]	Approximate percentage of shareholding in the total share capital of our Company upon completion of the Global Offering (assuming the Over-allotment Option is fully exercised)[2]
Mr. Lv[3][4][5][6]	Beneficial owner; interest in a controlled corporation; interest held jointly with another person	Domestic Shares	151,447,626	37.02%	36.30%	36.20%
		H Shares	59,344,614	14.51%	14.23%	14.18%
Mr. PAN Fei[7]	Interest in a controlled corporation	Domestic Shares	32,727,240	8.00%	7.85%	7.82%

Notes:

(1) The calculation is based on the total number of 417,167,290 Shares in issue immediately after completion of the Global Offering (without taking into account the H Shares which may be issued upon the exercise of the Over-allotment Option).

(2) The calculation is based on the total number of 418,378,690 Shares in issue immediately after completion of the Global Offering (including such amount of H Shares to be issued assuming the exercise of Over-allotment Option in full).

(3) On March 16, 2021, Mr. Lv and Ms. Li entered into a concert party agreement to confirm that they have acted in concert in the management, decision-making and all major decisions of our Group. As such, each of the Concert Parties are deemed to be interested in the Shares each other is interested in.

Ningbo Linfeng beneficially owns 13,720,590 Domestic Shares and 7,388,010 H Shares of our Company and is owned as to 65.00% by Shanghai Shidi, which in turn is wholly-owned by Ms. Li. As such, under the SFO, each of Ms. Li and Shanghai Shidi is deemed to be interested in the equity interests held by Ningbo Linfeng.

Shanghai Shidi beneficially owns 25,589,304 Domestic Shares and 13,778,856 H Shares of our Company and is wholly-owned by Ms. Li. As such, under the SFO, Ms. Li is deemed to be interested in the equity interests held by Shanghai Shidi.

(4) Mr. Lv beneficially owns 25,516,296 Domestic Shares and 13,739,544 H Shares of our Company.

(5) Each of Hainan Maidi and Ningbo Sangdi is a limited partnership established in the PRC and one of our ESOP Platforms. Hainan Maidi beneficially owns 41,236,200 Domestic Shares of our Company. Ningbo Sangdi beneficially owns 20,107,386 Domestic Shares and 10,827,054 H Shares of our Company. Ningbo Dixiang is the executive partner of each of Hainan Maidi and Ningbo Sangdi and is owned as to 98% by Mr. Lv.

As such, under the SFO, each of Ningbo Dixiang and Mr. Lv is deemed to be interested in the equity interests held by Hainan Maidi and Ningbo Sangdi.

(6) Each of Ningbo Mukang and Ningbo Kefeng is a limited partnership established in the PRC. Ningbo Mukang beneficially owns 16,829,046 Domestic Shares and 9,061,794 H Shares of our Company. Ningbo Kefeng beneficially owns 8,448,804 Domestic Shares and 4,549,356 H Shares of our Company. Ningbo Dixiang is the executive partner of each of Ningbo Mukang and Ningbo Kefeng and is owned as to 98% by Mr. Lv.

As such, under the SFO, each of Ningbo Dixiang and Mr. Lv is deemed to be interested in the equity interests held by Ningbo Mukang and Ningbo Kefeng.

(7) Hainan Hualing is one of our ESOP Platforms, a limited partnership established in the PRC, and beneficially owned 32,727,240 Domestic Shares of our Company. Hainan Yize Medical Technology Co., Limited (海南一則醫療科技有限公司) ("**Hainan Yize**")is the executive partner of Hainan Hualing and is owned as to 99% by Mr. PAN Fei.

As such, under the SFO, each of Hainan Yize and Mr. PAN Fei is deemed to be interested in the equity interests held by Hainan Hualing.

(b) Interests of the substantial shareholders in the Shares

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

(c) Interests of the substantial shareholders of other members of our Group

So far as our Directors are aware and save as disclosed in the section headed "Substantial Shareholders" in this prospectus, as of the Latest Practicable Date, no persons are, directly or indirectly, 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 members of our Group.

2. Particulars of Directors' Service Contracts and Letters of Appointment

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 relevant laws and regulations, observance of the Articles of Association and provisions on arbitration.

Save as disclosed in this prospectus, none of our Directors and Supervisors has or is proposed to have entered into any service contract with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

3. Emoluments of Directors and Supervisors

The aggregate amount of emoluments and benefits in kind (including possible payment of discretionary bonus and equity-settled share-based compensation expenses) which was paid to our Directors and Supervisors for the financial years ended December 31, 2020 and 2021 and the six months ended June 30, 2022 were RMB247.1 million (including RMB245.8 million of equity-settled share-based compensation expenses), RMB265.3 million (including RMB260.2 million of equity-settled share-based compensation expenses) and RMB11.6 million (including RMB9.6 million equity-settled share-based compensation expenses), respectively.

It is estimated that emoluments and benefits in kind (including possible payment of discretionary bonus and equity-settled share-based compensation expenses) equivalent to approximately RMB24.2 million in aggregate will be paid and granted to our Directors and Supervisors by us in respect of the financial year ending December 31, 2022 under the arrangements currently in force.

The aggregate amount of remuneration and benefits in kind (including possible payment of discretionary bonus and equity-settled share-based compensation expenses) which were paid by our Group to our five highest paid individual (including both employees and Directors) for the financial years ended December 31, 2020 and 2021 and the six months ended June 30, 2022 were RMB252.4 million (including RMB249.2 million of equity-settled share-based compensation expenses), RMB304.9 million (including RMB298.0 million of equity-settled share-based compensation expenses) and RMB22.7 million (including RMB20.4 million equity-settled share-based compensation expenses), respectively.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the two financial years ended December 31, 2020 and 2021 and the six months ended June 30, 2022 as (a) an inducement to join or upon joining our Company; or (b) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director or a Supervisor has waived or agreed to waive any emoluments for each of the financial years ended December 31, 2020 and 2021 and the six months ended June 30, 2022.

4. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors, Supervisors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are listed on the Stock Exchange;

(b) none of our Directors or Supervisors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

(c) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group; and

(d) save as disclosed in this prospectus, none of our Directors, Supervisors or any of the parties listed in "Qualifications of Experts" of this Appendix is:

  (i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group;

  (ii) materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

Except as disclosed in this prospectus, as of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our Group's results of operations or financial condition, taken as a whole.

3. Preliminary expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses for the purpose of the Listing Rules.

4. Promoter

Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any Promoter in connection with the Global Offering and the related transactions described in this prospectus.

5. Taxation of Holders of H Shares

(1) Hong Kong

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of the H Shares being sold or transferred. For further details in relation to taxation, please refer to Appendix III to this prospectus.

(2) Consultation with professional advisors

Potential investors in the Global Offering are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares (or exercising rights attached to them). None of us, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, or any other person or party involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our Shares.

6. Application for Listing

The Joint Sponsors has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued as mentioned in this prospectus. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

7. No Material Adverse Change

Our Directors up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospect of our Group since June 30, 2022 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

8. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this prospectus are as follows:

Name	Qualifications
China International Capital Corporation Hong Kong Securities Limited	Licensed corporation under the SFO for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) regulated activities under the SFO
Citigroup Global Markets Asia Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO
Ernst & Young	Certified public accountants and Registered Public Interest Entity Auditor
Commerce & Finance Law Offices	PRC legal adviser
JunHe LLP Shanghai Office	Legal adviser as to PRC intellectual property laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

9. Consents

Each of the experts named in paragraph headed "— 8. Qualifications of Experts" in this section has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or the references to their names included herein in the form and context in which they are respectively included.

10. Joint Sponsors' Independence

Citigroup Global Markets Asia Limited satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Pursuant to Rule 3A.07 of the Listing Rules, China International Capital Corporation Hong Kong Securities Limited ("CICC") has declared that as regards their relationship with our Company, they are expect to be independent notwithstanding, in the case of CICC, that (i) CICC Pucheng Investment Co., Ltd., an affiliate of CICC, holds 0.64% of the Company's equity interest as of the Latest Practicable Date and (ii) Mr. Pan Fei, one of the Company's Directors, served as an employee (titled executive director) of the asset management department and investment banking department of China International Capital Corporation Limited from October 2010 to January 2021. Mr. Pan Fei was not directly engaged in providing the sponsorship services as CICC was engaged as a sponsor to the Company subsequent to his departure. After taking into account the aforementioned relationships, CICC considered that such relationships would not be considered to affect their independence in performing their duties as set out in Chapter 3A of the Listing Rules.

The Joint Sponsors' fees payable by us in respect of the Joint Sponsors' services as sponsors for the Listing are US$1 million .

11. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of 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.

12. Bilingual Prospectus

The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Miscellaneous

Save as otherwise disclosed in this prospectus:

(a) within the two years preceding the date of this prospectus, our Company has 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;

(b) no Share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) within the two years immediately preceding the date of this prospectus, no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any capital of our Company;

(f) there is no arrangement under which future dividends are waived or agreed to be waived;

(g) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(h) our Company is not presently listed on any stock exchange or traded on any trading system; and

(i) our Company currently does not intend to apply for the status of a sino-foreign investment joint stock limited company and does not expect to be subject to the Sino-Foreign Joint Venture Law of the PRC.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the **GREEN** Application Form;

(b) copies of each of the material contracts referred to in the paragraph headed "B. Further Information about the Business of the Company — 1. Summary of Material Contracts" in Appendix VI to this prospectus; and

(c) the written consents issued by each of the experts and referred to in paragraph headed "D. Other information — 8. Qualifications of Experts" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.jenscare.com** during a period of 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountants' Report of our Group for the years ended December 31, 2020, 2021 and the six months ended June 30, 2022 prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(c) the audited consolidated financial statements of our Group for the years ended December 31, 2020, 2021 and the six months ended June 30, 2022;

(d) the report received from Ernst & Young on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(e) the Frost & Sullivan Report;

(f) the PRC legal opinions issued by Commerce & Finance Law Offices, our legal adviser on PRC law, in respect of our general matters and property interests;

(g) the due diligence report issued by JunHe LLP Shanghai Office, our legal adviser as to PRC intellectual property laws, in respect of, among other things, the PRC intellectual property matters and freedom-to-operate analysis of the key products of our Group;

(h) the material contracts referred to in the paragraph headed "B. Further Information about the Business of the Company — 1. Summary of Material Contracts" in Appendix VI to this prospectus;

(i) the service agreements and letters of appointment referred to in "C. Further Information about Directors and Substantial Shareholders — 2. Particulars of Directors' Service Contracts and Letters of Appointment" in Appendix VI to this prospectus;

(j) the written consents referred to in the paragraph headed "D. Other Information — 9. Consents" in Appendix VI to this prospectus; and

(k) the PRC Company Law, the PRC Securities Law, the Special Regulations, and the Mandatory Provisions together with unofficial English translations thereof.

宁波健世科技股份有限公司
Jenscare Scientific Co., Ltd.