诺辉健康
NEW HORIZON HEALTH

New Horizon Health Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6606

GLOBAL OFFERING

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

Goldman Sachs　UBS

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

海通國際 HAITONG　中銀國際 BOCI　兴证国际 Industrial Securities International　Daiwa Capital Markets　VMS 鼎珮

Joint Lead Manager

富途證券

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

New Horizon Health Limited
諾輝健康

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**76,598,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**7,660,000 Shares (subject to adjustment)**
Number of International Offer Shares	**:**	**68,938,000 Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$26.66 per Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong Dollars and subject to refund)**
Nominal Value	**:**	**US$0.00005 per Share**
Stock Code	**:**	**6606**

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

Goldman Sachs

UBS

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

海通國際 HAITONG

中銀國際 BOCI

兴证国际 INDUSTRIAL SECURITIES INTERNATIONAL

Daiwa Capital Markets

VMS鼎珮

Joint Lead Manager

富途證券

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 V – Documents Delivered to the Registrar of Companies and Available for Inspection" to this Prospectus, 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 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 (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, February 10, 2021 (Hong Kong time) and, in any event, not later than Thursday, February 11, 2021 (Hong Kong time). The Offer Price will be not more than HK$26.66 per Offer Share and is currently expected to be not less than HK$22.70 per Offer Share. If, for any reason, the Offer Price is not agreed by Thursday, February 11, 2021 (Hong Kong time) between the Joint Representatives (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$26.66 for each Hong Kong Offer Share together with brokerage fee of 1%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK$26.66.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Joint Representatives (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Shares commences on the Hong Kong Stock Exchange. Such grounds are set out in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" in this Prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold (1) solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act; and (2) 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 document or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This Prospectus is available at the websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (**ir.newhorizonbio.com**). If you require a printed copy of this document, you may download and print from the website addresses above.

February 5, 2021

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.newhorizonbio.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 via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**) or at **www.hkeipo.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 (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 by completing an input request.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar, Tricor Investor Services Limited at +852 3907 7333 on the following dates:

Friday, February 5, 2021	**–**	**9:00 a.m. to 9:00 p.m.**
Saturday, February 6, 2021	**–**	**9:00 a.m. to 6:00 p.m.**
Monday, February 8, 2021	**–**	**9:00 a.m. to 9:00 p.m.**
Tuesday, February 9, 2021	**–**	**9:00 a.m. to 9:00 p.m.**
Wednesday, February 10, 2021	**–**	**9:00 a.m. to 12:00 noon**

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 document 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 "How to Apply for Hong Kong Offer Shares" for further details on the procedures through which you can apply for Hong Kong Offer Shares electronically.

Your application through the **HK eIPO White Form** service or by giving **electronic application instructions** to HKSCC must be for a minimum of 500 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.

New Horizon Health Limited

(HK$26.66 per Offer Share)

NUMBER OF 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$*
500	13,464.33	6,000	161,571.92	40,000	1,077,146.11	400,000	10,771,461.13
1,000	26,928.65	7,000	188,500.57	45,000	1,211,789.38	500,000	13,464,326.41
1,500	40,392.98	8,000	215,429.22	50,000	1,346,432.64	600,000	16,157,191.69
2,000	53,857.31	9,000	242,357.88	60,000	1,615,719.17	700,000	18,850,056.97
2,500	67,321.63	10,000	269,286.53	70,000	1,885,005.70	800,000	21,542,922.26
3,000	80,785.96	15,000	403,929.80	80,000	2,154,292.23	900,000	24,235,787.54
3,500	94,250.29	20,000	538,573.06	90,000	2,423,578.75	1,000,000	26,928,652.82
4,000	107,714.61	25,000	673,216.33	100,000	2,692,865.28	2,000,000	53,857,305.64
4,500	121,178.94	30,000	807,859.58	200,000	5,385,730.56	3,000,000	80,785,958.46
5,000	134,643.27	35,000	942,502.85	300,000	8,078,595.85	3,830,000(1)	103,136,740.30

(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.

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.newhorizonbio.com.

Latest time to complete electronic applications under the **HK eIPO White Form** service through one of the below ways[2]

(1) the **IPO App**, which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**

(2) the designated website **www.hkeipo.hk** . . . . . 11:30 a.m., Wednesday, February 10, 2021

Application lists of the Hong Kong Public Offering open[3] . . . . . 11:45 a.m., Wednesday, February 10, 2021

Latest time for (a) giving **electronic application instructions** to HKSCC and (b) completing payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s)[4] . . . . . 12:00 noon, Wednesday, February 10, 2021

Application lists of the Hong Kong Public Offering close[3] . . . . . 12:00 noon, Wednesday, February 10, 2021

Expected Price Determination Date[5] . . . . . Wednesday, February 10, 2021

Announcement of the Offer Price, the level of indications 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 Public Offering to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **ir.newhorizonbio.com** on or before[6][8] . . . . . Wednesday, February 17, 2021

Announcement of 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. (See the section headed "How to Apply for Hong Kong Offer Shares – 11. Publication of Results" in this Prospectus) from . . . . . Wednesday, February 17, 2021

Results of allocations in the Hong Kong Public Offering will be available at the "IPO Results" function in the **IPO App** or at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function[8]	Wednesday, February 17, 2021
Dispatch of Share certificates and refund checks/**HK eIPO White Form** e-Auto Refund payment instructions (if applicable) on or before[7][8]	Wednesday, February 17, 2021
Dealings in Shares on the Stock Exchange expected to commence at[8]	9:00 a.m., Thursday, February 18, 2021

Notes:

(1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates.

(2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the **IPO App** or the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the **IPO App** or 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.

(3) If there is a "black" rainstorm warning, Extreme Conditions and/or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, February 10, 2021, the application lists will not open and will close on that day. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" in this Prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section 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 Wednesday, February 10, 2021, and in any event, not later than Thursday, February 11, 2021. If, for any reason, the Offer Price is not agreed between the Joint Representatives (for themselves and on behalf of the Underwriters) and us on or before Thursday, February 11, 2021, the Global Offering will not proceed and will lapse.

(6) None of the websites or any of the information contained on the websites forms part of this Prospectus.

(7) Share certificates for the Hong Kong Offer Shares are expected to be issued on Wednesday, February 17, 2021, but will only become valid certificates of title provided that the Global Offering has become unconditional in all respects prior to 8:00 a.m. on Thursday, February 18, 2021. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

e-Auto Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and in respect of successful applicants in the event that the final Offer Price is less than the price payable per Offer Share on application.

(8) In case a typhoon warning signal no.8 or above, a black rainstorm warning signal and/or Extreme Conditions is/are in force in any days between Friday, February 5, 2021 to Thursday, February 18, 2021, then the day of (i) announcement of results of allocations in the Hong Kong Public Offering; (ii) dispatch of Share certificates and refund cheques/**HK eIPO White Form** e-Auto Refund payment instructions; and (iii) dealings in the Shares on the Stock Exchange may be postponed and an announcement may be made in such event.

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.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This Prospectus is issued by us solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this Prospectus pursuant to the Hong Kong Public Offering. This Prospectus may not be used for the purpose of, and does not constitute, an offer or a solicitation of an offer to subscribe for or buy, any security 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 jurisdictions 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 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 made 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 Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers or representatives, or any other person or party involved in the Global Offering.

Page

EXPECTED TIMETABLE iii

CONTENTS vi

SUMMARY 1

DEFINITIONS 34

GLOSSARY OF TECHNICAL TERMS 52

FORWARD-LOOKING STATEMENTS 58

RISK FACTORS 60

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE 143

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING 159

CONTENTS

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING		163
CORPORATE INFORMATION		169
INDUSTRY OVERVIEW		172
REGULATIONS		206
HISTORY, RESTRUCTURING AND CORPORATE STRUCTURE		226
BUSINESS		262
CONTRACTUAL ARRANGEMENTS		361
CONNECTED TRANSACTIONS		372
DIRECTORS AND SENIOR MANAGEMENT		377
SUBSTANTIAL SHAREHOLDERS		392
CORNERSTONE INVESTORS		395
SHARE CAPITAL		407
FINANCIAL INFORMATION		410
FUTURE PLANS AND USE OF PROCEEDS		474
UNDERWRITING		477
STRUCTURE OF THE GLOBAL OFFERING		489
HOW TO APPLY FOR HONG KONG OFFER SHARES		500
APPENDIX I	**ACCOUNTANTS' REPORT**	I-1
APPENDIX II	**UNAUDITED PRO FORMA FINANCIAL INFORMATION**	II-1
APPENDIX IIA	**LOSS ESTIMATE**	IIA-1
APPENDIX III	**SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES LAW**	III-1
APPENDIX IV	**STATUTORY AND GENERAL INFORMATION**	IV-1
APPENDIX V	**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR INSPECTION**	V-1

This summary aims to give you an overview of the information contained in this Prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this Prospectus in its entirety before you decide to invest in the Offer Shares. In particular, we are a biotechnology company seeking to list on the Main Board of the Hong Kong Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules. There are risks associated with any investment. 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.

BUSINESS OVERVIEW

Our mission is to advance the innovation and accelerate the adoption of cancer screening technologies in China.

Founded in November 2015, we are the pioneer in China's colorectal cancer screening market with ColoClear, our proprietary, non-invasive, multi-target, FIT-DNA test, being the first and only molecular cancer screening test in China approved by NMPA, according to Frost & Sullivan.[(Note 1)] ColoClear targets a 120 million high-risk colorectal cancer population in China [(Note 2)], and enables users to collect stool sample at home and avoid invasive procedures while delivering high testing sensitivity and specificity. In our registrational trial with 5,881 enrolled subjects, ColoClear has demonstrated clinical results of a sensitivity of 95.5% for colorectal cancer and 63.5% for advanced adenoma, an overall specificity of 87.1%, NPV of 99.6% for colorectal cancer, and PPV of 46.2% for colorectal cancer and advanced adenoma collectively. We believe that our proprietary technologies, clinical performance, regulatory and operational expertise, and solid relationships with KOLs serve as high entry barriers and differentiate us from our peers. We may not be able to fully capture the target populations of our products. As of the Latest Practicable Date, we had not commercialized ColoClear IVD. Whether ColoClear can fully capture the 120 million high-risk colorectal cancer population in China depends on various factors, such as the commercialization of ColoClear IVD as a standalone medical device, inclusion of ColoClear under national public medical insurance program and continuous policy support from the PRC government. See "Risk Factors – Risks Relating to Commercialization and Distribution of our Products – The sizes of the markets for our current and future products have not been established with precision, and may be smaller than we estimate, and we may not be able to fully capture the target populations of our products."

Note 1: Based on the search conducted by Frost & Sullivan on NMPA website with the key word "screening" among both domestic and imported medical devices and its search among molecular cancer tests approved by NMPA, Frost & Sullivan confirmed that the Company's ColoClear IVD is the only one approved with cancer screening in the "Intended Use" label.

Note 2: According to the China Anti-Cancer Association, high-risk population of colorectal cancer refers to the population that has (i) history of positive FOBT result, or (ii) family history of colorectal cancer, or (iii) at least two of the relevant symptoms (i.e. chronic diarrhea, constipation, mucous stool, chronic appendicitis, gall bladder disease, chronic psychological stress). The 120 million high-risk colorectal cancer population in China is derived from the 633 million population recommended to have regular colorectal cancer screening in China in 2019, with reasonable assumptions made by Frost & Sullivan based on the relevant literatures it has reviewed and its interviews with persons recommended for colorectal cancer screening and relevant experts. With its proprietary know-how, Frost & Sullivan has considered major factors, such as the number of investigated population, percentage of high-risk population reported, geographic area and time scope, to estimate the percentage of high-risk colorectal cancer population among population recommended to have regular colorectal cancer screening for further model build-up. See "Industry Overview – Colorectal Cancer and Colorectal Cancer Screening Market – Colorectal Cancer Screening Market."

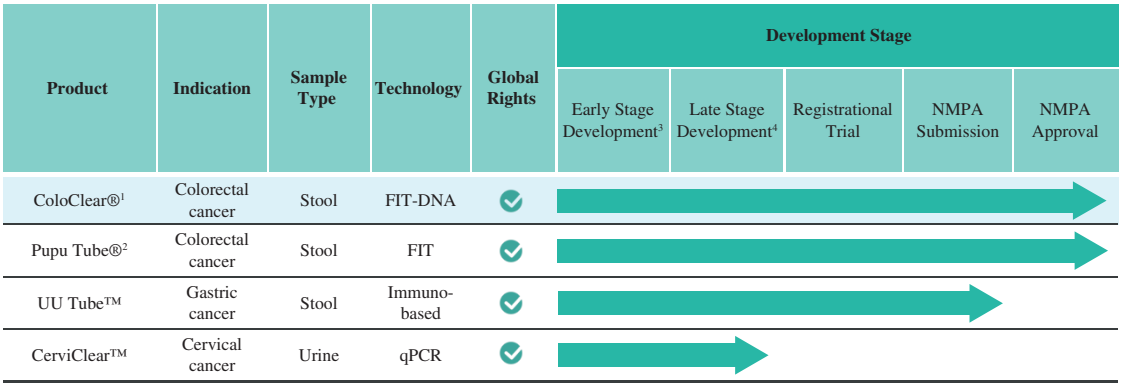
We operate in a largely untapped and fast-growing colorectal cancer screening market in China. Colorectal cancer is one of the most deadly cancer types in China, both by incidence and mortality rates. However, it is not only curable if diagnosed at early cancer stage, but also preventable if discovered at precancerous stage. In line with the PRC government's initiatives to promote cancer screening and lower expenditures on China's healthcare system, the colorectal cancer screening market in China is expected to grow significantly with the availability of more effective screening solutions and increased awareness of cancer screening. According to Frost & Sullivan, the colorectal cancer screening market in China has grown from RMB2.5 billion in 2015 to RMB3.0 billion in 2019, and is expected to further grow to RMB19.8 billion in 2030, representing a CAGR of 18.7% from 2019 to 2030. On the other hand, the colorectal cancer screening market in China remains largely untapped with a penetration rate of 16.4% in 2019, compared with 60.1% in the U.S., according to Frost & Sullivan.

To capitalize on this market opportunity and to address the unmet cancer screening demands in China, we were founded in 2015 by our experienced founders to focus on the design, development and commercialization of cancer screening tests. Our Chief Executive Officer, Mr. Yeqing Zhu, has more than 20 years of management experience in Fortune 500 multinational companies and currently serves as a council member of the Cancer Foundation of China. Our Chief Scientific Officer, Dr. Yiyou Chen, has more than 20 years of research and development experience in the oncology space, is the inventor of six patents in the U.S. and over 20 patent applications globally, and has authored multiple papers published in peer-reviewed medical journals. Our Chief Technology Officer, Dr. Ning Lu, has over a decade of IVD development experience at multiple global companies, including Roche Diagnostics and Quest Diagnostics, and led the development of eight IVD products. Under their leadership, we have strategically developed a robust pipeline for cancer screening tests with a focus on vast market demand, clinical utility and technology compatibility.

Our two home-based colorectal cancer screening tests, ColoClear and Pupu Tube, synergistically address target populations with various risk levels. Pupu Tube, our proprietary, non-invasive, stool-based FIT test, is the first and only self-conducted FIT screening product approved by NMPA in China.[(Note)] Pupu Tube targets mass market in China with a 633 million population in 2019 recommended for colorectal cancer screening to increase colorectal cancer screening awareness and identify high-risk population. In addition, we have two late-stage product candidates for gastric and cervical cancer screening respectively. We are developing our UU Tube, a stool-based self-conducted screening test for gastric cancer. We completed the registrational trial of UU Tube in November 2020 and submitted registration application to NMPA in the same month of 2020. We are also developing our CerviClear, a non-invasive urine-based home-use screening test for cervical cancer. We expect to initiate the registrational trial for CerviClear by as early as the last quarter of 2021.

Note: Based on the search conducted by Frost & Sullivan on NMPA website with the key word "便隱血(Fecal occult blood)" among both domestic and imported medical devices and its search among FIT screening products approved by NMPA, Frost & Sullivan confirmed that Pupu Tube is the first and only FIT screening product approved with "self-conducted by non-professionals (可由非專業人士自用)" label in the product instruction book in China.

The following chart summarizes the development status of our products and major product candidates as of the Latest Practicable Date:



1 *Prospective registrational trial (n=5,881) achieved colorectal cancer sensitivity of 95.5% and specificity of 87.1%, and advanced adenoma sensitivity of 63.5%; NMPA approval (Class III medical device) obtained in November 2020*

2 *NMPA approval (Class II medical device) obtained in March 2018 and CE Mark obtained in June 2018*

3 *Early stage development refers to technical feasibility, product optimization and finalization of product prototype, and pilot production*

4 *Late stage development refers to efficacy testing and large scale manufacturing and completion of a proof-of-concept clinical study, and is ready for registrational trial*

ColoClear IVD constitutes our Core Product for purposes of this Prospectus

As we build our pipeline, we have established an integrated molecular cancer screening platform with comprehensive research and development, clinical development, testing operations, and commercialization capabilities.

- *Research and development*. Our research and development capabilities are proven by our proprietary technologies and patents. We have built a proprietary and extensive database of Asian-specific colorectal cancer methylation profiles and self-developed our clinically-validated risk assessment algorithm (Class II medical device) for ColoClear. Our multi-parameter risk assessment algorithm is the first and only one for cancer screening in China.*(Note)* Our proprietary DNA extraction technology (Class I medical device) enables us to purify evaluable DNA from highly complex stool samples and achieve a success rate of approximately 99.4%, based on our operational data collected between October 2019 and September 2020. Our proprietary DNA sample stabilization technology preserves DNA and hemoglobin under room temperature for an extended period of up to seven days. As of the Latest Practicable Date, we have built a portfolio of 71 patents and patent applications globally to protect our proprietary technologies and know-how. For details on our intellectual property rights, see "Business – Intellectual Property Rights."

Note: Based on the search conducted by Frost & Sullivan on NMPA website with the key word "軟件(Software)" and "檢測分析(detection and analysis)" among both domestic and imported medical devices approved by NMPA, Frost & Sullivan confirmed that our multi-parameter risk assessment algorithm is the first and only one approved for cancer screening in China.

- *Clinical development*. As the pioneer in China's colorectal cancer screening market, we have established our brand and strong relationships with KOLs, leading physicians and hospitals in China through clinical trials, academic conferences and research and development collaborations. Our registrational trial of ColoClear, which enrolled 5,881 colorectal cancer high-risk participants across eight Class III Grade A hospitals, is the first and only large scale prospective clinical trial for colorectal cancer screening in China according to Frost & Sullivan. In the trial, ColoClear has achieved a sensitivity of 95.5% for colorectal cancer and 63.5% for advanced adenoma, an overall specificity of 87.1%, NPV of 99.6% for colorectal cancer, and PPV of 46.2% for colorectal cancer and advanced adenoma collectively. For more details, see "Business – Our Product and Product Pipeline – ColoClear – Summary of Clinical Trial Results." Currently ColoClear IVD has been approved by NMPA, and we expect such approval will confirm and endorse its clinical utility, and promote and enhance awareness among KOLs and physicians, which will significantly accelerate its potential clinical adoption and applications.

- *Testing operations*. We have built our molecular laboratory testing facilities in Beijing and Hangzhou, and our molecular laboratory testing facility in Guangzhou is expected to be in full operation in the first quarter of 2021. These three facilities will enable direct sample collection and processing from users across China. As of the Latest Practicable Date, we have processed over 179,070 samples. Our laboratory facilities are equipped with advanced CRM systems which efficiently track customer data in real-time to support our user-oriented testing process. The CRM systems record the purchase history and end-user information, and automatically deliver test reports to end-users individually and electronically, for example, through text messages or WeChat notifications, while ensuring protection of each individual end-user's personal privacy information. Our outstanding operational expertise has been proven by our median turnaround time of five business days for ColoClear. Together with automation of sample processing and sophisticated IT system, our laboratory facilities have achieved high operational efficiency and economies of scale, which allow us to significantly reduce unit operational costs.

- *Commercialization*. We market our tests through multiple channels across China, including hospital, health checkup center, insurance company, pharmacy and online channels, to unlock the growth potential of the largely untapped cancer screening market in China and maximize the commercial value of our two complementary colorectal cancer screening tests with their convenient home-use features. We collaborate with health checkup centers in China which use our products as part of their health checkup services, such as iKang. We also partner with insurance companies to market our products. As of the Latest Practicable Date, we had partnered with 36 insurance companies. We also utilize online and offline channels to market our products directly to end users, including online healthcare platforms, such as DoctorWork and Ping An Good Doctor, and retail pharmacy chains.

To accomplish our mission, we plan to increase the market penetration of ColoClear and Pupu Tube to reinforce our market-leading position in China's colorectal cancer screening market. At the same time, we plan to further cultivate the cancer screening market in China by increasing physician and user awareness and by developing other clinically validated cancer screening solutions addressing significant unmet medical needs. We will prudently make investments in technological innovation to expand our research and development capabilities and such investment is key to our future success. As we advance our pipeline products to further expand our coverage within the cancer screening market, we will continue to enhance our operating capabilities to better serve our customers and to improve our profitability. We will also consider strategic partnerships and acquisition opportunities in the cancer screening field to expand our market footprint beyond China and maximize the global value of our products.

OUR STRENGTHS

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

- First and only NMPA-approved colorectal cancer screening test addressing an untapped 120 million colorectal cancer high risk population in China
- ColoClear's high entry barriers underpinned by proprietary technologies, clinical performance, regulatory approval and highly scalable laboratory operations
- Established multi-pronged commercialization approach to maximize the market potential of our complementary ColoClear and Pupu Tube
- Synergistic pipeline with late stage candidates focusing on high-incidence cancer types in China
- Experienced management team with proven track record supported by strong investors

OUR STRATEGIES

We plan to execute the following strategies to achieve our vision and mission.

- Further develop the cancer screening market in China
- Increase market penetration of ColoClear and Pupu Tube in China
- Expand our research and development capabilities and develop our pipeline products
- Improve profitability and support future growth by enhancing our manufacturing and laboratory testing facilities
- Selectively pursue geographic expansion, strategic partnerships and acquisition opportunities

RESEARCH AND DEVELOPMENT

We focus on developing innovative technologies for cancer screening to enhance our existing pipeline and to develop new cancer screening tests. We believe that our success has stemmed from and will continue to depend to a large extent on our ability to develop new or improved cancer screening products. Our research and development capabilities are proven by our portfolio of proprietary technologies and patents. We have started research and development for ColoClear test since 2015. With over five years of dedicated research and development efforts, we have built a proprietary database of comprehensive Asian-specific colorectal cancer gene mutation and methylation pattern profiles, which is the basis of our in-house developed risk assessment algorithm for ColoClear. Such risk assessment algorithm is a critical component of ColoClear test, and is clinically validated in the ColoClear prospective registrational trial. The risk assessment algorithm is designed to work exclusively with our in-house developed primer and probe-based reagents, therefore cannot be replicated by any other party without conducting a large prospective clinical trial. Due to the fact that our clinically validated risk assessment algorithm, whose parameters are not publicly available and strictly confidential, is developed based on, and works exclusively with ColoClear IVD, any potential competitor who tries to develop its own IVD reagent, or replicate our ColoClear IVD, will not only have to develop its own risk assessment algorithm, but also have to validate such algorithm through a large-scale prospective clinical trial as required by NMPA. Our proprietary DNA extraction technology enables us to purify evaluable DNA from highly complex stool samples and achieve a success rate of approximately 99.4%, based on our operational data collected between October 2019 and September 2020. Our in-house developed DNA sample stabilization technology preserves DNA and hemoglobin under room temperature for an extended period of up to seven days. As of the Latest Practicable Date, we have built a portfolio of 71 patents and patent applications globally, including 17 countries or regions outside the PRC, to protect our proprietary technologies and know-how. See "Business – Intellectual Property Rights."

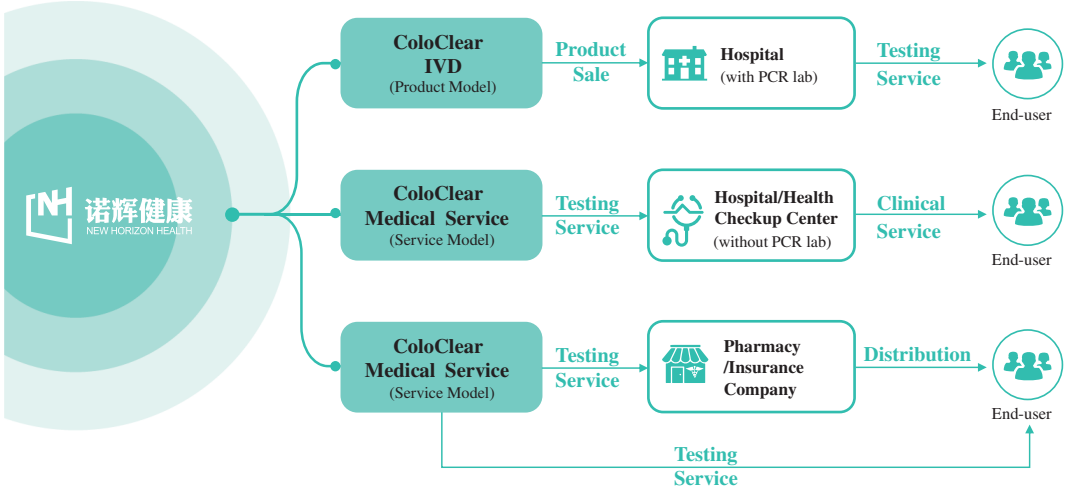
We have a strong in-house research and development team of 34 members primarily based in Beijing and Hangzhou in China as of the Latest Practicable Date, over 50% of whom possessed a master or doctorate degree. The team is led by our Chief Scientific Officer, Dr. Yiyou Chen, and our Chief Technology Officer, Dr. Ning Lu. For details of the background of Dr. Chen and Dr. Lu, please see "Directors and Senior Management". In addition, our research and development teams also collaborate closely with our external consultants, who provide invaluable guidance to our teams in the development, positioning, applications and performance of our products and technologies. As of the Latest Practicable Date, we had five external consultants, all of whom are renowned scholars and researchers working at leading universities or research institutes in China.

We have established and strictly followed an internal protocol that governs the design and development of our tests. Our project team strictly follows each step of our internal protocol, and the design and development committee closely monitors and reviews key stages along the design and development process. See "Business – Research and Development."

SALES AND MARKETING

We have two self-developed cancer screening tests, Pupu Tube which was approved by NMPA in March 2018 and received CE Mark in June 2018, and ColoClear, the core component of which, ColoClear IVD, has been approved by NMPA in November 2020. Currently, we primarily sell and market ColoClear and Pupu Tube in China. We commenced sales of Pupu Tube since obtaining the registration certificate from NMPA in March 2018. We provided ColoClear tests as LDT services since December 2016 exclusively in our laboratories until we obtained the registration certificate of ColoClear IVD in November 2020. Afterwards, we have been providing the same ColoClear tests as medical services, instead of LDT service in terms of regulatory designation, in compliance with the applicable laws in China in all material respects as confirmed by our PRC Legal Advisor. We also plan to commercialize ColoClear IVD as a standalone medical device as early as the first quarter of 2021.

After NMPA approval of ColoClear IVD, we will adopt two main business models: the "service model" where we continue to provide the same ColoClear testing service as medical service, and the "product model" where we sell ColoClear IVD as a standalone medical device without providing testing service to hospitals with PCR laboratories who can conduct tests using ColoClear IVD themselves. The following chart illustrates our two main business models:



Before ColoClear IVD was approved by NMPA, we provided ColoClear tests as LDT services since December 2016 exclusively in our laboratories, which used the same reagents as our ColoClear IVD. We could be subject to administrative penalties by NMPA and the NHC for providing LDT services without IVD registration with NMPA. However, such risk is deemed remote as advised by our PRC Legal Advisor based on consultations with the relevant competent authorities in China and therefore the historical LDTs are not expected to adversely affect our Group's business operations or the Core Product. For details, please see "Business – Our Product and Product Pipeline – ColoClear." After we received NMPA registration certificate for ColoClear IVD, we ceased our LDT services as the ColoClear test is no longer

considered as LDT service, but as medical service in terms of regulatory designation. However, we did not cease our ColoClear testing service. We have been providing the same ColoClear testing services in our own laboratories before and after obtaining NMPA registration certificate of ColoClear IVD. The change from LDT service to medical service is the change of regulatory designation but our business model with respect to ColoClear testing service did not change. After we received NMPA registration certificate for ColoClear IVD, we have been providing the same ColoClear tests under the regulatory designation of medical services, using NMPA-approved ColoClear IVD based on the same underlying technology and testing process as were used before obtaining NMPA registration certificate. Since the inception of our business in 2015, we decided to seek NMPA approval of ColoClear IVD to allow us to provide ColoClear test as medical services. Although there is no rule or guidance from NMPA specifically requiring the components used during LDT services to be registered, considering the limited acceptance of LDT services by most hospitals and medical professionals in China, which would limit the market prospects of ColoClear, we decided to seek NMPA approval of ColoClear IVD since our inception in 2015 and only provided ColoClear tests as LDT services as a temporary alternative before we obtained NMPA approval of ColoClear IVD.

We obtained registration certificate of ColoClear IVD as Class III medical device in November 2020. Since NMPA registration certificate enables us to commercialize ColoClear IVD as a standalone medical device which provides flexibility to our commercialization strategies, we plan to sell ColoClear IVD to hospitals and other medical institutions in China as early as the first quarter of 2021. The sales of ColoClear IVD as a standalone medical device will be an additional source of income for us, in addition to our ongoing provision of ColoClear test services. We expect NMPA approval of ColoClear IVD will significantly promote our brand name and enhance awareness among KOLs and physicians, which will significantly help us expand our coverage among hospitals and other medical institutions in China. As of the Latest Practicable Date, ColoClear IVD has not been commercialized yet as a standalone product.

In order to commercialize ColoClear IVD in public hospitals in China, a public hospital needs to introduce a new medical service type to be included in its medical service catalogue for the colorectal cancer screening test it will provide utilizing ColoClear IVD, and apply for price determination of such medical service with the local Healthcare Security Administration (醫療保障局) (the "**HSA**"). The HSA will issue an official price determination (the "**Pricing Guidance**") for the medical service of colorectal cancer screening test, and such Pricing Guidance is a pre-requisite for the public hospitals to provide such medical service and for any newly approved IVD product to enter into the public healthcare system. The determination of the price of medical service by various local HSAs can take long, especially for medical services utilizing innovative medical devices, such as ColoClear IVD, which do not have prior references for pricing. After local HSA issues the Pricing Guidance, public hospitals can purchase medical device, such as ColoClear IVD, to be used for its medical service by tendering process. As of the Latest Practicable Date, no Pricing Guidance had been issued with respect to the medical service of colorectal cancer screening test utilizing ColoClear IVD. We are not aware of the status of the price determination process of the various local HSAs as this process is not publicly disclosed, and therefore we cannot predict the future pricing level or

gross profit margin for ColoClear IVD to be commercialized. We also plan to sell ColoClear IVD to private hospital and non-public medical institutions. Pricing of ColoClear IVD to be sold to private hospitals or other non-public medical institutions is based on arm's length business negotiations on a case by case basis between us and private hospitals or non-public medical institutions. As of the Latest Practicable Date, we had not entered into any binding agreement with private hospitals or other non-public medical institutions on pricing of ColoClear IVD. We anticipate that the price of ColoClear IVD may be lower than that of ColoClear test provided as medical service, subject to the Pricing Guidance and determination of purchase price by the hospitals and other medical institutions. See "Business – Our Product and Product Pipeline – ColoClear – Development History." We may not be able to achieve the expected sales volumes required to generate a profit from ColoClear IVD. Given the uncertainty of the pricing level or gross profit margin of ColoClear IVD to be commercialized, we cannot predict the impact of future commercialization of ColoClear IVD on our overall profit margin.

Currently, we provide ColoClear test as medical service at a retail price of approximately RMB1,996. We expect the pricing level of our ongoing ColoClear test provided as medical service to remain relatively stable. The gross profit margin of ColoClear test provided as medical service is highly correlated with test volumes we can provide to customers and utilization of our laboratories, as most of the costs for ColoClear are fixed in nature, such as staff costs, rental costs, and depreciation and amortization. Future gross profit margin of ColoClear test provided as medical service may be higher or lower than the gross profit margin of ColoClear historically provided as LDT service. See "Risk Factors – Risks Relating to Commercialization and Distribution of Our Products – Fluctuation, in particular downward change, in pricing and profit margin of our products may have a material adverse effect on our business and results of operations."

In addition, currently neither ColoClear test or ColoClear IVD are covered by the public medical insurance in China and we may plan to obtain public medical insurance coverage in China. Future PRC regulations and medical insurance plans may exert significant influence over our pricing policies. In particular, inclusion of ColoClear test or ColoClear IVD on the public medical insurance reimbursement list may significantly lower the prices of ColoClear test or ColoClear IVD, which could affect our profitability. As of the Latest Practicable Date, we had not yet initiated any formal discussion with the regulatory authorities in China for inclusion of ColoClear test or ColoClear IVD on the public medical insurance reimbursement list. See "Risk Factors – Risks Relating to Commercialization and Distribution of Our Products – Our sales may be affected by the level of medical insurance reimbursement patients receive for using our products."

The following table illustrates the main differences between LDT service pre-NMPA approval and ColoClear IVD post-NMPA approval:

	ColoClear test as LDT service	ColoClear IVD
Service/product nature	Testing service	Medical device (Class III)
	ColoClear test was provided as LDT service pre-NMPA approval exclusively in our laboratories.	ColoClear IVD is a set of reagents and a critical component used during the testing process of ColoClear tests provided as medical services.
Core Product eligibility	Not eligible	ColoClear IVD constitutes Core Product
Governing authority	NHC monitors the testing service of ColoClear (including the staff qualification, laboratory environment, equipment, safety of the testing process conducted in our laboratories)	NMPA regulates the registration, production, sales, quality standards (such as GLP/GCP) of the medical device (including ColoClear IVD)
NMPA approval	Not required	Required
	The ColoClear components used during the LDT service also do not require NMPA approval	ColoClear IVD received NMPA registration certificate of Class III medical device in November 2020.
Registrational trial	Not required	Required
GMP	Not required	Required for its manufacturing process with more stringent requirements for batch record, data reporting format, data storage, and regulatory inspections
Commercialization	ColoClear test was provided as LDT service pre-NMPA IVD approval	After obtaining NMPA approval, ColoClear IVD will be commercialized and sold as a standalone product
	no sale of ColoClear IVD as a standalone product	

	ColoClear test as LDT service	ColoClear IVD
	ColoClear test was provided as a whole service package without separately selling the sample collection kit, reagent or other parts of the service	ColoClear IVD can be sold as a standalone product without sample collection kits. Hospitals do not need to purchase ColoClear IVD together with sample collection kits as users are able to collect stool samples on-site at hospitals using the kits provided by the hospitals. Our sample collection kit enables users to collect stool sample at home by non-professional and, more importantly, it stabilizes stool samples for up to 7 days under room temperature, which is critical for preserving the stool samples and sending stool samples from users back to our laboratories for testing.
Marketing approach	Driven by end-users' demands, we provided ColoClear tests for individuals directly or through various channels, such as hospitals, health checkup centers, insurance companies, pharmacies and online channels with promotion conducted mostly in health checkup centers and direct-to-consumer channels and relatively limited or restricted access to hospitals. There was limited recognition and restricted usage for LDT services among medical communities.	After obtaining NMPA approval, we will continue to provide the same ColoClear test, in the regulatory designation of medical service instead of LDT service. In addition, we plan to sell ColoClear IVD as a standalone product to hospitals and other medical institutions in China, which will be the main target customers for ColoClear IVD. We plan to carry out more academic promotion activities to increase market penetration in hospitals and other medical institutions, as we expect broad recognition and potentially widespread adoption by medical professionals.

	ColoClear test as LDT service	ColoClear IVD
Target customers	ColoClear LDT service was provided to address the demands for non-invasive colorectal cancer screening from end-users through various channels, including, among others, hospitals and we did not regard hospitals as the main direct target customers, as hospitals purchased our LDT services mostly at the requests of their patients.	Since NMPA approval of ColorClear IVD allows us to directly sell ColoClear IVD to hospitals, the primary target customers of ColoClear IVD will be hospitals and other medical institutions, in particular, those with PCR laboratories that have the capacity to carry out the testing process at their own laboratories while we continue to offer ColoClear tests as medical services in our proprietary laboratories.
Testing process	Testing process was conducted in our central testing laboratories only.	Testing process can be conducted at any PCR laboratory utilizing ColoClear IVD.
Logistics	We handle the stool sample transportation from end users to our laboratories for testing.	If we sell our ColoClear IVD to hospitals and other medical institutions with testing facilities without providing the testing service in our laboratories, ColoClear IVD will be delivered to hospitals and medical institutions and both stool sample transportation and testing process will be handled by the hospitals and such other medical institutions. Medical professionals on site will be trained to conduct ColoClear tests by themselves.
Public medical insurance reimbursement coverage	Not eligible to be included in the public medical insurance reimbursement list	Potentially eligible to be included in the public medical insurance reimbursement list

We have established an in-house sales and marketing team of 118 members as of the Latest Practicable Date to provide doctors, end-users and other healthcare institutional clients with product education and service support. In addition to our in-house sales and marketing team, we also collaborate with CSOs to promote our products as an additional channel for distribution.

We provide our products to end-users through direct sales channels including hospitals, health checkup centers, insurance companies, pharmacies and online channels, and to a much lesser extent, through distributors. For the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020, the revenue generated from direct sales accounted for 93.2%, 94.2% and 96.1% of our revenue, respectively, while the revenue generated from sales through distributors for the same periods accounted for 6.8%, 5.8% and 3.9% of our revenue, respectively. As of the Latest Practicable Date, we offered ColoClear tests as LDT services primarily through hospitals and health checkup centers, and Pupu Tube primarily through insurance companies, pharmacies and online channels. For details, see "Business – Sales and Marketing". Revenues from provision of ColoClear tests are recognized at the earlier of (i) the time upon which the tests are completed and the test reports are delivered to the user; and (ii) the later of the expiry of ColoClear sample collection kit delivered to the customers and the expiry of ColoClear sample collection kit exchange period granted to selected customers. We sold ColoClear tests in the form of LDT service as a whole without separately selling the sample collection kits. Revenue from sale of Pupu Tube is recognized when such medical device is delivered to our customers. For details of our revenue recognition policy, see "Financial Information – Significant Accounting Policies and Estimates – Revenue Recognition."

CUSTOMERS

During the Track Record Period, we derived a majority of our revenue from provision of ColoClear tests in the form of LDT services and sale of Pupu Tube as a medical device. For the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020, the aggregate revenue generated from our five largest customers were RMB15.1 million, RMB24.6 million and RMB10.0 million, representing 80.1%, 42.2% and 28.4% of our revenue, respectively. Sales to our largest customer for the same periods were RMB11.4 million, RMB20.0 million and RMB8.1 million, representing 60.7%, 34.3% and 23.0% of our revenue, respectively. Our five largest customers during the Track Record Period included health checkup centers, hospitals, medical service and products platform and insurance company. As we increase market penetration of ColoClear and Pupu Tube in China and expand our commercialization channels, we expect revenue contribution from our five largest customers to our total consolidated revenue will decrease. For details, see "Business – Customers".

SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of (i) suppliers of our raw materials for production and testing services; (ii) CROs and SMOs, who provide third-party contracting services for research and development; (iii) CSOs, who support product promotion; and (iv) suppliers of other materials for research and development activities, machines and equipment for our production and testing services. For the years ended December 31, 2018 and 2019, and the nine months ended September 30, 2020, purchases from our five largest suppliers in aggregate were RMB5.4 million, RMB11.2 million and RMB8.0 million, accounting for 59.1%, 67.0% and 65.3% of our total purchases, respectively, and purchases from our largest supplier were RMB1.7 million, RMB4.5 million and RMB3.7 million, accounting for 18.3%, 26.7% and 29.8% of our total purchases for the same periods, respectively. For details, see "Business – Raw Materials and Suppliers – Suppliers".

COMPETITION

The cancer screening market in which we operate is characterized by rapid changes resulting from technological advances and scientific discoveries. In addition, it is subject to changes in the overall healthcare industry in China and globally. While we believe that our product development experience and research and development, testing and manufacturing capabilities provide us with competitive advantages, we face potential competition from various sources, including major international as well as domestic companies which are also developing cancer screening tests.

Our key competitors in the cancer screening market in China (including colorectal cancer and other cancer types) and overseas include (i) Epigenomics AG, which has a colorectal cancer screening product, Epi proColon, approved by the FDA and obtained CE Mark, targeting the US and EU markets, (ii) Exact Sciences Corporation, which has a colorectal cancer screening product, Cologuard, approved by the FDA and obtained CE Mark, and a pan-cancer screening product candidate under clinical trial, both targeting the US market, (iii) Freenome Holdings, Inc., which has a colorectal cancer screening product candidate under clinical trial targeting the US market, (iv) GRAIL, Inc., which has a pan-cancer screening product candidate under clinical trial targeting the US and EU markets, (v) Guardant Health, Inc., which has a colorectal cancer screening product candidate under clinical trial targeting the US market, (vi) Burning Rock Biotech Ltd., which has a pan-cancer screening product candidate under clinical trial targeting China market, and (vii) Genetron Holdings Ltd., which has a liver cancer screening product candidate under clinical trial targeting China market. See "Industry Overview – Cancer Screening Industry."

Currently there are several colorectal cancer screening tests approved in China applying various screening technologies. Colonoscopy and FOBT/FIT technologies are relatively mature in China and many tests utilizing such technologies have been approved by NMPA. FIT-DNA is an emerging screening strategy and is regarded as the best available non-invasive colorectal cancer screening technology, and has been recommended in cancer screening guidelines in both China and the United States. In addition, market participants are also exploring new screening methods, such as liquid biopsy. However, liquid biopsy test is still at early development stage, and is not yet approved by regulators or validated by large-scale prospective clinical trials as a screening tool for colorectal cancer.

ColoClear is the first and only molecular cancer screening test in China approved by NMPA. As of the Latest Practicable Date, there had been no other cancer screening test in China using FIT-DNA technology for any cancer indications which planned to initiate clinical trial or was under clinical trial according to Frost & Sullivan based on public information. Pupu Tube is the first and only self-conducted FIT screening product approved by NMPA in China. As of the Latest Practicable Date, there were more than 80 colorectal cancer screening products using FOBT/FIT technology approved by NMPA. See "Industry Overview – Colorectal Cancer Screening Market."

INTELLECTUAL PROPERTY RIGHTS

As of the Latest Practicable Date, we owned 71 patents and patent applications, including 41 invention patents and patent applications, 6 utility model patents and 24 industry design patents and patent applications. We own 15 issued patents and have submitted 8 patent applications in China, and own 14 issued patents and have submitted 34 patent applications in 17 countries or regions outside the PRC. Among the overseas patents and patent applications, there are 4 patent applications submitted in the United States, 30 patent applications submitted in other overseas countries and regions, and 5 valid applications under the PCT relating to certain of our products, product candidates and technologies.

The term of an individual patent may vary based on the countries/regions in which it is granted. In most countries and regions in which we file patent applications, including China and the United States, the term of an issued invention patent is generally 20 years from the filing date of the earliest non-provisional patent application on which the patent is based in the applicable country. As of the Latest Practicable Date, among our material patents and patent applications of ColoClear, Pupu Tube and other product candidates, 2 issued patents will expire within the next 5 years. See "Business – Intellectual Property Rights."

During the Track Record Period, we encountered rejection of certain our patent applications in relation to our ColoClear IVD and mutation detection technology due to data sufficiency and novelty concerns by the patent review authorities. The Company was eventually granted ColoClear IVD and mutation detection technology patents with revised applications. See "Risk Factors – Risks Relating To Our Intellectual Property Rights."

OUR SUBSTANTIAL SHAREHOLDER

Immediately following the completion of the Share Subdivision and the Global Offering, Dr. Chen, one of our executive Directors, will be a substantial shareholder of our Company, holding approximately 11.01% of the total issued share capital of our Company (assuming the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the Pre-IPO Share Incentive Plan). See "Substantial Shareholders" in this Prospectus for more information.

OUR PRE-IPO INVESTORS

Since the establishment of our Company, we have entered into several rounds of financing agreements with the relevant Pre-IPO Investors. Our broad and diverse base of Pre-IPO Investors consists of investors focusing on the biotech and/or healthcare industry. For further details of the identity and background of the Pre-IPO Investors, see the section headed "History, Restructuring and Corporate Structure – Pre-IPO Investments – (5) Information about our Shareholders" in this Prospectus.

SUMMARY OF KEY FINANCIAL INFORMATION

This summary historical data of financial information set forth below has been derived from, and should be read in conjunction with, our consolidated financial statements, including the accompanying notes, set forth in the Accountants' Report set out in Appendix I to this Prospectus, as well as the information set forth in "Financial Information" of this Prospectus. Our financial information was prepared in accordance with IFRS.

Summary Data from Consolidated Statements of Profit or Loss

The table below sets forth our consolidated statements of profit or loss with line items in absolute amounts and as percentages of our revenue for the periods indicated, which are derived from our consolidated statements of profit or loss set out in the Accountants' Report included in Appendix I to this Prospectus:

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
	RMB'000	*% of Revenue*	*RMB'000*	*% of Revenue*	*RMB'000 (unaudited)*	*% of Revenue*	*RMB'000*	*% of Revenue*
Revenue	18,816	100.0	58,275	100.0	35,440	100.0	35,309	100.0
Cost of sales	(14,976)	(79.6)	(23,957)	(41.1)	(14,675)	(41.4)	(18,774)	(53.2)
Gross profits	3,840	20.4	34,318	58.9	20,765	58.6	16,535	46.8
Other income	1,807	9.6	6,060	10.4	4,352	12.3	7,540	21.4
Other gains and losses	(143,135)	(760.7)	32,179	55.2	25,040	70.7	(411,857)	(1,166.4)
Selling and distribution expenses	(25,959)	(138.0)	(75,609)	(129.7)	(36,649)	(103.4)	(38,238)	(108.3)
Research and development expenses	(14,779)	(78.5)	(26,371)	(45.3)	(17,279)	(48.8)	(17,358)	(49.2)
Administrative expenses	(45,972)	(244.3)	(53,862)	(92.4)	(37,404)	(105.5)	(50,771)	(143.8)
Impairment losses on trade receivables	(204)	(1.1)	(893)	(1.5)	(813)	(2.3)	(1,832)	(5.2)
Other expenses	(9)	(0.0)	(20,468)	(35.1)	(19,824)	(55.9)	(12,853)	(36.4)
Finance costs	(458)	(2.4)	(1,251)	(2.1)	(561)	(1.6)	(4,489)	(12.7)
Listing expenses	–	–	(338)	(0.6)	–	–	(20,162)	(57.1)
Loss before tax	(224,869)	(1,195.1)	(106,235)	(182.3)	(62,373)	(176.0)	(533,485)	(1,510.9)
Income tax expense	–	–	(230)	(0.4)	(135)	(0.4)	(276)	(0.8)
Loss for the year/period	**(224,869)**	**(1,195.1)**	**(106,465)**	**(182.7)**	**(62,508)**	**(176.4)**	**(533,761)**	**(1,511.7)**
Non-IFRS (reconciliation items)								
Fair value loss (gain) on Preferred Shares	151,087	803.0	(48,334)	(82.9)	(38,273)	(108.0)	394,902	1,118.4
Fair value (gain) loss on changes of other financial liabilities	(7,553)	(40.1)	19,616	33.7	19,616	55.3	–	–
Listing expenses	–	–	338	0.6	–	–	20,162	57.1
Adjusted net loss	**(81,335)**	**(432.3)**	**(134,845)**	**(231.4)**	**(81,165)**	**(229.0)**	**(118,697)**	**(336.2)**

Note: We consider fair value gain/loss on Preferred Shares, fair value gain/loss on changes of other financial liabilities, and listing expenses as non-operational or non-recurring expenses which do not affect our ongoing operating performance. We believe the net loss as adjusted by eliminating potential impacts of the fair value gain/loss on Preferred Shares, fair value gain/loss on changes of other financial liabilities, and listing expenses provides useful information to investors in facilitating a comparison of our operating performance from period to period.

Non-IFRS Measures

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS, we also use adjusted net loss as non-IFRS measures, which are not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures provides useful information to investors and management in facilitating a comparison of our operating performance from period to period by eliminating potential impacts of certain non-operational or non-recurring expenses that do not affect our ongoing operating performance, including fair value gain/loss on Preferred Shares, fair value loss on changes of other financial liabilities, and listing expenses. Such non-IFRS measures allow investors to consider metrics used by our management in evaluating our performance. Fair value gain/loss of Preferred Shares represent the changes in fair value of the conversion option associated with the Preferred Shares, which is non-recurring and non-operational in nature. Fair value gain/loss on changes of other financial liabilities represent the fair value changes on the consideration payable to exit investors in relation to the reorganization, which is non-recurring and non-operational in nature. Listing expenses are in relation to the Listing and the Global Offering, which are non-recurring in nature. Therefore, we do not consider fair value gain/loss on Preferred Shares, fair value loss on changes of other financial liabilities, and listing expenses to be indicative of our ongoing core operating performance and exclude them in reviewing our financial results. From time to time in the future, there may be other items that we may exclude in reviewing our financial results. The use of the non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

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

	For the year ended December 31,		For the nine months ended September 30,	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net loss for the year/period	**(224,869)**	**(106,465)**	**(62,508)**	**(533,761)**
Fair value loss (gain) on Preferred Shares	151,087	(48,334)	(38,273)	394,902
Fair value (gain) loss on changes of other financial liabilities	(7,553)	19,616	19,616	–
Listing expenses	–	338	–	20,162
Adjusted net loss	**(81,335)**	**(134,845)**	**(81,165)**	**(118,697)**

Note: We consider fair value gain/loss on Preferred Shares, fair value gain/loss on changes of other financial liabilities, and listing expenses as non-operational or non-recurring expenses which do not affect our ongoing operating performance. We believe the net loss as adjusted by eliminating potential impacts of the fair value gain/loss on Preferred Shares, fair value gain/loss on changes of other financial liabilities, and listing expenses provides useful information to investors in facilitating a comparison of our operating performance from period to period.

Our net loss decreased from RMB224.9 million for the year ended December 31, 2018 to RMB106.5 million for the year ended December 31, 2019, primarily due to (i) the increase in our revenue from RMB18.8 million in 2018 to RMB58.3 million in 2019, primarily attributable to (x) an increase in our revenue generated from ColoClear provided as LDT services as a result of its broader market acceptance and our continued efforts in marketing and expansion, and (y) an increase in our revenue generated from Pupu Tube, as it was selected by the government cancer early detection programs in multiple provinces in China, and (ii) other gains and losses change from loss of RMB143.1 million in 2018 to a gain of RMB32.2 million in 2019, mainly because we incurred fair value loss of Preferred Shares of RMB151.1 million in 2018 and had a fair value gain of RMB48.3 million in 2019 in relation to our issuance of Preferred Shares. Our decrease in net loss from 2018 to 2019 was partially offset by the increase in our selling and distribution expenses from RMB26.0 million in 2018 to RMB75.6 million in 2019, primarily attributable to our increased sales efforts. For details, see "Financial Information".

We had net loss of RMB533.8 million for the nine months ended September 30, 2020 as compared to net loss of RMB62.5 million for the nine months ended September 30, 2019 primarily because we recorded gains from changes in fair value of Preferred Shares of RMB38.3 million for the nine months ended September 30, 2019 as compared to losses from changes in fair value of Preferred Shares of RMB394.9 million for the nine months ended September 30, 2020, primarily due to the increase in fair value of our Preferred Shares. For details, see "Financial Information".

Our adjusted net loss increased from RMB81.3 million for the year ended December 31, 2018 to RMB134.8 million for the year ended December 31, 2019, primarily due to an increase of RMB49.7 million in selling and distribution expenses in 2019, which was in line with our revenue growth and our enhanced marketing and promotion efforts, and an increase of RMB7.9 million in administrative expenses in 2019, which was primarily attributable to our increased staff costs as a result of increased number of administrative employees to support our operational needs as a result of our growth. Our adjusted net loss increased from RMB81.1 million for the nine months ended September 30, 2019 to RMB118.7 million for the nine months ended September 30, 2020, primarily due to an increase of RMB13.4 million in administrative expenses, which was primarily attributable to our increased staff costs for the nine months ended September 30, 2020 as a result of increased number of administrative employees to support our operational needs as a result of our growth, and our increased professional service fees for the nine months ended September 30, 2020 primarily in relation to our Series D and Series E financing.

The following table sets forth the revenue contribution to the total revenue, gross profit and gross profit margin from provision of ColoClear tests as LDT services, sales of Pupu Tube and sales of other products for the periods indicated. For details, see "Financial Information".

	For the years ended December 31,		For the nine months ended September 30,	
	2018	2019	2019	2020
	RMB'000			
Revenue contribution				
Provision of ColoClear tests as LDT services	76.6%	67.1%	65.6%	65.5%
Sales of Pupu Tube	23.3%	25.9%	23.1%	32.3%
Sales of other products	0.1%	7.0%	11.3%	2.2%
Gross profit				
Provision of ColoClear tests as LDT services	3,176	27,085	15,320	16,618
Sales of Pupu Tube	1,669	6,239	3,598	1,628
Sales of other products	1	2,597	2,434	187
Write-down of inventories	(1,006)	(1,603)	(587)	(1,898)
Gross profit margin				
Provision of ColoClear tests as LDT services	22.0%	69.3%	65.9%	71.8%
Sales of Pupu Tube	38.0%	41.3%	43.9%	14.3%
Sales of other products	20.0%	63.7%	60.9%	24.5%

Summary Data from Consolidated Statements of Financial Position

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

	As of December 31,		As of September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	58,463	89,124	114,419
Total current assets	243,658	457,242	756,143
Total assets	**302,121**	**546,366**	**870,562**
Total current liabilities	271,856	98,727	131,600
Net current assets/(liabilities)	**(28,198)**	**358,515**	**624,543**
Total non-current liabilities	299,743	813,215	1,579,497
Total liabilities	**571,599**	**911,942**	**1,711,097**
Net liabilities	**(269,478)**	**(365,576)**	**(840,535)**
Share capital	40	40	48
Treasury shares	–	–	(1)
Share premium	47,144	48,227	116,494
Reserves	(316,662)	(413,843)	(957,076)
Total deficit	**(269,478)**	**(365,576)**	**(840,535)**

We had net liabilities of RMB269.5 million, RMB365.6 million and RMB840.5 million as of December 31, 2018 and 2019, and as of September 30, 2020, respectively, primarily due to non-current liabilities of RMB293.5 million, RMB750.4 million and RMB1,496.5 million incurred by our Preferred Shares as of the respective date as we recorded losses for the fair value changes of our Preferred Shares. Our Preferred Shares will be re-designated from financial liabilities to equity as a result of the automatic conversion into our ordinary shares upon Listing such that the net liabilities position would turn into net assets.

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

	As of December 31,		As of September 30,	As of December 31,
	2018	2019	2020	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Total current assets	243,658	457,242	756,143	699,517
Total current liabilities	271,856	98,727	131,600	156,589
Net current (liabilities) assets	**(28,198)**	**358,515**	**624,543**	**542,928**

We had net current assets of RMB358.5 million as of December 31, 2019, as compared to net current liabilities of RMB28.2 million as of December 31, 2018, which were primarily due to RMB95.9 million of amounts due to related parties and RMB83.5 million of other financial liabilities. The change was primarily due to (i) an increase in bank balances and cash of RMB269.7 million, (ii) a decrease in other financial liabilities of RMB83.5 million and (iii) a decrease in amounts due to related parties of RMB79.9 million, partially offset by a decrease in amount due from related parties of RMB31.3 million. Among the above, the increase in bank balances and cash was in connection with the series C financing from certain investors in 2019. For details, please refer to "History, Restructuring and Corporate Structure – Major Corporate Development, Shareholding Changes and Reorganization of Our Group – Our Company – (iii) Series C Financing." The decrease in other financial liabilities was primarily due to our settlement of consideration payables to investors. The decrease in amounts due to related parties was attributable to our payment to onshore investors in connection with our reorganizations and establishment of the Contractual Arrangement in 2019. For details, please refer to "History, Restructuring and Corporate Structure – Major Corporate Development, Shareholding Changes and Reorganization of Our Group – Reorganization." The decrease in amount due from related parties was due to the settlement of investment amount from certain investors in connection with the series C financing in 2019.

We had net current assets of RMB624.5 million as of September 30, 2020, compared to net current assets of RMB358.5 million as of December 31, 2019. The change was primarily due to (i) an increase in time deposits over three months of RMB136.3 million and (ii) an increase in bank balances and cash of RMB169.5 million, partially offset by a decrease in amounts due from related parties of RMB12.3 million which have been repaid in 2020. Among the above, the increase in time deposits over three months and bank balances and cash was in connection with Series D and Series E financing from certain investors in 2020. Our net current assets decreased by RMB81.6 million to RMB542.9 million as of December 31, 2020 compared to September 30, 2020 primarily due to (i) a decrease in time deposits over three months of RMB6.4 million and (ii) a decrease in bank balances and cash of RMB64.1 million. For details, see "Financial Information".

Summary Data from Consolidated Cash Flow Statements

During the Track Record Period, we relied on capital contributions by our shareholders and bank loans as the major sources of liquidity. We also generate cash from sales of cancer screening products and provision of cancer screening test services. As our business develops and expands, we expect to generate more net cash from our operating activities, through increasing sales of our commercialized products and launching new products, as a result of the broader market acceptance of our existing products and our continued efforts in marketing and expansion, improving cost control and operating efficiency and accelerating the turnover of trade receivables by tightening our credit policy. The Directors are of the opinion that, taking into account of the various financial resources available to us and our cash burn rate, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, selling and distribution expenses, administrative expenses, finance costs and other operating expenses for at least the next 12 months from the date of this Prospectus. For details, see "Financial Information – Working Capital". The following table sets forth our cash flows for the periods indicated:

	For the year ended December 31,		For the nine months ended September 30,	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cash flows from operating activities before movements in working capital	(56,076)	(80,676)	(43,405)	(71,904)
Change in working capital	250	5,688	17,024	(17,076)
Income tax paid	–	–	–	(470)
Net cash flows used in operating activities	(55,826)	(74,988)	(26,381)	(89,450)
Net cash flows used in investing activities	(16,734)	(36,011)	(45,975)	(160,418)
Net cash flows (used in)/from financing activities	(6,204)	375,816	312,778	435,485
Net (decrease)/increase in cash and cash equivalents	(78,764)	264,817	240,422	185,617
Effect of exchange rate changes	125	4,926	7,642	(16,124)
Cash and cash equivalents at beginning of year/period	155,330	76,691	76,691	346,434
Cash and cash equivalents at end of year/period	**76,691**	**346,434**	**324,755**	**515,927**

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, which includes research and development expenses, and (ii) capital expenditures. We had bank balance and cash of RMB451.8 million as of December 31, 2020. We estimate that we will receive net proceeds of approximately HK$1,754.1 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$24.68 per Offer Share, being the mid-point of the indicative Offer Price range of HK$22.70 to HK$26.66 per Offer Share in this Prospectus. Assuming an average cash burn rate going forward of three times the level in 2019, we estimate that our cash and cash equivalents as of December 31, 2020 will be able to maintain our financial viability for 17 months or, if we take into account 10% of the estimated net proceeds from the Listing (namely, the portion allocated for our working capital and other general corporate purposes), 22 months or, if we also take into account the estimated net proceeds from the Listing, 71 months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

We generated negative cash flows from operating activities throughout the Track Record Period, because the cash generated from the sales of our tests, primarily ColoClear and Pupu Tube, was not sufficient to cover the expenses we incurred for the selling and distribution, research and development and administrative activities relating to our comprehensive product portfolio. For details, see "Financial Information – Liquidity and Capital Resources – Cash Flows". We could improve our net operating cash flow mainly through improving profitability and reducing net loss. As we further expand our sales of our approved products, commercialize our pipeline products and increase our operational scale in the future, the cost of sales and operating expenses are expected to remain stable due to economies of scale, which would drive up our profitability and reduce our net loss, thus improving our net operating cash flow.

Key Financial Ratios

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

	For the year ended/As of December 31,		For the nine months ended/As of September 30,	
	2018	**2019**	**2019**	**2020**
Gross profit margin	20.4%	58.9%	58.6%	46.8%
Current ratio[(1)]	0.9	4.6	N/A	5.7

Note:

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

Our gross profit margin increased from 20.4% for the year ended December 31, 2018 to 58.9% for the year ended December 31, 2019 primarily because of increase in gross profit margin of both ColoClear provided as LDT services and Pupu Tube due to the economies of scale as our sales volumes from ColoClear provided as LDT services and Pupu Tube increased. Our gross profit margin for the nine months ended September 30, 2020 decreased to 46.8% from 58.6% for the nine months ended September 30, 2019, which was primarily due to a decreased gross profit margin of Pupu Tube as a result of our participation in and subsidy of government sponsored public welfare programs, where we offered Pupu Tube at a discount price to healthcare institutions such as hospitals and community health service centers, while fixed costs such as depreciation and amortization remained stable. Such public welfare programs were based on one-on-one discussions with the government and were one-off events in nature. Although such programs seem to have unfavorable impact to the gross margin of Pupu Tube, we believe it benefits our business in the long run to align our business development efforts with relevant government objectives to strengthen our market education and development for colorectal cancer screening through our participation in such programs. We expect our participation in and subsidy of such programs will have lesser impact over the gross profit margin of Pupu Tube going forward as our sales continue to grow in other commercialization channels as a result of our marketing efforts.

Our current ratio increased from 0.9 as of December 31, 2018 to 4.6 as of December 31, 2019, and further to 5.7 as of September 30, 2020 because our current assets increased during the Track Record Period primarily due to the increases in bank balances and cash and time deposit over three months primarily as a result of our cash generated from financing activities in relation to our Pre-IPO investments, while our current liabilities decreased during the Track Record Period, primarily as a result of our decreased amounts due from related parties due to settlement of investment amount from certain investors.

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that the Global Offering has been completed and 76,598,000 Shares are issued pursuant to the Global Offering.

	Based on an Offer price of HK$22.70 per Share	**Based on an Offer price of HK$26.66 per Share**
Market capitalization of our Shares[(1)]	HK$9,487 million	HK$11,143 million
Unaudited pro forma adjusted consolidated net tangible assets per Share[(2)]	HK$3.04	HK$4.49

(1) The calculation of market capitalization is based on 417,951,186 Shares expected to be in issue immediately upon completion of the Share Subdivision and the Global Offering, assuming the Over-allotment Option is not exercised and without taking into account any additional Shares to be issued upon the exercise of the options granted under the Pre-IPO Share Incentive Plan.

(2) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at on the basis that 199,370,486 Shares were in issue assuming that the Global Offering and Share Subdivision had been completed on September 30, 2020 and without taking into account of any share which may be allotted and issued upon the exercise of the Over-allotment Option and any share which may be issued or repurchased by the Company under Pre-IPO Share Incentive Plan and under the general mandates for the allotment and issue or repurchase of shares granted to the directors of the Company or the conversion of the Preferred Shares or any unvested restricted shares. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company have not been adjusted to illustrate the effect of the conversion of Preferred Shares into ordinary shares of the Company.

(3) On the basis that 399,314,630 Shares were in issue assuming that the Global Offering, Share Subdivision and conversion of the Preferred Shares into ordinary shares had been completed on September 30, 2020, and without taking into account of any share which may be allotted and issued upon the exercise of the Over-allotment Option and any share which may be issued or repurchased by the Company under Pre-IPO Share Incentive Plan and under the general mandates for the allotment and issue or repurchase of shares granted to the directors of the Company, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is HK$6.00 based on an Offer Price of HK$22.70 per Share, and HK$6.72 based on an Offer Price of HK$26.66 per Share.

DIVIDEND

No dividend has been proposed, paid or declared by our Company or Hangzhou Nuohui since incorporation till the Latest Practicable Date.

We currently expect to retain all future earnings for use in the operation and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Act. The declaration and payment of any dividends in the future will be determined by our Board, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our Cayman counsel, under the Cayman Companies Act a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. In light of our accumulated losses as disclosed in this Prospectus, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future. We may, however, pay a dividend out of our share premium account unless the payment of such a dividend would result in our Company being unable to pay our debts as they fall due in the ordinary course of business. There is no assurance that dividends of any amount will be declared to be distributed in any year.

If we pay dividends in the future, in order for us to distribute dividends to our shareholders, we will rely to some extent on any dividends distributed by Hangzhou Nuohui, our PRC subsidiary. Any dividend distributions from Hangzhou Nuohui to us will be subject to PRC withholding tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. See "Risk Factors – Risks Relating to Doing Business in China" in this Prospectus.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$1,754.1 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$24.68 per Offer Share, being the mid-point of the indicative Offer Price range of HK$22.70 to HK$26.66 per Offer Share in this Prospectus. If the Offer Price is set at HK$26.66 per Share, being the high end of the indicative Offer Price range, the net proceeds from the Global Offering will increase by approximately HK$144.5 million. If the Offer Price is set at HK$22.70 per Share, being the low end of the indicative Offer Price range, the net proceeds from the Global Offering will decrease by approximately HK$144.5 million.

We intend to use the net proceeds we will receive from this offering for the following purposes:

- Approximately HK$701.6 million, being 40.0% of the net proceeds from the Global Offering, to fund the commercialization and further development of ColoClear as medical services or as a standalone product;
- Approximately HK$87.7 million, being 5.0% of the net proceeds from the Global Offering, to fund ongoing sales and marketing of Pupu Tube;
- Approximately HK$526.2 million, being 30.0% of the net proceeds from the Global Offering, to fund ongoing and planned research and development to further develop UU Tube, CerviClear and our other early stage pipeline products;
- Approximately HK$263.1 million, being 15.0% of the net proceeds from the Global Offering, to be used for continued expansion and diversification of our product portfolio through potential acquisition or in-licensing of product candidates in the cancer screening field; and
- Approximately HK$175.4 million, being 10.0% of the net proceeds from the Global Offering, to be used for our working capital and other general corporate purposes.

For further details, see "Future Plans and Use of Proceeds".

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:

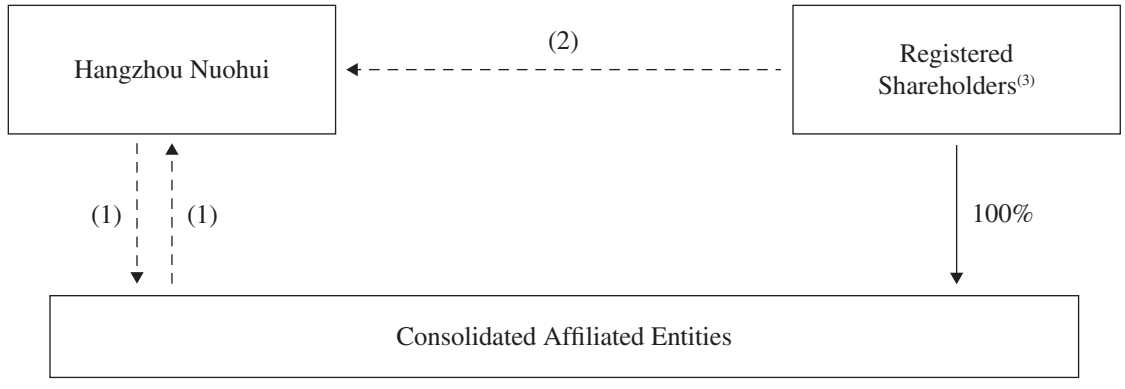
- Our revenues mainly rely on the provision of ColoClear test and sales of Pupu Tube. Failure to achieve the anticipated revenue of ColoClear and Pupu Tube may have a material adverse impact on our business and results of operations.
- Our future growth depends substantially on the success of our product candidates. If we are unable to successfully complete clinical development, obtain regulatory approval, commercialize our product candidates, or keep up with industry and technology developments, or if we experience significant delays in doing so, our business will be materially harmed.
- We may be adversely affected by the uncertainties and changes in the regulation of cancer screening industry in the PRC, and any lack of requisite approvals, permits, registrations or filings in relation to our business may have a material adverse effect on our business, results of operations and prospects.
- Our success depends on our ability to provide reliable, high-quality data and analysis and to rapidly evolve to meet our customers' needs. If our products, or cancer screening services and similar products available in the market in general, do not meet the expectations of customers, our operating results, reputation and business could suffer.
- We have relatively limited experience in marketing and sales of our products. There can be no assurance that we will be able to successfully commercialize our products, and as a result, our revenue and profitability could be materially and adversely affected.
- Fluctuation, in particular downward change, in pricing and profit margin of our products may have a material adverse effect on our business and results of operations.
- Ethical, legal and social concerns related to the use of genetic information in China could adversely affect our customer demand.
- Delays in completing and receiving regulatory approvals for our manufacturing facilities, or damage to, destruction of or interruption of production at such facilities, could delay our development plans or commercialization efforts.
- If our laboratory facilities fail to comply with applicable laboratory license requirements, or become contaminated, damaged, destroyed or inoperable, or we are required to vacate the facility, our ability to sell and provide our services, pursue our research and development efforts and operate our business may be jeopardized.
- Our operations and business plans may be adversely affected by natural disasters, health epidemics and pandemics, civil and social disruption and other outbreaks, in particular the COVID-19 outbreak.
- We have incurred net losses since our inception and may incur net losses for the foreseeable future, and you may lose substantially all your investments in us given the high risks involved in the medical device business.

- If we are unable to obtain and maintain patent protection for our products and product candidates through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us.
- We conduct the Relevant Businesses in the PRC through our Consolidated Affiliated Entity and its subsidiaries by way of Contractual Arrangements, and if the PRC government finds that these Contractual Arrangements do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to penalties or be forced to relinquish our interests in those operations.

CONTRACTUAL ARRANGEMENTS

Beijing Xincheng and its wholly-owned subsidiaries, Beijing Nuoan Lab, Hangzhou Nuokang Lab and Guangzhou Nuohui Lab were established to carry out laboratory testing of medical diagnostics technology for cancer screening. However, the collection of genetic information for early stage cancer screening, the research, development and application of such screening technology and test for diagnosis purposes, and the development and application of gene diagnosis and treatment technology are subject to foreign investment prohibitions under the current PRC laws and regulations. In line with common practice in industries in China subject to foreign investment restrictions or prohibitions, we will gain effective control over, and receive all the economic benefits generated by the businesses currently operated by Beijing Xincheng through the Contractual Arrangements between Hangzhou Nuohui, on the one hand, and Beijing Xincheng and its Registered Shareholders, on the other hand. The Contractual Arrangements allow the results of operations, assets and liabilities and cash flow of Beijing Xincheng to be consolidated into our financial statements under IFRS 10 as if it were our subsidiary. Please refer to the section headed "Contractual Arrangements" in this Prospectus for further information.

The following simplified diagram illustrates the flow of economic benefits from Beijing Xincheng to our Group stipulated under the Contractual Arrangements:



"——" denotes legal and beneficial interest in the equity interest

"------" denotes the Contractual Arrangements

Notes:

1. Hangzhou Nuohui provides comprehensive business support, technical services, consultancy in exchange for service fees from Beijing Xincheng. See "Summary of the Contractual Arrangements – Exclusive Business Cooperation Agreement" in this Prospectus.

2. The Registered Shareholders executed option agreements in favour of Hangzhou Nuohui, for the acquisition of 100% of the equity interests in and/or assets in Beijing Xincheng. See "Summary of the Contractual Arrangements – Exclusive Option Agreement" in this Prospectus.

   The Registered Shareholders pledged as first charge all of their respective equity interests in Beijing Xincheng to Hangzhou Nuohui as collateral security to secure performance of their obligations and Beijing Xincheng's obligations under the Contractual Arrangements. See "Summary of the Contractual Arrangements – Equity Pledge Agreement" in this Prospectus.

   The Registered Shareholders executed powers of attorney in favour of Hangzhou Nuohui. See "Summary of the Contractual Arrangements – Powers of Attorney" in this Prospectus.

3. The Registered Shareholders are Mr. Zhu, our CEO and one of our executive Directors, and Ms. Zhu Lijuan, the sister of Mr. Zhu. Beijing Xincheng is held as to 99% by Mr. Zhu and 1% as to Ms. Zhu Lijuan.

For the risks relating to the Contractual Arrangements, please see sub-section headed "Risk Factors – Risks Related to Our Corporate Structure and Contractual Arrangements" in this Prospectus.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately HK$136.4 million (including underwriting commission and other expenses), assuming an Offer Price of HK$24.68 per Share, which is the mid-point of the indicative Offer Price range stated in this Prospectus. The estimated Listing expenses represent approximately 7.2% of gross proceeds of approximately HK$1,890 million, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$24.68 per Offer Share, being the mid-point of the indicative Offer Price range of HK$22.70 to HK$26.66 per Offer Share in this Prospectus. Approximately HK$47.0 million is expected to be charged to our consolidated statements of profit or loss and other comprehensive income, and approximately HK$89.4 million is expected to be accounted for as a deduction from equity upon the Listing. For the full year of 2019 and nine months ended September 30, 2020, we incurred expenses of RMB24.9 million (approximately HK$29.8 million) (excluding underwriting commissions) in relation to the Listing and the Global Offering, of which RMB20.5 million (approximately HK$24.5 million) were charged to profit or loss and RMB4.4 million (approximately HK$5.3 million) were capitalized to deferred listing expenses. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENTS

Impact of COVID-19 Outbreak

In December 2019, a respiratory illness known as COVID-19 caused by a novel strain of coronavirus emerged and has spread globally since then. COVID-19 outbreak disrupted the normal life and daily routine of the global population and in amidst of this global pandemic, cancer screening naturally became less a priority as compared to other more imminent health concerns. The worldwide COVID-19 outbreak had significantly impacted the cancer screening industry due to the restricted access to medical institutions. Health checkup centers are our major sales channels; and therefore, our revenue and profitability, as well as shipment, have been negatively affected by the COVID-19 outbreak in the first half of 2020. Our revenue was RMB10.5 million for the six months ended June 30, 2020, representing a year-on-year decrease of 20.1% compared to the six months ended June 30, 2019. At the beginning of the COVID-19 outbreak, it remained unclear if stool sample could transmit COVID-19 virus, which raised concern for end-users and prevented them from sending back samples to us for testing.

Our shipment volume of ColoClear was approximately 8,600 and 16,100 units in the first and second quarters of 2020, representing a year-on-year decrease of 50.4% and 20.8%, respectively. Our shipment volume of ColoClear has recovered rapidly in the second half of 2020, and we recorded approximately 61,400 and 162,100 units in the third quarter and fourth quarter of 2020, representing a 17.6% and 60.7% year-on-year increase, respectively, over the same period of 2019. Shipment volume is generally considered a leading indicator for future ColoClear revenue which would be recognized when we complete the testing service and deliver the test results or when the delivered sample collection kits are expired. The sales performance of ColoClear tests in the fourth quarter of 2020 improved as our business in general recovered from COVID-19 outbreak in the second half of 2020. The average selling price of ColoClear tests in the fourth quarter of 2020 was lower than that for the nine months ended September 30, 2020, primarily due to the higher revenue contribution from online channels with relatively lower selling price on which we made promotional efforts following NMPA approval for ColoClear IVD. As we recently obtained NMPA approval of our ColoClear IVD in November 2020 which provides more flexibility for our commercialization strategy as a standalone product or as a medical service, we expect to sell ColoClear IVD directly to hospitals and other medical institutions in China as part of our initiatives to expand our commercialization channels.

With respect to Pupu Tube, in the first quarter of 2020, the shipment volume of Pupu Tube was 18,561 units, representing a year-on-year decrease of 82%. Our shipment volume of Pupu Tube has recovered rapidly in the second half of 2020, and the shipment volume of Pupu Tube from the second quarter to the fourth quarter of 2020 was 272,274, 1,224,195 and 1,345,706 units, representing a year-on-year increase of 253%, 434% and 157% respectively. Shipment volume is generally considered a leading indicator for future Pupu Tube revenue which would be recognized when we deliver Pupu Tube to our customers. The sales performance of Pupu

Tube in the fourth quarter of 2020 improved as our business in general recovered from COVID-19 outbreak in the second half of 2020. The average selling price of Pupu Tube in the fourth quarter was higher than the average selling price in the first nine months of 2020.

At the same time, due to social distancing rules and practices, contactless point-of-care screening methods which allow users to conduct tests without going to the hospitals or clinics are needed and recommended for use. Consumers tend to use contactless point-of-care screening technologies, such as at-home cancer screening tests than visiting the hospital. Moreover, due to this worldwide epidemic, medical resources are overwhelmed, with decreased number of doctors and physicians available for cancer screening tests.

As of the Latest Practicable Date, we had no suspected or confirmed COVID-19 cases on our premises or among our employees. To prevent any spread of COVID-19 in our offices and production facilities, we have employed various measures to mitigate any negative impact the COVID-19 outbreak may have on our ongoing clinical trials, including engaging in frequent communications with our principal investigators and regulators to identify and address any issues that may arise, streamlining clinical trial process to mitigate the potential risks, complying with social-distancing measures such as holding virtual meetings, and offering personal protection equipment to our enrolled patients.

Although we experienced minor delays in the patient enrollment process and data entry for certain of our clinical trials in China at the beginning of the COVID-19 outbreak, there had not been any material disruption of our ongoing clinical trials as of the Latest Practicable Date. We currently do not have any ongoing or planned clinical trial in the near term. In addition, our supply chain has not experienced any material disruption since the outbreak of COVID-19. We currently do not expect any material delays in respect of our clinical trials or commercialization plans for our Core Product and other product candidates, or any material long-term impact on our operation or deviation from our overall development plans due to the COVID-19 outbreak.

It is uncertain when and whether COVID-19 could be contained globally. We cannot guarantee you, however, that the COVID-19 outbreak will not further escalate or have a material adverse effect on our results of operations, financial position or prospects. For more details, please refer to the section headed "Risk Factors – Risks relating to Our Operations – Our operations and business plans may be adversely affected by natural disasters, health epidemics and pandemics, civil and social disruption and other outbreaks, in particular the COVID-19 outbreak" in this Prospectus.

Loss Estimate for the Year Ended December 31, 2020

Our Directors estimate, in the absence of unforeseen circumstances and on the bases set out in the section headed "Appendix IIA – Loss Estimate" in this Prospectus, the estimated consolidated loss of our Group for the year ended December 31, 2020 to be not more than RMB790 million. For more details, see "Financial Information – Loss Estimate for the Year Ended December 31, 2020" and the section headed "Appendix IIA – Loss Estimate" in this

Prospectus. We expect to incur increased net loss for the year ended December 31, 2020 compared to 2019 as we recorded losses from changes in fair value of Preferred Shares, primarily due to the increase in fair value of our Preferred Shares mainly as a result of the increase in our equity value driven by the official release of important data results from the large-scale, multi-center registrational clinical trial for ColoClear IVD in September 2020 and NMPA approval of ColoClear in November 2020. Apart from fair value change of preferred shares, the forecast loss for 2020 is higher than the net loss in 2019 primarily due to: (i) the increase of exchange loss in 2020 mainly due to bank balances held on US dollars, (ii) the increase of Listing expense, (iii) the increase of staff costs to support promotion and commercialization of ColoClear IVD, financing and Listing of the Company, and partially offset by (i) the decrease of fair value loss on other financial liabilities and (ii) the decrease of selling and distribution expenses for less meetings and promotion activities held during 2020 due to COVID-19 outbreak.

NMPA Approval of ColoClear IVD

In November 2020, NMPA approved the registration of ColoClear IVD, a core component of our ColoClear and the Core Product for purposes of this Prospectus. For details, please see "Business – Our Product and Product Pipeline – ColoClear."

Clinical Trial Completion and NMPA Registration Application Submission for UU Tube

We completed the registrational trial of UU Tube in November 2020 and submitted registration application to NMPA in the same month of 2020. For details, please see "Business – Our Product and Product Pipiline – UU Tube."

National Guidance Recommendation of FIT-DNA

An expert group of National Cancer Center published the China Guideline for the Screening, Early Detection and Early Treatment of Colorectal Cancer (《中國結直腸癌篩查與早診早治指南》) in January 2021, in which FIT-DNA test was recommended for colorectal cancer screening. See "Industry Overview – Colorectal Cancer Screening Market – Colorectal Cancer Screening Technologies."

Legal Proceeding

In November 2020, we settled a breach of contract claim brought by one of our suppliers in August 2020. For details, please see "Legal proceedings and Non-Compliance – Legal Proceedings."

No Material Adverse Change

Our Directors confirm that up to the date of this Prospectus, save as disclosed in this Prospectus, there has been no material adverse change in our financial, operational or trading positions or prospects since September 30, 2020, being the end of the period reported on as set out in the Accountants' Report included in Appendix I to this Prospectus.

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this Prospectus.

"Articles of Association" or "Articles"	articles of association of our Company adopted on October 9, 2020 with effect from the Listing Date, as amended from time to time, a summary of which is set out in "Appendix III – Summary of the Constitution of our Company and Cayman Companies Law" to this Prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Beijing Nuoan Lab"	Beijing Nuoan Medical Examination Lab Co., Ltd. (北京諾安醫學檢驗實驗室有限公司), a limited liability company established under the laws of the PRC on March 9, 2016. Beijing Nuoan Lab is controlled by our Company through the Contractual Arrangements, the details of which are set out in the section headed "Contractual Arrangements" in this Prospectus
"Beijing Xincheng"	Beijing New Horizon Xincheng Health Technology Co., Ltd (北京諾輝新程健康科技有限公司), a limited liability company established under the laws of the PRC on February 29, 2016. Beijing Xincheng is controlled by our Company through the Contractual Arrangements and the holding company of Beijing Nuoan Lab, Hangzhou Nuokang Lab and Guangzhou Nuohui Lab, the details of which are set out in the section headed "Contractual Arrangements" in this Prospectus
"Board"	the board of directors of our Company
"Business Day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC

"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS EIPO"	the application for the Hong Kong Offer Shares to 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 through causing 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 (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 by completing an input request
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CEO" or "Chief Executive Officer"	chief executive officer of our Company
"CerviClear"	our non-invasive urine-based home-use screening test for cervical cancer
"CFDA"	China Food and Drug Administration (國家食品藥品監督管理總局) of the PRC
"Chief Financial Officer"	the chief financial officer of our Company

"Chief Scientific Officer"	chief scientific officer of our Company
"Chief Technology Officer"	chief technology officer of our Company
"China," "PRC" or "State"	People's Republic of China, but for the purpose of this Prospectus and for geographical reference only and except where the context requires otherwise, references in this Prospectus to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"China Anti-Cancer Association"	the anti-cancer association of China (中國抗癌協會)
"Chinese Medical Association"	the medical association of China (中華醫學會)
"Class I medical device"	the medical device with low risk level, the safety and effectiveness of which can be ensured through routine administration
"Class II medical device"	the medical device with medium risk level, the safety and effectiveness of which can be ensured through strict control and administration
"Class III medical device"	the medical device with high risk level, the safety and effectiveness of which can be ensured through strict control and administration with special measures
"Class A Ordinary Share(s)"	the class A ordinary shares with a nominal value of US$0.0001 per share in the authorized share capital of the Company allotted and issued pursuant to the share purchase agreement dated July 26, 2018, or the class A ordinary shares with a nominal value of US$0.00005 per share held in the authorized share capital of the Company following the Share Subdivision, details of which are described in the section headed "History, Restructuring and Corporate Structure" in this Prospectus
"Class B Ordinary Share(s)"	the class B ordinary shares with a nominal value of US$0.0001 per share in the authorized share capital of the Company upon re-designation on July 26, 2018, or the class B ordinary shares with a nominal value of US$0.00005 per share held in the authorized share capital of the Company following the Share Subdivision, details of which are described in the section headed "History, Restructuring and Corporate Structure" in this Prospectus

"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"CNIPA"	National Intellectual Property Administration of the PRC (國家知識產權局)
"Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules
"ColoClear"	ColoClear, a proprietary non-invasive stool-based FIT-DNA test.
"ColoClear IVD"	ColoClear in vitro diagnostic kit, which is our Company's proprietary reagents used in the testing process of ColoClear approved by NMPA as a Class III medical device and constitutes our Core Product for purposes of this Prospectus
"Companies Act" or "Cayman Companies Act"	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company", "our Company", or "the Company"	New Horizon Health Limited (諾輝健康), an exempted company with limited liability incorporated under the laws of the Cayman Islands on June 7, 2018
"connected person"	has the meaning ascribed thereto under the Listing Rules
"connected transaction"	has the meaning ascribed thereto under the Listing Rules

"Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements, namely, Beijing Xincheng and its subsidiaries (each a "Consolidated Affiliated Entity"), details of which are set out in the section headed "History, Restructuring and Corporate Structure" in this Prospectus
"Contractual Arrangements"	a series of contractual arrangements entered into by, Hangzhou Nuohui, Beijing Xincheng and the Registered Shareholders, the details of which are described in the section "Contractual Arrangements" in this Prospectus
"Core Product"	has the meaning ascribed thereto under Chapter 18A of the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Designee"	a third party designated by Hangzhou Nuohui under the Contractual Arrangements
"Director(s)"	the directors of our Company, including all executive, non-executive and independent non-executive Directors
"DoctorWork"	Beijing Penguin Hospital Management Co. (北京企鵝醫院管理有限公司), a healthcare company established under the laws of the PRC on December 19, 2016 and held as to 70% and 30% by Chengdu Qixing Medical Technology Co. (成都企杏醫療科技有限公司) and Penguin Qixing Health Technology (Chengdu) Group Co. (企鵝杏仁健康科技(成都)集團有限公司), respectively
"Dr. Chen"	Dr. Yiyou Chen (陳一友), an executive Director, chairman of the Board and Chief Scientific Officer
"Dr. Lu"	Dr. Ning Lu (呂寧), our Chief Technology Officer
"Equity Pledge Agreement"	the third amended and restated Equity Pledge Agreement dated August 12, 2020 entered into among Hangzhou Nuohui, the Registered Shareholders and Beijing Xincheng
"EU"	the European Union

"Exclusive Business Cooperation Agreement"	the amended and restated exclusive business cooperation agreement dated August 12, 2020 entered into among Hangzhou Nuohui and Beijing Xincheng
"Exclusive Option Agreement"	the second amended and restated exclusive option agreement dated August 12, 2020 entered into among Hangzhou Nuohui, the Registered Shareholders and Beijing Xincheng
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"FDA"	the Food and Drug Administration of the U.S.
"Founder Parties"	Dr. Chen, Mr. Zhu and NHYJ Holdings
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an Independent Third Party
"Frost & Sullivan Report"	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this Prospectus
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **HK eIPO White Form** Service Provider designated by our Company
"Group", "our Group", "our", "we" or "us"	our Company, its subsidiaries and consolidated affiliated entities from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries and consolidated affiliated entities, such subsidiaries and consolidated affiliated entities as if they were subsidiaries and consolidated affiliated entities of our Company at the relevant time

"Guangzhou Nuohui Lab"	Guangzhou Nuohui Medical Examination Lab Co., Ltd (廣州諾輝醫學檢驗實驗室有限公司), a limited liability company established under the laws of the PRC on May 28, 2019. Guangzhou Nuohui Lab is controlled by our Company through the Contractual Arrangements, the details of which are set out in the section headed "Contractual Arrangements" in this Prospectus
"Hangzhou Nuohui"	Hangzhou New Horizon Health Technology Co., Ltd (杭州諾輝健康科技有限公司), a limited liability company established under the laws of the PRC on November 19, 2015 and our indirect wholly-owned subsidiary
"Hangzhou Nuokang Lab"	Hangzhou Nuokang Medical Examination Lab Co., Ltd. (杭州諾康醫學檢驗實驗室有限公司), a limited liability company established under the laws of the PRC on June 3, 2016. Hangzhou Nuokang Lab is controlled by our Company through the Contractual Arrangements, the details of which are set out in the section headed "Contractual Arrangements" in this Prospectus
"Healthy China 2030"	In October 2016, the State Council of China jointly issued the Healthy China 2030 (《"健康中國2030"規劃綱要》), a national agenda that made public health a precondition for all future economic and social development
"High and New Technology Enterprise"	High and New Technology Enterprise (高新技術企業)
"HK$" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the **IPO App** or the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company as specified in the **IPO App** or on the designated website at **www.hkeipo.hk**
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited

"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 7,660,000 Shares being initially offered by our Company for subscription at the Offer Price 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 at the Offer Price, subject to and in accordance with the terms and conditions set out in this Prospectus
"Hong Kong Share Register"	the register of members of our Shares maintained by the Hong Kong Share Registrar
"Hong Kong Share Registrar"	Tricor Investor Services Limited
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchange and Clearing Limited
"Hong Kong Takeovers Code" or "Takeover Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering whose names are set out in the section headed "Underwriting – Hong Kong Underwriters" in this Prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated February 4, 2021 relating to the Hong Kong Public Offering entered into by, among other parties, our Company, the Joint Representatives and the Hong Kong Underwriters

"iKang"	iKang Health Technology Group Co., Ltd. (愛康健康科技集團有限公司), a healthcare company established under the laws of the PRC on September 6, 2004, which is an Independent Third Party and held as to 49% and 49% by Mr. Boquan He (何伯權) and Mr. Lee Ligang Zhang (張黎剛), respectively, or, where the context so requires, its affiliates
"Independent Third Party(ies)"	party or parties that is or are not a connected party within the meaning of the Listing Rules
"International Offer Shares"	the 68,938,000 Shares being offered for subscription under the International Offering, together, where relevant, with any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option, subject to reallocation as described in the section headed "Structure of the Global Offering" in this Prospectus
"International Offering"	the offer of the International Offer Shares at the Offer Price, in the United States to QIBs only in reliance on Rule 144A and outside the United States in offshore transactions in accordance with Regulation S or any other available exemption from registration under 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 expected to enter into the International Underwriting Agreement relating to the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering to be entered into by, among other parties, our Company, the Joint Representatives and the International Underwriters on or about the Price Determination Date
"**IPO App**"	the mobile application for the **HK eIPO White Form** service which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**

"Joint Bookrunners"	Goldman Sachs (Asia) L.L.C., UBS AG Hong Kong Branch, Haitong International Securities Company Limited, BOCI Asia Limited, China Industrial Securities International Capital Limited, Daiwa Capital Markets Hong Kong Limited and VMS Securities Limited
"Joint Global Coordinators"	Goldman Sachs (Asia) L.L.C., UBS AG Hong Kong Branch, Haitong International Securities Company Limited, BOCI Asia Limited, China Industrial Securities International Capital Limited, Daiwa Capital Markets Hong Kong Limited and VMS Securities Limited
"Joint Lead Managers"	Goldman Sachs (Asia) L.L.C., UBS AG Hong Kong Branch, Haitong International Securities Company Limited, BOCI Asia Limited, China Industrial Securities International Capital Limited, Daiwa Capital Markets Hong Kong Limited, VMS Securities Limited and Futu Securities International (Hong Kong) Limited
"Joint Representatives"	Goldman Sachs (Asia) L.L.C. and UBS AG Hong Kong Branch
"Joint Sponsors"	Goldman Sachs (Asia) L.L.C. and UBS Securities Hong Kong Limited
"Latest Practicable Date"	January 28, 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this Prospectus prior to its publication
"LDT"	laboratory developed test, a type of in vitro diagnostic test that is designed, manufactured and used within a single laboratory. Diagnostic devices are generally not to be considered LDTs if they are designed or manufactured completely, or partly, outside of the laboratory that offers and uses them.
"Listing"	the listing of our Shares on the Main Board
"Listing Committee"	the listing committee of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or about February 18, 2021, on which dealings in our Shares first commence on the Main Board

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"M&A Rules"	Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (關於外國投資者併購境內企業的規定), which were jointly promulgated by MOFCOM, the State Assets Supervision and Administration Commission, the STA, the SAIC, the CSRC, and the SAFE on August 8, 2006, and came into effect on September 8, 2006 and subsequently amended on June 22, 2009, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the Growth Enterprise Market of the Stock Exchange
"Memorandum" or "Memorandum of Association"	memorandum of association of our Company adopted on October 9, 2020 with effect from the Listing Date, as amended from time to time, a summary of which is set out in "Appendix III – Summary of the Constitution of our Company and Cayman Companies Law" to this Prospectus
"MOFCOM" or "Ministry of Commerce"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Zhu"	Mr. Yeqing Zhu (朱葉青), an executive Director and Chief Executive Officer
"National People's Congress"	National People's Congress of China
"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)
"NHC"	the National Health Commission of the PRC (中華人民共和國國家衛生健康委員會) or, where the context so requires, its predecessor, the National Health and Family Planning Commission (國家衛生和計劃生育委員會), or NHFPC

"NHJK Holding"	NHJK Holding Corporation Limited, a company incorporated under the laws of Hong Kong on May 29, 2015 and a wholly-owned subsidiary of our Company
"NHXC Holdings"	NHXC Holdings Ltd., a company incorporated under the laws of the BVI on July 16, 2018 held by management and advisors of our Group and a shareholder of our Company as of the Latest Practicable Date
"NHYJ Holdings"	NHYJ Holdings Ltd., a company incorporated under the laws of the BVI on June 4, 2018 held as to 100% by NH Trinity Limited and a shareholder of our Company as of the Latest Practicable Date
"NMPA"	the National Medical Products Administration of China (國家藥品監督管理局) or, where the context so requires, its predecessor, the CFDA
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$26.66 and expected to be not less than HK$22.70, such price to be agreed upon by our Company and the Joint Representatives (on behalf of the Underwriters) on or before the Price Determination Date
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares
"Over-allotment Option"	the option to be granted by us to and exercisable by the Joint Representatives, pursuant to which we may be required to allot and issue up to an aggregate of 11,489,500 additional Shares (representing approximately 15.0% of our Shares initially being offered under the Global Offering) to cover over-allocations in the International Offering, details of which are described in the section headed "Structure of the Global Offering – Over-allotment Option" in this Prospectus
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC

"Ping An Good Doctor"	Ping An Health Internet Co. (平安健康互聯網股份有限公司), a healthcare company established under the laws of the PRC on August 20, 2014 and indirectly held by Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司) which is listed on the Shenzhen Stock Exchange (stock code: 601318) and Hong Kong Stock Exchange (stock code: 2318)
"Powers of Attorney"	a second and third amended and restated irrevocable power of attorney dated August 12, 2020 between each of the Registered Shareholders, i.e. Mr. Yeqing Zhu and Ms. Zhu Lijuan, respectively, Beijing Xincheng and Hangzhou Nuohui
"PRC Legal Advisor"	Fangda Partners, the PRC legal advisor of the Company
"Pre-IPO Investment(s)"	the pre-IPO investments in the Company undertaken by the Pre-IPO Investors pursuant to the relevant investment agreements, details of which are set out in the section headed "History, Restructuring and Corporate Structure – Pre-IPO Investments" in this Prospectus
"Pre-IPO Investor(s)"	the Series A Investors, the Series B Investors, the Series C Investors, the Series D Investors and the Series E Investors
"Pre-IPO Share Incentive Plan" or "Plan"	the pre-IPO share incentive plan effective as of October 10, 2018 and further amended and approved on August 17, 2020, the principal terms of which are set out in the section headed "Statutory and General Information – D. Pre-IPO Share Incentive Plan" in Appendix IV in this Prospectus
"Preferred Shares"	preferred shares(s) in the share capital of the Company, including the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares and the Series E Preferred Shares
"Price Determination Agreement"	the agreement to be entered into between our Company and the Joint Representatives (for themselves and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price

"Price Determination Date"	the date, expected to be on or about February 10, 2021 and in any event not later than Thursday, February 11, 2021, on which the Offer Price is to be fixed by agreement between us and the Joint Representatives (on behalf of the Underwriters)
"Prospectus"	this Prospectus being issued in connection with the Hong Kong Public Offering
"Pupu Tube"	our proprietary non-invasive stool-based FIT screening product to detect hemoglobin biomarkers associated with colorectal cancer
"QIB"	qualified institutional buyer within the meaning of Rule 144A
"Registered Shareholders"	the registered shareholders of Beijing Xincheng, being Mr. Yeqing Zhu and Ms. Lijuan Zhu
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reorganization"	the reorganization of our Group in preparation for Listing, details of which are described in the section headed "History, Restructuring and Corporate Structure – Reorganization" in this Prospectus
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"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), currently known as SAMR
"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
"SEER"	Surveillance, Epidemiology, and End Results Program

"Series A Investors"	the Series A-1 Investors and Series A-2 Investors, or holders of shares in Hangzhou Nuohui, as appropriate
"Series A-1 Investors"	the holders of the Series A-1 Preferred Shares
"Series A-2 Investors"	the holders of the Series A-2 Preferred Shares
"Series A Preferred Shares"	the Series A-1 Preferred Shares and the Series A-2 Preferred Shares
"Series A-1 Preferred Shares"	the series A-1 preferred shares with a nominal value of US$0.0001 per share in the authorized share capital of the Company allotted and issued to the Series A-1 Investors during the Pre-IPO Investments, or the series A-1 preferred shares with a nominal value of US$0.00005 per share held by the Series A-1 Investors in the authorized share capital of the Company following the Share Subdivision, details of which are described in the section headed "History, Restructuring and Corporate Structure" in this Prospectus
"Series A-2 Preferred Shares"	the series A-2 preferred shares with a nominal value of US$0.0001 per share in the authorized share capital of the Company allotted and issued to the Series A-2 Investors during the Pre-IPO Investments, or the series A-2 preferred shares with a nominal value of US$0.00005 per share held by the Series A-2 Investors in the authorized share capital of the Company following the Share Subdivision, details of which are described in the section headed "History, Restructuring and Corporate Structure" in this Prospectus
"Series B Investors"	the holders of the Series B Preferred Shares, or holders of shares in Hangzhou Nuohui, as appropriate
"Series B Preferred Shares"	the series B preferred shares with a nominal value of US$0.0001 per share in the authorized share capital of the Company allotted and issued to the Series B Investors during the Pre-IPO Investments, or the series B preferred shares with a nominal value of US$0.00005 per share held by the Series B Investors in the authorized share capital of the Company following the Share Subdivision, details of which are described in the section headed "History, Restructuring and Corporate Structure" in this Prospectus

"Series C Investors"	the holders of the Series C Preferred Shares
"Series C Preferred Shares"	the series C preferred shares with a nominal value of US$0.0001 per share in the authorized share capital of the Company allotted and issued to the Series C Investors during the Pre-IPO Investments, or the series C preferred shares with a nominal value of US$0.00005 per share held by the Series C Investors in the authorized share capital of the Company following the Share Subdivision, details of which are described in the section headed "History, Restructuring and Corporate Structure" in this Prospectus
"Series D Investors"	the holders of the Series D Preferred Shares
"Series D Preferred Shares"	the series D preferred shares with a nominal value of US$0.0001 per share in the authorized share capital of the Company allotted and issued to the Series D Investors during the Pre-IPO Investments, or the series D preferred shares with a nominal value of US$0.00005 per share held by the Series D Investors in the authorized share capital of the Company following the Share Subdivision, details of which are described in the section headed "History, Restructuring and Corporate Structure" in this Prospectus
"Series E Investors"	the holders of the Series E Preferred Shares
"Series E Preferred Shares"	the series E preferred shares with a nominal value of US$0.0001 per share in the authorized share capital of the Company allotted and issued to the Series E Investors during the Pre-IPO Investments, or the series E preferred shares with a nominal value of US$0.00005 per share held by the Series E Investors in the authorized share capital of the Company following the Share Subdivision, details of which are described in the section headed "History, Restructuring and Corporate Structure" in this Prospectus

"SF Express"	SF Holding Co., Ltd. (順豐控股股份有限公司), a delivery service company established under the laws of the PRC on May 22, 2003, which is an Independent Third Party and listed on the Shenzhen Stock Exchange (stock code: 002352)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares in the share capital of our Company with a nominal value of US$0.00005 each
"Shareholder(s)"	holder(s) of our Share(s)
"Share Subdivision"	the subdivision of issued and unissued authorized shares of our Company with nominal value of US$0.0001 each into two shares of the corresponding class with nominal value of US$0.00005, the details of which are set out in "History, Restructuring and Corporate Development – Major Corporate Development, Shareholding Changes and Reorganization of our Group – Our Company – (vii) Share Subdivision" in this Prospectus
"Sophisticated Investor(s)"	has the meaning ascribed to it under Guidance Letter HKEX-GL92-18 issued by the Stock Exchange and refers to Qiming Venture Partners V, L.P. and Qiming Managing Directors Fund V, L.P.
"STA"	the State Taxation Administration of the PRC (中華人民共和國國家税務總局)
"Stabilizing Manager"	Goldman Sachs (Asia) L.L.C.
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance. Unless the context requires otherwise, reference to our subsidiaries shall also include our Consolidated Affiliated Entities

"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Track Record Period"	the financial years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"USPSTF"	the United States Preventive Services Task Force, an independent panel of experts in primary care and prevention that systematically reviews the evidence of effectiveness and develops recommendations for clinical preventive services
"USPTO"	the United States Patent and Trademark Office
"UU Tube"	our stool-based self-conducted screening product for H. pylori
"VAT"	value-added tax; all amounts are exclusive of VAT in this Prospectus except where indicated otherwise
"Zhejiang Cancer Research Institute"	Zhejiang Cancer Research Institute (浙江省腫瘤研究所)
"Zhejiang NHC"	Health Commission of Zhejiang Province (浙江省衛生健康委員會)
"Zhejiang NMPA"	Medical Products Administration of Zhejiang Province (浙江省藥品監督管理局)

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the Prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

In this Prospectus, unless the context otherwise requires, explanations and definitions of certain terms used in this Prospectus in connection with our Group and our business shall have the meanings set out below. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

"advanced adenoma"	any adenoma that is no less than 10 mm size or with more than 25% villous histology or high-grade dysplasia
"ARMS"	The Amplification Refractory Mutation System (ARMS) is an application of PCR in which DNA is amplified by allele specific primers, which is a simple method for detecting any mutation involving single base change
"BMP3"	bone morphogenetic protein 3, also known as osteogenin, a protein in humans that is encoded by the BMP3 gene. BMP3 is hypermethylated in many cases of colorectal cancer and hence along with other hypermethylated genes, may be used as a biomarker to detect early stage colorectal cancer
"CAGR"	compound annual growth rate, the rate of return that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each year of the investment's lifespan
"CE Mark"	a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area
"cervical cancer"	the development of cancer from the cervix
"cGMP"	Current Good Manufacturing Practice regulations enforced by the FDA, which provide for systems that assure proper design, monitoring, and control of manufacturing processes and facilities

"Class III Grade A hospital"	a top-level hospital in China, as hospitals in China are divided into three classes by Ministry of Health, among which, Class III hospitals are at the highest level, typically having more than 500 beds, providing high-level specialist medical and healthcare services to several regions and performing advanced teaching and research tasks. Class III hospitals are divided into Special, A, B, and C grades, with Grade A as the hospitals of the top level
"concordance rate"	the percent of cases in which both members of a pair have a particular attribute
"colonoscopy"	a scope with a video camera used for examination and inspection of the entire colon
"Contactless point-of-care screening methods"	the screening methods that allow users to conduct the tests without going to the hospitals or clinics, such as saliva-based COVID-19 tests and pregnancy tests
"colorectal cancer"	the development of cancer from the colon or rectum
"COVID-19"	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
"CRM"	customer relationship management
"CRO"	contract research organization, an entity that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"CSO"	contract sales organization, an entity that provides a series of services and solutions related to marketing and sales activities under contracts with pharmaceutical, biotechnology, and medical device companies
"cytology"	the exam of a single cell type, as often found in fluid specimens
"DNA"	deoxyribonucleic acid, a self-replicating material which is present in nearly all living organisms as the main constituent of chromosomes. It is the carrier of genetic information

"endoscopy"	a procedure in which a doctor uses an endoscope – a flexible tube with a camera – to observe an internal organ or tissue in detail
"EQA"	external quality assessment
"FIT"	fecal immunochemical test
"FOBT"	fecal occult blood test
"gastric cancer"	the development of cancer in the lining of the stomach
"GCP"	good clinical practice, an international ethical and scientific quality standard for the performance of a clinical trial on medicinal products involving humans
"GFA"	gross floor area
"GLP"	good laboratory practice, a quality system of management controls for research laboratories and organizations to ensure the uniformity, consistency, reliability, reproducibility, quality, and integrity of chemical (including pharmaceuticals) non-clinical studies
"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
"hrHPV"	high-risk types of HPV that can cause cervical cancer
"HPV"	human papillomavirus
"HPV16"	a most common type of hrHPV that significantly increases the risk of vaginal, vulvar, and cervical cancer in women
"HPV18"	a type of hrHPV that significantly increases the risk of vaginal, vulvar, and cervical cancer in women
"H. pylori"	Helicobacter pylori, a pathogenic bacteria
"incidence"	the number of new cases occurring in a specified population per year

"incidence rate"	the ratio of new cases occurring in a specified population per year, usually expressed as the number of cases per 100,000 population
"industry design patents"	patents for new designs proposed for the shape, pattern or combination of products, and the combination of color, shape and pattern that are aesthetically pleasing and suitable for industrial applications
"IVD"	in vitro diagnostics products, including platforms and assays
"invention patents"	patents for new technical solutions proposed for products, methods or improvements thereof
"KOLs"	acronym for Key Opinion Leaders; refers to renowned physicians that influence their peers' medical practice
"KRAS"	the V-Ki-ras2 Kirsten rat sarcoma viral oncogene homolog
"KRAS gene mutation"	KRAS gene mutation has been found in some types of cancer, including non-small cell lung cancer, colorectal cancer, and pancreatic cancer, which may cause cancer cells to grow and spread in the body
"LIMS"	laboratory information management system
"liquid biopsy"	a test done on a sample of peripheral blood to look for cancer cells from a tumor that are circulating in the blood or for pieces of DNA from tumor cells that are in the blood
"mortality rate"	a measure of the number of deaths in a particular population, scaled to the size of that population, per unit of time
"NCCL EQA Certificate"	National Center for Clinical Laboratories External Quality Assessment Certificate (國家衛生健康委臨床檢驗中心室間質評證書)

"NDRG4"	a member of the N-myc downregulated gene family which belongs to the alpha/beta hydrolase superfamily. The protein encoded by this gene is a cytoplasmic protein that is required for cell cycle progression and survival in primary astrocytes and may be involved in the regulation of mitogenic signaling in vascular smooth muscles cells. NDRG4 acts as a candidate tumor suppressor gene whose expression is frequently repressed by its promoter methylation in colorectal cancer
"negative concordance rate"	concordance rate that a cancer screening product has a negative result as the similarly approved and commercialized products
"NPA"	negative percentage agreement, the percentage of the samples that were tested negative by our products out of the samples that were also tested negative by the comparator
"NPV"	negative predictive value, the probability that following a negative test result, that individual will truly not have the specific disease, calculated by 1 – {(1 – Sensitivity) x Prevalence Rate / [(1 – Sensitivity) x Prevalence Rate + Specificity x (1 – Prevalence Rate)]}
"PCR"	polymerase chain reaction, a method widely used to rapidly make millions to billions of copies of a specific DNA sample
"penetration rate"	the size of the population using certain product or service expressed as percentage of the total target population eligible for such product or service
"positive concordance rate"	concordance rate that a cancer screening product has a positive result as the similarly approved and commercialized products
"PPA"	positive percentage agreement, the percentage of the samples that were tested positive by our products out of the samples that were also tested positive by the comparator

"PPV"	positive predictive value, the probability that following a positive test result, that individual will truly have the specific disease, calculated by Sensitivity x Prevalence Rate / [Sensitivity x Prevalence Rate + (1 – Specificity) x (1 – Prevalence Rate)]
"prevalence"	the number of disease cases present in a particular population at a given time
"qPCR"	a real-time polymerase chain reaction, also known as quantitative polymerase chain reaction
"sensitivity"	the ability of a test to correctly identify those with the disease (true positive rate)
"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
"specificity"	the ability of the test to correctly identify those without the disease (true negative rate)
"sq.m."	square meter, a unit of area
"Standard of Care"	A diagnostic and treatment process that a clinician should follow with respect to a certain type of patients, illnesses, or clinical circumstances
"survival rate"	the percentage of people in a study or treatment group still alive for a given period of time after diagnosis
"TaqMan"	TaqMan probes are hydrolysis probes that are designed to increase the specificity of qPCR
"utility model patents"	patents for new technical solutions proposed for the shape, structure or combination of the product that are suitable for practical use

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

This Prospectus contains certain forward-looking statements and information relating to our Company, our subsidiaries and consolidated affiliated entities that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Prospectus, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the 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 and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our financial condition and operating results and performance;
- industry trends and competition;
- our product candidates under development or planning;
- the timing and outcome of the applications for registration of our products with NMPA and other regulators;
- our strategies, plans, objectives and goals and our ability to successfully implement these strategies, plans, objectives and goals;
- our ability to attract customers and build our brand image;
- general political and economic conditions;
- future developments of the COVID-19 outbreak in the PRC and globally;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- relevant government policies, legislations and regulations relating to our business and industry, as well as interpretation and positions adopted by, and actions taken by, the relevant regulatory agencies;
- our expectation regarding the use of proceeds from the Global Offering; and
- the amount and nature of, and potential for, future development of our business.

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

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

An investment in our 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 Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such an event, the market price of our 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.

RISKS RELATING TO THE DEVELOPMENT OF OUR PRODUCT CANDIDATES

Our revenues mainly rely on the provision of ColoClear test and sales of Pupu Tube. Failure to achieve the anticipated revenue of ColoClear and Pupu Tube may have a material adverse impact on our business and results of operations.

During the Track Record Period, a substantial amount of our revenue was derived from the provision of LDT service in relation to ColoClear test and the sale of Pupu Tube. Our revenue generated from ColoClear provided as LDT services accounted for 76.6%, 67.1% and 65.5% of our total revenue in 2018, 2019 and the nine months ended September 30, 2020, respectively. In addition, our revenue generated from the sale of Pupu Tube accounted for 23.3%, 25.9% and 32.3% of our total revenue in 2018, 2019 and the nine months ended September 30, 2020, respectively. After obtaining NMPA approval for ColoClear IVD, we have been providing the same ColoClear test by utilizing our NMPA-approved ColoClear IVD. We expect that provision of ColoClear test and sales of Pupu Tube will continue to account for a material portion of our total revenue in the near future.

However, we cannot assure you that demands for ColoClear and Pupu Tube will achieve the anticipated levels. There is also no assurance that we will be able to achieve the expected sales and profit margin for ColoClear and Pupu Tube, which may be adversely affected by many factors outside of our control, including downward pricing pressure caused by changes in market competition, expiration of patent protection, introduction of substitute products marketed by our competitors, disruptions in manufacturing or sales, issues with respect to product quality, coverage of medical insurance and disputes over intellectual property or other matters with third parties. If we are unable to achieve the expected sales volumes, pricing levels or profit margins of ColoClear or Pupu Tube, our business, financial condition and

results of operations may be materially and adversely affected. Moreover, there is no guarantee that we may be able to develop or acquire new products that would diversify our product portfolio and reduce our dependence on ColoClear or Pupu Tube, or to do so in a timely or competitive manner.

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

Our business substantially depends on the successful development, regulatory approval and commercialization of our product candidates for the cancer screening of different types of cancer, most of which are still in clinical development or design stage or early commercialization stage, and other product candidates we may develop in the future. We have invested a significant portion of our efforts and financial resources in the development and commercialization of our existing product candidates. Whether we can generate profit from our operating activities largely depends on the successful commercialization of our product candidates. The success of our product candidates will depend on several factors, including but not limited to:

- successful enrollment in, and completion of, clinical trials, as well as completion of preclinical studies;
- favorable safety and efficacy data from our clinical trials and other studies;
- regulatory approvals;
- establishing and expanding commercial manufacturing capabilities;
- expanding our testing capabilities including expanding our laboratories;
- the performance by any third parties, such as CROs or other third parties we may retain to conduct clinical trials, of their duties to us 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;
- keeping up with industry and technology developments;
- successfully launching our product candidates, if and when approved; and
- competition with other cancer screening products.

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

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

The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of subjects who remain in the trial until its conclusion. We may experience difficulties in subject enrollment in our clinical trials for a variety of reasons, including the size and nature of the subject population and the subject eligibility criteria defined in the protocol.

Our clinical trials will likely compete with other clinical trials which will reduce the number and types of subjects available to us, because some subjects who might have opted to enroll in our trials may instead opt to enroll in a trial being conducted by others. 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 subjects who are available for our clinical trials at such clinical trial sites. Even if we are able to enroll a sufficient number of subjects in our clinical trials, delays in subject enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these trials and adversely affect our ability to advance the development of our product candidates.

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

The cancer screening industry is characterized by technological changes, frequent new product introductions, and evolving industry standards. Without the timely introduction of new and improved products, our products could become technologically obsolete or more susceptible to competition and our revenue and operating results would suffer. Even if we develop new or improved products, our ability to market them could be limited by various factors such as regulatory clearance and market demands. We devote significant financial and other resources to our research and development activities. We incurred research and development expenses of RMB14.8 million, RMB26.4 million and RMB17.4 million for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020, which accounted for 78.5%, 45.3% and 49.2% of our total revenue for the respective period. The research and development process is lengthy and entails considerable uncertainty. Products we are currently developing may not complete the development process or obtain the regulatory or other approvals required to market such products in a timely manner or at all.

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

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

Before obtaining regulatory approval for the sale of our product candidates, we must conduct extensive clinical trials to demonstrate the sensitivity and specificity of our tests, and, depending on the type of our relevant product candidates, the clinical trials may require large prospective clinical study that is far more rigorous and expensive than other existing tests or auxiliary diagnostic products. We have initiated a multi-center registrational trial in China to evaluate the performance of UU Tube. We expect to initiate the registrational trial for CerviClear by as early as the last quarter 2021. We may experience numerous unexpected events during, or as a result of, clinical trials that could delay or prevent our ability to receive regulatory approval or commercialize our product candidates, including but not limited to:

- regulators, institutional review boards, or IRBs, or ethics committees may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- our inability to reach agreements on acceptable terms with prospective CROs and hospitals as trial centers, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and hospitals as trial centers;
- manufacturing issues, including problems with manufacturing, supply quality, or obtaining sufficient quantities of a product candidate for use in a clinical trial;
- insufficient testing capabilities to meet the needs for clinical trials;
- failure of our product to demonstrate superior results than competing or alternative products, if applicable;
- clinical trials of our product candidates may fail to demonstrate the sensitivity and specificity in cancer screening as anticipated, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs;
- the number of subjects required for clinical trials of our product candidates may be larger than we anticipate, enrollment may be insufficient or slower than we anticipate or subjects may drop out at a higher rate than we anticipate;
- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- we might have to suspend or terminate clinical trials of our product candidates for various reasons, including a finding of a lack of clinical response or other unexpected characteristics; and
- the initial or interim results of the clinical trial may not be predictive of the final results.

There can be no assurance that these trials will be completed in a timely or cost-effective manner or result in a commercially viable product. If we experience delays in the completion of, or the termination of, a clinical trial of any of our product candidates, the commercial prospects of that product candidate will be harmed, and our ability to generate revenues from any of those product candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process, and jeopardize our ability to commence product sales and generate related revenues for that candidate. Any of these occurrences may harm our business, financial condition and prospects significantly.

RISKS RELATING TO EXTENSIVE GOVERNMENT REGULATIONS

We may be adversely affected by the uncertainties and changes in the regulation of cancer screening industry in the PRC, and any lack of requisite approvals, permits, registrations or filings in relation to our business may have a material adverse effect on our business, results of operations and prospects.

Due to the relatively short history of the cancer screening industry in the PRC, a comprehensive regulatory framework governing our industry has not been established. We cannot rule out the possibility that some common practices in our industry which we also adopt might be viewed as not being in full compliance with the existing PRC laws and regulations.

According to the applicable PRC laws, genetic diagnostic devices are treated as medical devices and shall be registered as medical devices with NMPA. The use and sale of medical devices are clearly regulated and registration of the medical devices is required. However, while the use of LDTs is diagnostic in nature, it is difficult to ascertain whether LDTs fall under the definition of "medical devices" under relevant PRC regulations and thus need to be registered with NMPA. We have provided LDT services during the Track Record Period, mainly in relation to ColoClear, and our revenue generated from ColoClear tests provided as LDT services amounted to RMB14.4 million, RMB39.1 million and RMB23.1 million in 2018, 2019 and the nine months ended September 30, 2020, respectively. As of the Latest Practicable Date, we have obtained the Class III medical device registration certificate for ColoClear IVD from the NMPA. According to Frost & Sullivan, it is consistent with market practices that other medical companies conducting similar LDTs in the PRC do not make registrations or filings with governmental authorities for the use of LDTs, the technologies involved, or the provision of LDT services.

If the competent PRC governmental authorities take a rigid view and apply the related laws and regulations fully to LDTs, we could be subject to administrative penalties for providing LDT services without product registrations with NMPA. Such penalties include suspension of use of LDTs, confiscation of LDTs, monetary penalties and suspension of overall operations. Further, the local NMPA may refuse to accept the application for registration of medical devices from the violating laboratories for the following five years.

Governmental consultations were conducted with the NHC, Zhejiang NMPA and Zhejiang NHC in 2019 and mid-2020, the NHC and NMPA separately stated that (1) there are no explicit laws or regulations specifically governing LDT services under the current PRC legal regime; and (2) historical LDT services provided by us will not be penalized by the NHC and NMPA stated that it does not regulate the LDT service directly. The Company therefore understood from such consultations that there are no definite legal ground suggesting that the Company will be penalized for historically providing LDT services.

As advised by our PRC Legal Advisor, in view of the relatively prevailing market practice along with the communication with competent government authorities, and NMPA approval for ColoClear IVD, the risk of our Group being penalized by NMPA and the NHC for the provision of LDT services is remote and therefore our historical provision of LDTs is not expected to adversely affect our Group's business operations or the Core Product. In addition, after obtaining NMPA approval for ColoClear IVD, we have been providing ColoClear by utilizing our NMPA-approved ColoClear IVD as medical services instead of LDT services. NMPA has issued the Class III medical device registration certificate for ColoClear IVD.

However, given the PRC laws and regulations in relation to medical devices and, in particular, LDT services are still evolving, and that it is uncertain whether new legislation, regulations or interpretations may be promulgated or adopted in the future, we cannot assure you that our provision of LDT services will not be interpreted as non-compliance with the applicable laws and regulations in the future. If the PRC government promulgates clear requirement for approval of LDT services, we intend to take necessary actions to meet such requirements. Any failure to meet existing or future requirements or us being identified to have other non-compliance in conducting our businesses may adversely affect our business and results of operations.

If we are not able to obtain, complete or maintain, or experience delays in obtaining, completing or maintaining, required regulatory approvals, permits, registrations or filings, we will not be able to commercialize our product candidates, and our ability to generate revenue will be materially impaired.

All material aspects of the research, development and commercialization of our products are heavily regulated in China. 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 failure to comply with these regulations could have a material adverse effect on our business, financial condition and prospects.

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

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

- failure of clinical trial results to meet the level of statistical significance required for approval or failure to conduct a clinical trial in accordance with regulatory requirements or clinical trial protocols;
- changes in approval policies or regulations that render our preclinical and clinical data insufficient for approval or require us to amend our clinical trial protocols;
- regulatory requests for additional analyses, reports, data, nonclinical studies and clinical trials, or questions regarding interpretations of data and results and the emergence of new information regarding our product candidates or other products; and/or
- rejection by the relevant authorities to approve pending applications or supplements to approved applications filed by us or suspension, revocation or withdrawal of approvals.

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

The process to develop, obtain regulatory approval for and commercialize medical device product candidates is long, complex and costly both domestically in China and overseas. Even if our product candidates were to successfully obtain approval from the regulatory authorities, such approval might significantly limit the approved use, or require that precautions or warnings be included on the product labeling, or require expensive and time-consuming post-approval clinical trials or surveillance as conditions of approval. If we are unable to obtain regulatory approval for our product candidates in one or more jurisdictions, or any approval contains significant limitations, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed. Furthermore, we may not be able to obtain sufficient funding or generate sufficient revenue and cash flows to continue the development of any other product candidate in the future.

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

Our testing services, products and any additional product candidates that are approved by the regulators are and will be subject to ongoing regulatory requirements with respect to manufacturing, testing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, post market studies, submission of safety, efficacy, and other post-market information, and other requirements of regulatory authorities in China and/or other jurisdictions. Our testing and manufacturing facilities are required to comply with extensive regulatory requirements from NMPA and/or other comparable authorities. As such, we are and will be subject to continual review and inspections by the regulators in order to assess our compliance with applicable laws and requirements and adherence to commitments we made in any application materials with NMPA or other authorities. Accordingly, we must continue to devote time, money and effort in all areas of regulatory compliance.

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

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

- restrictions on the marketing or manufacturing of our products, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- fines, untitled or warning letters, or holds on clinical trials;
- refusal by NMPA or comparable regulatory authorities to approve pending applications or supplements to approved applications filed by us or suspension or revocation of license approvals or withdrawal of approvals;
- product seizure or detention, or refusal to permit the import or export of our products and product candidates; and/or
- injunctions or the imposition of civil or criminal penalties.

NMPA and other regulatory authorities strictly regulate the marketing, labeling, advertising and promotion of medical products and services placed on the market. Our products and testing services may be promoted only for their approved use in accordance with the provisions of the approved label. NMPA and other regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability. The policies of 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.

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

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

- manufacturing errors;
- technical or mechanical malfunctions in the manufacture process;
- human error or malfeasance by our quality control personnel;
- tampering by third parties; and/or
- quality issues with the raw materials we produce or purchase.

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

We face risks associated with uncertainties relating to the interpretation and implementation of the Regulation for the Administration of Human Genetic Resources and other applicable laws and regulations.

The collection, preservation, usage and outbound provision of human genetic resources in the PRC are governed by Regulation for the Administration of Human Genetic Resources, or HGR Regulation, except for activities relating to human genetic resources conducted for some specific purposes including clinical diagnosis and treatment. As advised by our PRC Legal Advisor, according to consultation with the competent government authority, given our cancer screening business is for the purpose of clinical diagnosis and treatment, such activities relating to human genetic resources in our cancer screening business may not be governed by HGR Regulation. However, we cannot assure you that our cancer screening business will be continuously deemed as conducted for the purpose of clinical diagnosis and treatment by the relevant government authority. If such business is not deemed as for the purpose of clinical diagnosis and treatment, additional regulatory requirements including regulatory approvals may be required. Meanwhile, our collection, preservation and usage of human genetic resources, including human tissues and specimen in our research and development activities, including those conducted in collaboration with external institutions for scientific research are governed by HGR Regulation.

Pursuant to HGR Regulation, there are some limitations for foreign entities, individuals and such entities established or actually controlled thereby ("**Restricted Entities**", and each, a "**Restricted Entity**") to engage in activities relating to human genetic resources. For example, a Restricted Entity is not allowed to collect or preserve human genetic resources of Chinese, while it is prohibited from using human genetic resources of the Chinese unless such Restricted Entity has filed with relevant government authority for international cooperation with a domestic entity. As advised by our PRC Legal Advisor, taking into consideration of our consultation with a competent government authority, among others, although an entity controlled, directly or indirectly, by foreign persons through shareholding ownership would be deemed as a Restricted Entity, HGR Regulation remains unclear as to whether a variable interest entity controlled by a wholly foreign owned enterprise through contractual arrangements would be deemed as a Restricted Entity. We cannot assure you that our Consolidated Affiliated Entities will not be deemed as Restricted Entities in the future, given the lack of clear statutory interpretation regarding HGR Regulation. If our Consolidated Affiliated Entities are deemed as the Restricted Entities by relevant government authority, our business would be adversely affected and we may have to obtain approval for our current business from the relevant government authority, which may be difficult or even impracticable and/or cooperate with domestic entities that are not Restricted Entities for purposes of the HGR Regulation and be required to obtain approvals or file with relevant government authority for such cooperation, which could result in additional cost and our business, financial condition and results of operations will be adversely affected.

Any change in the regulations governing the use of personal data in China, which are still under development, and any failure to comply with such current or future regulations, could adversely affect our business and reputation.

In the ordinary course of our business, we collect and store sensitive data, including protected health information, personally identifiable information, financial information, intellectual property, and proprietary business information owned or controlled by ourselves or our customers, payors, and other parties in China. Any such unauthorized access, loss, or dissemination of information could result in legal claims, proceedings or liability under PRC laws and regulations that protect the privacy of personal information. For example, pursuant to the Administrative Measures for Population Health Information (《人口健康信息管理辦法》), the medical institutions including our medical laboratories are responsible for collection, management, utilization, safety and privacy protection of personal healthcare data.

We have established internal systems to safeguard relevant personal healthcare data. However, the laws and regulations regarding privacy and data protection in China, as well as other jurisdictions, are generally complex and evolving, with uncertainty as to the interpretation and application thereof. As such, we cannot assure you that our privacy and data protection measures are, and will be, always considered sufficient under applicable laws and regulations. If we are unable to comply with the applicable laws and regulations, or to address any data privacy and protection concerns, such actual or alleged failure could damage our reputation, deter current and potential customers from using our tests and could subject us to significant legal, financial and operational consequences.

RISKS RELATING TO COMMERCIALIZATION AND DISTRIBUTION OF OUR PRODUCTS

Our success depends on our ability to provide reliable, high-quality data and analysis and to rapidly evolve to meet our customers' needs. If our products, or similar cancer screening services and products available in the market in general, do not meet the expectations of customers, our operating results, reputation and business could suffer.

Our success depends on our ability to provide reliable, high-quality data and analysis and to rapidly evolve to meet our customers' and end-users' needs. However, there is no assurance that our products and services will perform as expected at all times. If our tests fail to accurately detect gene variants or other cancer indicators, or fail to, or incompletely or incorrectly, identify the significance of gene variants or other cancer indicators or make other errors, our operating results, reputation and business could be materially and adversely affected. We classify variants in accordance with guidelines that are subject to change and subject to our interpretation. There can be flaws in the databases, third-party tools, algorithms we use, and in the software that handle automated parts of our classification protocol. If we receive poor quality or degraded samples, our tests may be unable to accurately detect or we may fail to or incompletely or incorrectly identify the significance of gene variants or other cancer indicators, which could have a significant adverse impact on our business. In addition, end-users also rely on the interpretations by doctors or physicians of our testing reports and we

are not able to ensure the interpretations will be correct and complete. Inaccurate results or misunderstanding of, or inappropriate reliance on, the information we provide to our customers could lead to termination of our services or claims against us. A product liability or professional liability claim could result in substantial damages and be costly and time-consuming for us to defend, and our liability insurance, if any, may not cover at all, or have sufficient coverage on, such liability claims or damages.

Any liability claim, including an errors and omissions liability claim, brought against us, with or without merit, could also increase our insurance rates or prevent us from securing insurance coverage in the future. Additionally, any liability lawsuit could cause injury to our reputation or cause us to suspend sales of our tests or cause a suspension of our license to operate. The occurrence of any of these events could have an adverse effect on our business, reputation and results of operations.

In addition, our success depends on the market's confidence in cancer screening services and products in general. If other cancer screening products do not perform to expectations, it may result in lower confidence in our industry in general and will then adversely affect our business.

There may be delay in commercialization of ColoClear IVD.

We received registration certificate of ColoClear IVD in November 2020 which allows us to sell ColoClear IVD as a standalone medical device, in addition to our ongoing provision of ColoClear testing services. We plan to commercialize ColoClear IVD as a standalone medical device as early as the first quarter of 2021, and primarily market ColoClear IVD to hospitals, mainly public hospitals, with PCR laboratories which can conduct the test at their own laboratories. In order to commercialize ColoClear IVD in public hospitals in China, first, a public hospital needs to introduce a new medical service type to be included in its medical service catalogue for the colorectal cancer screening test it will provide utilizing ColoClear IVD, and apply for price determination of such medical service with the local Healthcare Security Administration (醫療保障局) (the "**HSA**"). The HSA will issue an official price determination (the "**Pricing Guidance**") for the medical service of colorectal cancer screening test, and such Pricing Guidance is a pre-requisite for the public hospitals to provide such medical service and for any newly approved IVD product to enter into the public healthcare system. The determination of the price of medical service by various local HSAs can take long, especially for medical services utilizing innovative medical devices, such as ColoClear IVD, which do not have prior references for pricing. After local HSA issues the Pricing Guidance, public hospitals can purchase medical device, such as ColoClear IVD, to be used for its medical service by tendering process. As of the Latest Practicable Date, no Pricing Guidance had been issued with respect to the medical service of colorectal cancer screening test utilizing ColoClear IVD. We are not aware of the status of the price determination process of the various local HSAs as this process is not publicly disclosed. See "Business – Our Product and Product Pipeline – ColoClear – Development History." The price determination process of the HSAs is outside of our control. There may be delay in issuance of Pricing Guidance by local HSAs or the procurement process of ColoClear IVD by the public hospitals. We also plan to sell

ColoClear IVD to private hospital and non-public medical institutions. Pricing of ColoClear IVD to be sold to private hospitals or other non-public medical institutions is based on arm's length business negotiations on a case by case basis between us and private hospitals or non-public medical institutions. As of the Latest Practicable Date, we had not entered into any binding agreement with private hospitals or other non-public medical institutions on pricing of ColoClear IVD. Our discussion with private hospital and non-public medical institutions may be delayed or not progress as we anticipated. Failure to commercialize ColoClear IVD as we planned could have a material adverse impact on our business, financial condition and results of operations.

Failure to achieve broad market acceptance or maintain good reputation necessary for our existing products and any future products would have a material adverse impact on our results of operations and profitability.

The commercial success of our existing and future products depends upon their market acceptance, particularly among customers, hospitals and doctors. As a diagnosis method recently developed and introduced to the China market, our products may fail to receive broad acceptance from target customers, doctors or end-users as anticipated. If our products and any future approved product candidates fail to gain sufficient market acceptance by doctors, end-users, third-party payors and others in the industry, the sales of our products will be adversely affected. In addition, customers, doctors, end-users and third-party payors may prefer other novel products to ours. If our products and product candidates do not achieve an adequate level of acceptance, we may not generate significant revenues and we may not become profitable. Failure to achieve an adequate level of acceptance or to improve market awareness of our products, product candidates and our testing services may have an adverse impact to our financial conditions, business and results from operations. The degree of market acceptance of our products and product candidates and their services, if approved for commercial sale, will depend on a number of factors, including:

- doctors, end-users and hospitals considering our products and product candidates as safe and effective;
- the potential and perceived advantages of our products and product candidates over alternative products;
- our continuing collaborations with the established commercialization channels;
- our ability to further validate our products through clinical research and accompanying publications;
- the timing and scope of approval by NMPA for our additional cancer screening products;
- the willingness of end-users to pay out-of-pocket in the absence of coverage and reimbursement by third-party payors and government authorities;
- our ability to maintain our laboratory certification, accreditation and regulatory approvals, and complete required inspections;
- the impact of negative publicity regarding our or our competitors' tests and technologies resulting from defects or errors;
- changes of governmental policies or guidelines in respect of cancer screening;

- developments in cancer treatments that may undermine or reduce the necessity of cancer screening;
- accelerated research and development progress of our competitors; and
- the effectiveness of our sales and marketing efforts.

If any products and their services that we commercialize fail to achieve market acceptance among doctors, end-users, hospitals or other customers or if we fail to maintain good relationships with them, we will not be able to generate significant revenue. Our ability to market our products and product candidates could be limited by the need for regulatory clearance, restrictions imposed on approved uses, entrenched patterns of clinical practice, uncertainty over third-party reimbursement, or other factors. Even if our products achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received than our products, are more cost effective or render our products obsolete.

We believe that maintaining and enhancing our brand identity and increasing market awareness of our company and products is critical to achieving widespread acceptance of our services and products, strengthening our relationships with our existing clients and our ability to attract new clients. The successful promotion of our brand will depend largely on our ability to continue to offer high-quality products and our research and development efforts. However, there is no assurance that our brand promotion activities and research and development efforts may be successful or contribute to our growth. In addition, even if these activities increase revenue, the revenue may not be enough to offset the increased expenses we incur.

We have relatively limited experience in marketing and sales of our products. There can be no assurance that we will be able to successfully commercialize our products, and as a result, our revenue and profitability could be materially and adversely affected.

We started marketing our Pupu Tube since we obtained NMPA registration certificate in March 2018 for Pupu Tube and started to provide ColoClear test as LDT services in 2016. We have relatively limited experience in launching and commercializing our product candidates and sales and marketing of our products. For example, we have limited experience in building a commercial team, conducting a comprehensive market analysis, or managing sales force for our product candidates. As a result, our ability to successfully commercialize our product candidates may involve more inherent risks, take longer and cost more than it would if we were a company with sufficient experience launching product candidates.

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

Under our multi-channel marketing model, we rely on our in-house marketing team and our collaborated CSOs to market and promote our products. We incurred selling and distribution expenses of RMB26.0 million, RMB75.6 million and RMB38.2 million for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020, respectively. The success of our marketing efforts depends on our ability to maintain and expand our relationships with qualified CSOs, and our ability attract, motivate and retain qualified and professional employees in our marketing, promotion and sales teams who have, among other things, the sufficient expertise in the cancer screening areas and are able to communicate effectively with medical professionals. Competition for experienced marketing, promotion and sales personnel is intense. However, we would have little or no control over the marketing and sales efforts of the CSOs, and our revenue from product sales may be lower than if we had commercialized our products ourselves. We also face competition in our search for CSOs to assist us with the sales and marketing efforts for our products. There can be no assurance that we will be able to develop and successfully maintain our in-house sales and commercial distribution capabilities or establish or maintain relationships with doctors, hospitals and other third parties to successfully commercialize our products. If we are unable to maintain and expand our relationships with qualified CSOs, or to attract, motivate and retain a sufficient number of qualified sales personnel to support our marketing model, sales volumes or margin of our existing and future products may be adversely affected.

We plan to expand our sales and distribution network to increase our market share and penetration in the China market to drive future growth. We may also seek to expand our sales network to other markets where we have limited experience or resources. This marketing strategy could require us to strengthen our sales and marketing efforts, and we may not be able to do so. If we are unable to expand our sales network effectively, our sales volumes and business prospects could be materially and adversely affected.

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

We rely on direct sales customers such as hospitals, health checkup centers, insurance companies, pharmacies and online platforms, as well as distributors, to sell our products. Our ability to maintain and grow our business will depend on our ability to maintain an effective sales network that ensure timely distribution of our products. For the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020, our direct sales revenue amounted to RMB17.5 million, RMB54.9 million and RMB33.9 million, respectively, representing 93.2%, 94.2% and 96.1% of our revenue, respectively. As of December 31, 2018, 2019 and September 30, 2020, we had a total of 47, 73 and 56 distributors, respectively. The success of our commercialization primarily depends on our ability to maintain and expand our relationships with our direct sale customers, such as hospitals, health checkup centers, insurance companies, pharmacies and online platforms. If we are unable to maintain and expand our relationships with our direct sales customers, sales volumes or margin of our existing and future products may be adversely affected.

Our highly trained sales team and our partnered CSOs work with our direct sales customers and distributors to help them become more effective. We provide our customers with technical support, such as training in the basic technologies of our products and participating in presentations to physicians and hospitals. Our customers face a learning process with respect to our products and product candidates, particularly for those newly introduced to the market. We cannot assure you that our distributors will be able to gain the required knowledge in order to market our products and product candidates (upon commercialization) effectively in a timely manner or at all.

Furthermore, with regards to our distributorship model, we have limited control to manage the activities of our distributors, who are independent from us. We cannot assure that our distributors will fully comply with or satisfy the terms set forth in the distribution agreements, which may include, among other things, (i) failing to meet certain target sales amounts; (ii) selling our products outside their designated distribution territories or to hospitals without further authorization, possibly in violation of the exclusive distribution rights of our other distributors; (iii) failing to comply with regulatory requirements when marketing and selling our products; (iv) failing to provide proper training and other services to our end customers; or (v) violating applicable laws, including the anti-corruption laws of China or other countries, including improper payments to hospitals and physicians, in the marketing and sale of our products. Failure to adequately manage our network of distributors, or non-compliance by distributors with our distribution agreements could harm our corporate reputation and disrupt our sales. In such cases, our financial condition and results of operations could be materially adversely affected.

If any PRC price control or other factors substantially reduce the margins our distributors can obtain through the resale of our products, our distributors may terminate their relationships with us. We may not be able to identify or engage a sufficient number of distributors with an extensive sales network. If our distributors fail to expand or maintain their sales network, or otherwise encounter any difficulties in selling our products, our sales will decline and our business, results of operations and prospects may be materially and adversely affected.

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

We generally allow for a credit period of up to three months, and for certain customers we may grant an extended credit term of up to 180 days. As of December 31, 2018, 2019 and September 30, 2020, our trade receivables were RMB10.8 million, RMB17.9 million and RMB19.7 million, respectively. The average turnover days of our trade receivables for the same periods were 155 days, 95 days and 162 days, respectively. If our customers' cash flows, working capital, financial condition or results of operations deteriorate, they may be unable, or they may otherwise be unwilling, to make payments owed to us promptly or at all. For example, the increase of our trade receivables turnover days in the nine months ended September 30, 2020 was primarily due to longer payment settlement period from certain customers as a result of the COVID-19 outbreak even though our outstanding trade receivables as of December 31, 2020 were RMB10.2 million, demonstrating recovery to a certain degree. Any substantial

defaults or delays could materially and adversely affect our cash flows, and we could be required to terminate our relationships with customers in a manner that will impair the effective distribution of our products. According to Frost & Sullivan, the average turnover days for receivables recovered from hospital customers are generally longer than other customers. We expect our sales to hospitals will increase after ColoClear IVD received the registration certificate from NMPA, so the average turnover days for payments collection may get longer.

We face substantial competition, which may result in others discovering, developing or commercializing competing products before or more successfully than we do.

The development and commercialization of new cancer screening products is highly competitive. We face competition from other companies engaging in cancer screening and early detection. For details, see "Industry Overview" and "Business – Competition." Potential competitors include multi-national pharmaceutical companies as well as academic institutions, government agencies and other public and private research organizations or healthcare service providers that could conduct research, development, manufacturing and commercialization and seek patent protection for similar cancer screening products.

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

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

The sizes of the markets for our current and future products have not been established with precision, and may be smaller than we estimate, and we may not be able to fully capture the target populations of our products.

Our estimates of the total addressable markets and target population for our current products and candidate products are based on a number of internal and third-party estimates, including, without limitation, the size of target populations, the number of individuals who are at a higher risk for developing cancer, and the assumed prices at which we can sell the relevant product candidates for markets that have not been established. For example, according to the China Anti-Cancer Association, high-risk population of colorectal cancer refers to the population that has (i) history of positive FOBT result, or (ii) family history of colorectal cancer, or (iii) at least two of the relevant symptoms (i.e. chronic diarrhea, constipation, mucous stool, chronic appendicitis, gall bladder disease, chronic psychological stress). The 120 million high-risk colorectal cancer population in China is derived from the 633 million population recommended to have regular colorectal cancer screening in China in 2019, with reasonable assumptions made by Frost & Sullivan based on the relevant literatures it has reviewed and its interviews with persons recommended for colorectal cancer screening and relevant experts. With its proprietary know-how, Frost & Sullivan has considered major factors, such as the number of investigated population, percentage of high-risk population reported, geographic area and time scope, to estimate the percentage of high-risk colorectal cancer population among population recommended to have regular colorectal cancer screening for further model build-up. While we believe our assumptions and the data underlying our estimates are reasonable, these assumptions and estimates may not be correct and the conditions supporting our assumptions or estimates may change at any time, thereby reducing the predictive accuracy of these underlying factors. As a result, our estimates of the total addressable markets for our current or future products may be proved to be incorrect. If the target population who would benefit from our products, the price at which we can sell our products or the total addressable markets for our products is smaller than we have estimated, our sales growth may be impaired and there may be an adverse impact on our business.

In addition, we may not be able to fully capture the target populations of our products. For example, ColoClear targets a 120 million high-risk colorectal cancer population in China and Pupu Tube targets a 633 million population in China in 2019 recommended for colorectal cancer screening. As of the Latest Practicable Date, we had not commercialized ColoClear IVD. Whether ColoClear can fully capture the 120 million target population in China depends on various factors, such as the commercialization of ColoClear IVD as a standalone medical device, inclusion of ColoClear under national public medical insurance program and continuous policy support from the PRC government.

Fluctuation, in particular downward change, in pricing and profit margin of our products may have a material adverse effect on our business and results of operations.

We may face downward change in pricing of our products due to increasing market competition, launch of competitive product or evolving regulatory regime which may impose pricing control or other restrictive measures. We offer our products to hospitals, health checkup centers, insurance companies and pharmacies, and to end-users through online and offline channels. In line with market practice, we also sell a portion of our products to distributors who purchase our products from us and further distribute our products to downstream customers. For our direct sales to business customers, we negotiate the price directly with them on a case-by-case basis. With respect to sales through distributors, our distributors negotiate and set retail prices directly with its customers, and such retail prices shall not be less than the suggested resale prices set in the distributorship agreement without our prior consent. For details, see "Business – Sales and Marketing – Pricing". Our direct customers may gain more bargaining power depending on the availability of alternative products, demands of end-users and the preference of physicians. If our direct customers lower order prices of our products and therefore reduce our profitability, it will have significant negative impact on our results of operations. For our distributors, if the resell price of our products is having downward pressure and therefore lowers the profitability of our distributors, our distributors may have less incentive to purchase and promote our products, and our distributors may gain more bargaining power due to other reasons. In these cases, we may need to lower the order price we set for our distributors, which in turn will have a material and adverse impact on our business, financial performance and results of operations.

In addition, we may also choose to participate in certain government sponsored public welfare programs and offer our products at discount prices in order to promote our products. In order to commercialize ColoClear IVD in public hospitals in China, a public hospital needs to introduce a new medical service type to be included in its medical service catalogue for the colorectal cancer screening test it will provide utilizing ColoClear IVD, and apply for price determination of such medical service with the local HSA. The HSA will issue a Pricing Guidance for the medical service of colorectal cancer screening test, and such Pricing Guidance is a pre-requisite for the public hospitals to provide such medical service and for any newly approved IVD product to enter into the public healthcare system. After local HSA issues the Pricing Guidance, public hospitals can purchase medical device, such as ColoClear IVD, to be used for its medical service by tendering process. As of the Latest Practicable Date, no Pricing Guidance had been issued with respect to the medical service of colorectal cancer screening test utilizing ColoClear IVD. See "Business – Our Product and Product Pipeline – ColoClear – Development History." The Pricing Guidance could have an adverse impact on the price of ColoClear IVD. We may not be able to achieve the expected sales volumes required to generate a profit from ColoClear IVD. Given the uncertainty of the pricing level or gross profit margin of ColoClear IVD to be commercialized, there is no assurance that the future commercialization of ColoClear IVD will have a positive impact on our overall profit margin. We also plan to sell ColoClear IVD to private hospital and non-public medical institutions. Pricing of ColoClear IVD to be sold to private hospitals or other non-public medical institutions is based on arm's length business negotiations on a case by case basis between us

and private hospitals or non-public medical institutions. As of the Latest Practicable Date, we had not entered into any binding agreement with private hospitals or other non-public medical institutions on pricing of ColoClear IVD. The pricing of ColoClear IVD we ultimately agree with private hospitals or other non-public medical institutions may be lower than our expected price and such downward price may have a material adverse impact on our financial conditions and results of operations.

The gross profit margin of ColoClear test provided as medical service is highly correlated with test volumes we can provide to customers and utilization of our laboratories, as most of the costs for ColoClear are fixed in nature, such as staff costs, rental costs, and depreciation and amortization. There is no assurance that future gross profit margin of ColoClear test provided as medical service will be higher than the gross profit margin of ColoClear historically provided as LDT service.

More competing cancer screening products may become available, which will offer alternatives for hospitals and end-users. If the PRC government issues price guidance for cancer screening products, it may negatively affect the price of our products. We may also face downward pricing pressure if our products are included in the medical insurance reimbursement list. Any downward change in pricing of our products may have a material adverse effect on our business and results of operations.

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

Our ability to sell our products may be affected by the availability of governmental and private health insurance in China. China has a complex medical insurance system that is undergoing reform. The governmental insurance coverage or reimbursement level in China for new medical device is subject to significant uncertainty and varies from region to region, as local government approvals for such coverage must be obtained in each geographic region in China. In addition, the PRC government may change, reduce or eliminate the governmental insurance coverage currently available for treatments based on a number of factors, including price and efficacy.

Currently our cancer screening tests are not covered by the public medical insurance in China and we may plan to obtain public medical insurance coverage in China if the terms are favorable to us. Our product is covered under certain policies by private insurance companies in China. We cannot assure you that our products will be covered by the PRC public medical insurance reimbursement list in the near future, our products will continue to be covered by private insurance companies in China at the current level, or any such coverage would be viewed as being favorable to us. As of the Latest Practicable Date, we had not yet initiated any formal discussion with the regulatory authorities in China for inclusion of ColoClear test or ColoClear IVD on the public medical insurance reimbursement list. In addition, currently

certain private 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 be certain that insurers will continue to adopt this favorable policy in the future.

On the other hand, PRC regulations and medical insurance plans may exert significant influence over our pricing policies, which could affect our profitability. We may need to lower the prices of our products in order to have them included in the medical insurance reimbursement list, and such price cut and reimbursement may not necessarily lead to increase in our sales and our results of operations may be adversely affected.

Our performance is subject to seasonal fluctuations.

Sales of our products are subject to seasonality. Health checkup centers have been an important sales channel for us during the Track Record Period. Demands for our products and services from health checkup centers are generally higher in the fourth quarter of the year than the rest of the year as people generally prefer to undertake medical examination at year end, according to Frost & Sullivan. On the other hand, some components of our costs and expenses such as rental expenses and staff costs are relatively fixed in nature and not affected by the seasonality impact. As a result of the seasonality effect and our relatively fixed costs and expenses structure, we may incur greater operation losses in the first three quarters of our financial year than in the last quarter of our financial year.

RISKS RELATING TO MANUFACTURE AND SUPPLY OF OUR TESTS AND PRODUCTS

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

Our principal manufacturing facilities are located at our headquarters in Hangzhou, Zhejiang province, China. As of the Latest Practicable Date, we leased an aggregate area of approximately 2,500 sq.m. for manufacturing facilities in Hangzhou, China. The facilities may encounter unanticipated expenses due to a number of factors, including regulatory requirements. Our manufacturing facilities will be subject to ongoing, periodic inspection by NMPA or other comparable regulatory agencies to ensure compliance with cGMP. Failure to comply with applicable regulations could also result in sanctions being imposed on us, including fines, injunctions, civil penalties, requirement to suspend or put on hold one or more of our clinical trials, failure of regulatory authorities to grant marketing approval of our product candidates, delays, suspension or withdrawal of approvals, supply disruptions, license revocation, seizures or recalls of products or product candidates, operating restrictions and criminal prosecutions, any of which could harm our business.

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

Currently, we maintain insurance coverage against damage to our property and equipment in amounts we believe are reasonable. However, our insurance coverage may not reimburse us, or may not be sufficient to reimburse us, for any expenses or losses we may suffer. We may be unable to meet our requirements for our products and product candidates if there were a catastrophic event or failure of our manufacturing facilities or processes.

If our laboratory facilities fail to comply with applicable laboratory license requirements, or become contaminated, damaged, destroyed or inoperable, or we are required to vacate the facility, our ability to sell and provide our services, pursue our research and development efforts and operate our business may be jeopardized.

As of the Latest Practicable Date, we have two clinical laboratories in operation located in Beijing and Hangzhou in China. In addition, our new laboratory in Guangzhou, China is expected to be in full operation in the first quarter of 2021. Our laboratory facilities are subject to various regulatory requirements, and failure to comply with applicable regulations could result in sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, supply disruptions, license revocation, operating restrictions and criminal prosecutions, any of which could harm our business.

Although all of our laboratory facilities have back-up measures, the data and samples stored in our laboratory facilities are still subject to various risks beyond our control. While our multi-location laboratories help us weather operational breakdowns at any one location, our facilities and equipment could be harmed or rendered inoperable by natural or man-made disasters, including pandemic, pollution, fires, earthquakes, flooding, power outages and other defects, which may render it difficult or impossible for us to sell or perform our services for some period of time. The inability to sell or to perform our services, or the backlog of samples that could develop if our facility is inoperable for even a short period of time, may result in the loss of customers or harm to our reputation or relationships with scientific or clinical

collaborators, and we may be unable to regain those customers or repair our reputation or such relationships in the future. Furthermore, our facilities and the equipment used to perform our services and our research and development work could be costly and time-consuming to repair or replace.

Additionally, a key component of our research and development process involves using biological samples as the basis for the development of our services. In some cases, these samples are difficult to obtain. If the parts of our laboratory facility where we store these biological samples were damaged or compromised, our ability to pursue our research and development projects, operate our business, as well as our reputation, could be jeopardized.

If we are unable to support demand for our existing or future tests and products, including ensuring that we have adequate capacity to meet increasing demand, our business could suffer.

To meet anticipated market demand for our tests and products, we may need to increase, or scale up, the testing and production capacity and the utilization rate in the future. Our production utilization rates for ColoClear and Pupu Tube in 2018, 2019 and during the nine months ended September 30, 2020 was 81.7%, 85.6% and 22.1%, and 86.8%, 96.2% and 62.4%, respectively. Advances in testing and manufacturing technologies may render our facilities and equipment inadequate or obsolete, and therefore we may also need to develop advanced manufacturing technologies and process controls in order to fully utilize our facilities. To enhance our testing and production capacity, we also need to expand our testing and production facilities, further upgrade our automated production lines and employ more workers. If we are unable to do so, or if the process to do so is delayed, or if the cost of the planned scale up or upgrade is not economically feasible for us or we cannot find a third-party supplier, we may not be able to supply our products in a sufficient quantity to meet future demand, which would limit our development and commercialization activities and our opportunities for growth.

Our ability to successfully implement our expansion plan is subject to a number of risks, including our ability to obtain the requisite permits, licenses and approvals for the construction and operation of the new testing facilities and production lines, the risk of construction delays, as well as our ability to timely recruit sufficient qualified staff to support the increase in testing and production capacity. The expansion process may be lengthy and costly and may divert our management attentions and development resources. Consequently, there can be no assurance that we will be able to increase our overall testing or production capacity or develop advanced technologies and process controls in the manner we contemplate, or at all. In the event we fail to increase our testing or production capacity or develop advanced technologies and process controls, we may not capture the expected growth in demand for our products, or to successfully commercialize new products, each of which could materially and adversely affect our business prospects. Moreover, our plans to increase our production capacity require significant capital investment, and the actual costs of our expansion plan may exceed our original estimates, which could materially and adversely affect the realization of expected

return on our expenditures. In addition, as our sales volume grows, we will need to continue to expand our internal quality assurance program, and extend our products to support comprehensive data analysis at a larger scale within expected turnaround times.

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

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

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

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

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

We depend on our information technology for significant portion of our operations. We have also installed, and expect to expand, a number of enterprise software systems that affect a broad range of business processes and functional areas, including, for example, systems handling financial reporting and controls, customer relationship management, laboratory information management system, and other infrastructure operations.

Our information and other technology systems are vulnerable to damage from a variety of sources, including telecommunications or network failures, malicious or inadvertent human acts and natural disasters. Our servers are potentially vulnerable to physical or electronic break-ins, employee errors, computer viruses and similar disruptive problems. Despite the precautionary measures we have taken to prevent unanticipated problems that could affect our information technology and telecommunications systems, failures or significant downtime of our information technology or telecommunications systems or those used by our third-party service providers could prevent us from conducting tests, preparing and providing reports to our customers, billing customers, collecting revenue, handling inquiries from our customers, conducting research and development activities, and managing the administrative aspects of our business. Any disruption or loss of information technology or telecommunications systems on which critical aspects of our operations depend could have an adverse effect on our business.

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

We rely on our suppliers for our business, which exposes us to risks associated with fluctuations in prices of raw materials, and reductions in the availability of raw materials may disrupt our operations. The prices of the 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, the PRC and global economic conditions. A significant increase in the costs of raw materials may increase our cost of sales and negatively affect our profit margins and, more generally, our business, financial conditions, results of operation and prospects.

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

We purchase certain of the materials and components used in the manufacture of our products from external suppliers, and we purchase certain supplies from fixed sources or single sources for reasons of quality assurance, cost effectiveness, availability, or constraints resulting from regulatory requirements.

General economic conditions could adversely affect the financial viability of our suppliers, resulting in their inability to provide materials and components used in the manufacture of our products. While we work closely with suppliers to monitor their financial

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

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

To operate our business successfully and meet our customers' demands and expectations, we must maintain a certain level of inventory for our products to ensure timely delivery when requested. Furthermore, we are required to maintain an appropriate level of inventory of our raw materials for our commercial production. For the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020, our average inventory turnover days were 92 days, 71 days and 87 days, respectively. However, we maintain our inventory levels based on our internal forecasts which are inherently uncertain. If our forecast demand is lower than actual demand, we may not be able to maintain an adequate inventory level of our products or produce our products in a timely manner, and may lose sales and market share to our competitors. As of December 31, 2020, our inventory for ColoClear and Pupu Tube was below our target inventory level, due to strong market demand for ColoClear and Pupu Tube during the fourth quarter of 2020. Based on our current production volume and anticipated market demand in the first quarter of 2021, we expect to be able to increase our inventory level to target level by the end of the first quarter of 2021. On the other hand, we may be exposed to increased inventory risks due to accumulated excess inventory of our products or raw materials. Excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence or write-offs.

We actively monitor our inventory level and track the flow of our products through an online distribution platform where we can monitor the flow of our products to hospitals on a real-time basis. However, there is no guarantee that the inventory information we collect is complete and accurate or that such information would allow us to effectively manage our inventory level. If we fail to maintain and predict inventory levels in line with market demand, it could cause us to lose sales or face excess inventory risks and holding costs, either of which could have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

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

We are a commercial stage biotech company. Investment in medical device development entails substantial upfront capital expenditures and significant risk that a product candidate will fail to gain regulatory approval or become commercially viable. We continue to incur significant expenses related to our ongoing operations. As a result, we incurred net losses of RMB224.9 million, RMB106.5 million and RMB533.8 million for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020, respectively. Substantially all of our operating losses were resulted from expenses incurred in connection with our research and development programs and from selling, administrative expenses associated with our operations. In addition, we recorded losses from changes in fair value of Preferred Shares of RMB151.1 million and RMB394.9 million for the year ended December 31, 2018 and the nine months ended September 30, 2020, respectively, primarily due to the increase in fair value of our Preferred Shares, which further increased the net losses for the corresponding period. We expect to incur significant net loss for the year ending December 31, 2020 for the same reason.

We may continue to incur losses for the foreseeable future, and the losses may increase as we expand our development of, and seek regulatory approvals for, our product candidates, and commercialize our products. Typically, it takes many years to develop one new product between the time when it is designed and when it is available for commercialization. In addition, we will start incurring costs associated with being and maintaining the status of a public company in Hong Kong after the Global Offering. We will also incur costs in support of our further development and growth. The size of our future net losses will depend, in part, on the number and scale of our product development programs and the associated costs of those programs, the cost of commercializing any approved products, our ability to generate revenues and the timing and amount of milestones and other payments we make or receive with arrangements with third parties. If any of our product candidates fails in clinical trials or does not gain regulatory approval, or if approved, fails to achieve market acceptance, we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our failure to become and remain profitable would decrease the value of our Company and could impair our ability to raise capital, maintain our research and development efforts, expand our business or continue our operations as well as the price of our Shares.

We had net current liabilities and net liabilities during the Track Record Period, which may expose us to liquidity risk.

We had net current liabilities of RMB28.2 million as of December 31, 2018, albeit net current assets of RMB358.5 million as of December 31, 2019 and RMB624.5 million as of September 30, 2020, respectively, and may have net current liabilities in the future. We had net liabilities of RMB269.5 million, RMB365.6 million and RMB840.5 million as of December 31, 2018 and 2019, and as of September 30, 2020, respectively, and may have net liabilities in the future. For details, see "Financial Information." A net current liabilities position may expose us to the risk of shortfalls in liquidity. This in turn would require us to seek adequate financing from sources including the Global Offering, and/or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed may have a material adverse effect on our business, financial condition, results of operations and prospects.

There is valuation uncertainty with respect to the fair value of our Preferred Shares and the fair value change of our Preferred Shares would affect our financial performance.

Fair value gain/loss of Preferred Shares represents the changes in fair value of the conversion option associated with the Preferred Shares. And the fluctuations of the fair value of our Preferred Shares affect the net loss we incur. We recorded losses from changes in fair value of Preferred Shares of RMB151.1 million and RMB394.9 million for the year ended December 31, 2018 and the nine months ended September 30, 2020, respectively, primarily due to the increase in fair value of our Preferred Shares. The valuation of Preferred Shares is subject to uncertainty due to the various assumptions made as outlined in Note 28A to the Accountants' Report as set out in Appendix I to this Prospectus.

If we determine our intangible assets to be impaired, our results of operations and financial condition may be adversely affected.

As of September 30, 2020, we had intangible assets of RMB19.7 million which comprised of computer softwares, patent rights, trademarks and development costs. The value of intangible assets is based on a number of assumptions made by the management. For a detailed discussion on the intangible assets, see Note 16 to the Accountants' Report in Appendix I to this Prospectus. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our intangible assets and record a significant impairment loss. Furthermore, our determination on whether intangible assets are impaired requires an estimation of the carrying amount and recoverable amount of an intangible asset. If the carrying amount exceeds its recoverable amount, our other intangible assets may be impaired. The impairment of intangible assets could have a material adverse effect on our business, financial condition and results of operations. For more information regarding our impairment policy in relation to intangible assets, see Note 4 to the Accountants' Report in Appendix I to this Prospectus.

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

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

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

- revenue and cash generated from our commercialized products, namely ColoClear and Pupu Tube;
- selling and marketing costs associated with our products and any existing or future product candidates that may be approved, including the cost and timing of expanding our marketing and sales capabilities;
- the progress, timing, scope and costs of our clinical trials, including the ability to timely enroll subjects in our planned and potential future clinical trials;
- the outcome, timing and cost of regulatory approvals of our product candidates;
- the number and characteristics of product candidates that we may develop;
- the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;
- the terms and timing of any potential future collaborations, licensing or other arrangements that we may establish;
- cash requirements of any future acquisitions and/or the development of other product candidates;

- the cost and timing of development and completion of commercial-scale internal or outsourced, if any, manufacturing activities; and/or
- our headcount growth and associated costs.

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

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

Our loan agreements may contain financial and other covenants that require us to maintain certain financial ratios or impose certain restrictions on the disposition of our assets or the conduct of our business. For our secured loan of RMB92.5 million as of September 30, 2020, it was secured by our historical and future trade receivables. In the event of any default under this agreement, we may not be able to collect payments from our customers. Any substantial failure to collect our trade receivables may materially and adversely affect our working capital, financial condition and results of operations. In addition, the utilization of the remaining balance of this secured banking facilities is subject to certain conditions, including time limits and certain financial performance requirements.

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

The discontinuation of any government grants and other favorable policies currently available to us could adversely affect our financial condition, results of operations and prospects.

We have historically received government grants in the form of subsidies for certain of our product development projects. For the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020, we recognized government subsidies as other income of RMB0.3 million, RMB3.8 million and RMB4.3 million, respectively. For further details of our government grants, see "Financial Information." Moreover, our growth has also been supported by favorable government policies. The timing, amount and criteria of government grants and other favorable policies are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate such grants or

policies at any time. Our eligibility for government grants and other favorable policies is dependent on a variety of factors, including the assessment of our improvement on existing technologies, relevant government policies, the availability of funding at different granting authorities and the research and development progress made by other peer companies. In addition, some of the government grants and policies are on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. In addition, the policies under which we historically received government grants may be halted by the relevant government entities at their sole discretion. We cannot assure you of the continued availability of the government grants and other favorable policies currently enjoyed by us. Any reduction or elimination of such government grants and other policies would materially adversely affect our business, financial condition, results of operations and prospects.

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

We may seek additional funding through a combination of equity offerings, debt financings, collaborations and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our 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.

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

We adopted Employee Incentive Scheme for the benefit of our employees (including directors) and non-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. For details, see "Appendix IV – Statutory and General Information – D. Pre-IPO Share Incentive Plan." In 2018, 2019 and the nine months ended September 30, 2020, we incurred share-based compensation of RMB4.4 million, RMB10.4 million and RMB9.1 million, respectively. To further incentivize our employees and non-employees to contribute to us, we may grant additional share-based compensation in the future. Issuance of additional Shares with respect

to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

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

The success of our business operation depends in large part on our ability to protect our proprietary technology, products and product candidates from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We seek to protect the technology, products and product candidates that we consider commercially important by filing patent applications in the PRC and other jurisdictions, 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 in a timely manner or at all. 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. For example, during the Track Record Period, we encountered rejection of certain our patent applications in relation to our ColoClear IVD and mutation detection technology due to data sufficiency and novelty concerns. Despite such facts, the patent applicants, including the Company, are generally offered opportunities by the patent review authorities to further develop or revise the applications. Although the Company was eventually granted ColoClear IVD and mutation detection technology patents with revised applications, we cannot assure you that our patent applications will always be successful. 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.

Although we enter into non-disclosure and confidentiality agreements or include such provisions in our relevant agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, consultants, advisors and other third parties, any of these parties may breach such agreements and disclose such output before a patent application is filed, jeopardizing our ability to seek patent protection. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries. Patent applications in China and other jurisdictions are typically not published until 18 months after filing, or in some cases, not at all.

Furthermore, the PRC has adopted the "first-to-file" system under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met. Under the "first-to-file" system, even after reasonable investigation we may be unable to determine with certainty whether any of our products, processes, technologies, inventions, improvement and other related matters have infringed upon the intellectual property rights of others, because such third party may have filed a patent application without our knowledge while we are still developing that product, and the term of patent protection starts from the date the patent was filed, instead of the date it was issued. Therefore, the validity of issued patents, patentability of pending patent applications and applicability of any of them to our programs may be lower in priority than third-party patents issued on a later date if the application for such patents was filed prior to ours and the technologies underlying such patents are the same or substantially similar to ours. In addition, we may be involved in claims and disputes of intellectual property infringement in other jurisdictions (for example, in China and the United States). In addition, under the Patent Law of the PRC, 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. In addition, changes in patent law by the Standing Committee of the National People's Congress, or SCNPC and the CNIPA may diminish the value of our patents.

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.

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.

We may not be able to effectively protect our intellectual property rights in China and overseas.

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

As of the Latest Practicable Date, we owned 23 patents and patent applications in China and 48 patents and patent applications overseas, any of which may be the subject of a governmental or third-party objection, which could prevent the maintenance or issuance of the same. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business. Moreover, as our products mature, our reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, our business could be materially adversely affected.

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

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

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

Competitors may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. To counter infringement or unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. This can be expensive and time consuming. Any claims that we assert against perceived infringers could also provoke these parties to assert counterclaims against us alleging that we infringe their intellectual property rights. Many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce and/or defend their intellectual property rights than we can. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. An unfavorable 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, and 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 overseas, even outside the context of litigation. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our products or product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity of our patents, for example, we, our patent counsel, and the patent examiner could be unaware of invalidating prior art during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our products or product candidates. Such a loss of patent protection could have a material adverse impact on our business. We may not be able to prevent misappropriation of our trade secrets or confidential information, particularly in countries where the laws may not protect those rights as fully as we expect.

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

Our commercial success depends in part on our avoiding infringement of the patents and other intellectual property rights of third parties. We are aware of numerous issued patents and pending patent applications globally belonging to third parties that exist in fields in which we

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

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

Even if litigation or other proceedings are resolved in our favor, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, this could have a substantial adverse effect on the market price of our Shares. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

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

Patent terms may not be sufficient to effectively protect our services and products and business.

In most countries in which we plan to file applications for patents, the term of an issued patent is generally ten to 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable country. Although various extensions may be available, the life of a patent and the protection it affords are limited. Even if patents covering our services and products are obtained, we may be open to competition from other companies once our patent rights expire. Furthermore, there is no currently effective law or regulation providing patent term extension in China.

As of the Latest Practicable Date, we had been granted 6 invention patents in China. Our invention patents have expiration dates ranging from August 2032 to May 2038. We also have 7 pending invention patent applications in China and 5 international patents applications under the Patent Cooperation Treaty, or PCT, as of the Latest Practicable Date. If patents are issued on these pending patent applications, the resulting patents will be expected to expire ranging from March 2029 to January 2040, excluding any potential patent term extension or adjustment. Upon expiration of our issued patent or patents that may issue from our pending patent application, we will not be able to assert such patent rights against potential competitors and our business and results of operation may be adversely affected.

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

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

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

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

Intellectual property rights do not necessarily protect us from all potential threats to our competitive advantage.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business, or permit us to maintain our competitive advantage. The following examples are illustrative:

- others may be able to independently develop similar or alternative technologies or designs that are similar to our services and products but that are not covered by the claims of the patents that we own or have exclusively licensed;
- we might not have been the first to make the inventions covered by the issued patents or pending patent applications that we own or may in the future exclusively license, which could result in the patent applications not issuing or being invalidated after issuing;
- we might not have been the first to file patent applications covering certain of our inventions, which could result in the patent applications not issuing or being invalidated after issuing;

- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive services and products for commercialization in our major markets;
- we may fail to apply for or obtain adequate intellectual property protection in all the jurisdictions in which we operate; and
- the patents of others may have an adverse effect on our business, for example by preventing us from commercializing one or more of our services and products candidates for one or more cancer types.

Any of the aforementioned threats to our competitive advantage could have a material adverse effect on our business.

RISKS RELATING TO OUR RELIANCE ON THIRD PARTIES

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

We rely on third parties, including leading academic institutions, public hospitals, CROs, SMOs and clinical trial audit firms, among others, to assist us in designing, implementing and monitoring our pre-clinical research and conducting clinical trials. As of the Latest Practicable Date, we worked with 15 hospitals, three CROs and three SMOs. If any of these parties terminates its agreements with us, the development of the product candidates covered by those agreements could be substantially delayed. In addition, these third parties may not successfully carry out their contractual obligations, meet expected deadlines or follow regulatory requirements, including clinical, laboratory and manufacturing guidelines. Our reliance on these third parties may result in delays in completing, or in failing to complete, these studies if they fail to perform in accordance with the contractual arrangements. Furthermore, if any of these parties fail to perform their obligations under our agreements with them in the manner specified in those agreements, NMPA and/or other comparable regulatory authorities may not accept the data generated by those studies, which would increase the cost of and the development time for the relevant product candidate. If any of the pre-clinical studies or clinical trials of our product candidates is affected by any of the above-mentioned reasons, we will be unable to meet our anticipated development or commercialization timelines, which would have a material adverse effect on our business and prospects.

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

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

We focus on clinical utility and academic promotion to market our colorectal cancer screening products to physicians and hospitals. We have conducted clinical colorectal cancer screening research in cooperation with over 40 scientific institutions in China. Any deterioration or termination of our relationships with these partner hospitals could result in temporary or permanent loss of our revenue. In addition, we will need to continue to expand our collaboration with new hospitals, which may involve a lengthy and costly process, including going through tender procedures, the outcome of which is subject to uncertainties, and complying with the respective hospitals' operating protocols. If we fail to enter into collaboration with additional hospitals in a timely and cost-effective manner, our business and prospects could be adversely affected. Furthermore, we rely on hospitals and physicians to promote and raise awareness of colorectal cancer screening to mass market. If we fail to maintain or expand our relationships with hospitals and physicians, or if hospitals and physicians are not receptive to our products, the development and marketing of our products could suffer, which could have a material adverse effect on our business, financial condition, and results of operations.

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

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

We may from time to time establish or seek strategic alliances, form joint ventures or collaborations, or enter into licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our product candidates and any future product candidates that we may develop. For example, in 2016, we entered into a collaboration agreement with iKang to promote our colorectal cancer screening products to its customers as part of the health checkup package. We also entered into a collaboration agreement with Prenetics to launch ColoClear in Hong Kong and selected markets in Southeast Asia. For details, see "Business – Sales and Marketing".

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

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

- collaborators have significant discretion in determining the efforts and resources that they will apply to a collaboration;
- collaborators may not pursue development and commercialization of our product candidates or may elect not to continue or renew development or commercialization programs based on clinical trial results;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial, stop a clinical trial, abandon a product candidate, repeat or conduct new clinical trials, or require a new design of a product candidate for clinical testing;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our products or product candidates;
- a collaborator with marketing and distribution rights to one or more products may not commit sufficient resources to their marketing and distribution;
- collaborators may not properly maintain or defend our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;
- disputes may arise between us and a collaborator that cause the delay or termination of the research, development or commercialization of our product candidates, or that result in costly litigation or arbitration that diverts management attention and resources;
- collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable product candidates; and/or
- collaborators may own or co-own intellectual property covering our products that results from our collaborating with them, and in such cases, we would not have the exclusive right to commercialize such intellectual property.

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

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

For the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020, the aggregate revenue generated from our five largest customers were RMB15.1 million, RMB24.6 million and RMB10.0 million, representing 80.1%, 42.2% and 28.4% of our revenue, respectively. Sales to our largest customer for the same periods were RMB11.4 million, RMB20.0 million and RMB8.1 million, representing 60.7%, 34.3% and 23.0% of our revenue, respectively. Our five largest customers during the Track Record Period included health checkup centers, hospitals, medical service and products platform and insurance company. It is likely that we will continue to be dependent upon a limited number of customers for a significant portion of our revenues for the foreseeable future and, in some cases, the portion of our revenues attributable to one single customer may increase in the future. The loss of one or more major customers or a reduction in purchase from any major customer would reduce our revenues.

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

We rely on several suppliers for certain equipment and other materials which we use in our operations. In addition, we rely on certain suppliers to provide courier delivery services, including cold-chain delivery services. For the years ended December 31, 2018 and 2019, and the nine months ended September 30, 2020, purchases from our five largest suppliers in aggregate accounted for 59.1%, 67.0% and 65.3% of our total purchases, respectively, and purchases from our largest supplier accounted for 18.3%, 26.7% and 29.8% of our total purchases for the same periods, respectively. Certain of our suppliers are subject to various regulations and are required to obtain and maintain various qualifications, government licenses and approvals. If any of these suppliers loses its qualification or eligibility because of its failure to comply with regulatory requirements, we may not be able to find alternative suppliers in a timely manner or at all. Some of our suppliers import certain equipment and materials from manufacturers located outside China and resell to us. As a result, trade or regulatory embargoes imposed by foreign countries or China could also result in delays or shortages that could harm our business. Moreover, general economic conditions could also adversely affect the financial viability of our suppliers, resulting in their inability to provide materials and services used in our operations. In addition, suppliers may fail to supply products that meet our quality standards. If we are unable to identify alternative materials or suppliers and secure approval for their use in a timely manner, our business, operations and the development of product candidates could be harmed. Any change in suppliers could require significant effort or investment in circumstances where the items supplied are integral to product performance or incorporate unique technology, and the loss of any existing supply contract could have a material adverse effect on us. A significant interruption in the operations of our suppliers could potentially affect our operations and any material misconduct or disputes against our suppliers could potentially harm our business and reputation.

RISKS RELATING TO OUR OPERATIONS

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

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

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

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

Our future success depends on our ability to retain our executives, key personnel in research and development team, sales and marketing team and other consultants and to attract, retain and motivate qualified personnel.

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

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

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

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

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

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

We were founded in 2015. Our operations to date have focused on business planning, raising capital, establishing our intellectual property portfolio, conducting preclinical studies and clinical trials of our product candidates and the commercialization of our products. Other than Pupu Tube and ColoClear, we have not yet obtained regulatory approvals for our other product and product candidates. We have not manufactured any products other than Pupu Tube and ColoClear on a commercial scale. Our limited operating history, particularly in light of the rapidly evolving cancer screening field, may make it difficult to evaluate our current business and reliably predict our future performance. We may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. If we do not address these risks and difficulties successfully, our business will suffer.

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

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

- identifying, recruiting, integrating, maintaining and motivating additional employees;
- managing our internal development efforts effectively, including the clinical and regulatory authority review process for our product candidates, while complying with our contractual obligations to contractors and other third parties; and
- improving our operational, financial and management controls, reporting systems and procedures.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If we become 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 in the PRC as well as overseas, including but not limited to various disputes with or claims from our suppliers, customers, contractors, business partners and other third parties that we engage for our business operations. For example, in August 2020, one of our suppliers for a prospective cancer diagnostic kit brought a breach of contract claim against us alleging that we did not fulfill the payment obligations under our strategic collaboration agreement with the plaintiff. For further details, see "Business – Legal Proceedings and Non-Compliance – Legal Proceedings". Ongoing 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 (including administrative, regulatory or legal sanctions and sanctions imposed on our directors and senior management personnel) and even to suspend or terminate the related business projects, which may have a negative impact on our tests and products. In addition, negative publicity arising from litigation, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands and products. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

If 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 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. If we fail to comply with the applicable anti-bribery laws due to either our own deliberate or inadvertent acts or those of others, our reputation could be harmed and we could incur criminal or civil penalties, other sanctions and/or significant expenses, which could have a material adverse effect on our business, including our financial condition, results of operations, cash flows and prospects.

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

We are exposed to the risk of fraud or other misconduct by our employees, third-party suppliers, consultants and commercial partners. Misconduct by these parties could include intentional failures to comply with the regulations of NMPA and overseas regulators that have jurisdictions over us, comply with healthcare fraud and abuse laws and regulations in China and abroad, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing, and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Such misconduct could also involve the improper use of information, including sensitive information such as personal data and other privacy, obtained in the course of clinical studies, which could result in regulatory sanctions and cause serious harm to our reputation. We provide training to our employees on a regular basis, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses, or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of significant civil, criminal and administrative penalties, including, without limitation, damages, monetary fines, individual imprisonment, disgorgement of profits, contractual damages, reputational harm, diminished profits and future earnings, additional reporting or oversight obligations if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with the law and curtailment or restructuring of our operations, which could

have a significant impact on our business. Whether or not we are successful in defending against such actions or investigations, we could incur substantial costs, including legal fees and divert the attention of management in defending ourselves against any of these claims or investigations.

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

We may be subject, directly or indirectly, to applicable anti-kickback, false claims laws, doctors 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, doctors 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, doctor 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 Administrative Measures for the Registration of Medical Devices (《醫療器械註冊管理辦法》). These laws may impact, among other things, our proposed sales, marketing and education programs. In addition, we may be subject to personal privacy regulation. 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. Furthermore, there are ambiguities as to what is required to comply with certain requirements, and if we fail to comply with an applicable law requirement, we could be subject to penalties.

If any of the doctors 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 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, project constructions, work safety and prevention of occupational diseases, and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Failure to comply with those laws and regulations, or to obtain all applicable registrations, licenses and permits, may result in fines and penalties on us, as well as additional costs and other negative impact on us, which could have a material adverse effect on our business and financial performance. Our operations involve the use of hazardous and flammable materials, including chemicals. Our operations also produce hazardous waste. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We could also incur significant costs associated with civil or criminal fines and penalties.

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

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

Our internal computer systems may fail or suffer security breaches. Security breaches, loss of data, and other disruptions could compromise sensitive information related to our business or prevent us from accessing critical information and expose us to liability, which could adversely affect our business and our reputation.

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

In the ordinary course of our business, we collect and store sensitive data, including, among other things, legally protected personal 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. 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 inability to run our risk assessment algorithm, loss of data and damage to equipment and data. In addition, we may not have adequate insurance coverage to compensate for any losses associated with such events.

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

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

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

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

We have rights of our products and product candidates in China and overseas through patent registration and protection over proprietary technologies. We plan to enter into partnership arrangements to expand our market coverage and maximize the global value of our products. For example, we have entered into collaboration with Prenetics, to launch ColoClear in Hong Kong and selected markets in Southeast Asia. Prenetics has its own laboratory facilities in Hong Kong to conduct testing service of ColoClear utilizing ColoClear IVD and shall be responsible for testing service, marketing and potential clinical trials of ColoClear if so required by competent authorities in Hong Kong and other Southeast Asia markets. However, our limited experience in overseas markets may expose us to risks and uncertainties, including but not limited to the risks associated with the following:

- dealing with regulatory regimes, regulatory bodies and government policies which may differ materially from those in the PRC or with which we may be unfamiliar;
- substantial time which may be required for us to obtain approval for registering and selling our products in additional countries, especially in developed countries;
- commercializing our products in new markets where we have limited experience with the dynamics and no sales and marketing infrastructure;
- higher costs for new product development and reliance on overseas partners for the development, commercialization and marketing of our products;

- product and professional liability litigation and regulatory scrutiny arising from the marketing and sale of products in overseas markets and the costs incurred dealing with such procedures, as well as our ability to obtain insurance to adequately protect us from any resulting liabilities;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness and inflation;
- difficulty of effective enforcement of contractual provisions in local jurisdictions;
- compliance with tax, employment, immigration and labor laws for employees traveling abroad;
- the effects of applicable foreign tax structures and potentially adverse tax consequences;
- currency fluctuations, which could result in increased operating expenses and reduced revenue;
- workforce uncertainty and labor unrest; and
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

We may also rely on third parties to conduct clinical trial for registration purpose or apply for regulatory approval overseas. If such parties fail to conduct the trials properly or to meet satisfactory clinical results, or fail to obtain regulatory approval for us, our business may be materially and adversely affected. In addition, we may not be able to conduct the testing in our own laboratories for our products sold overseas due to time of delivery, in which case the test would be conducted by third parties and we may not have any control over such parties. If such parties fail to properly use our testing kits or technologies or fail to provide satisfactory testing services, our reputation may be harmed and we may be exposed to liabilities, which may adversely impact our business. See "Risk Factors – Risks Relating to Our Operations – Our employees, third-party suppliers, consultants and commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements".

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

Our operations are subject to hazards and risks associated with our research and manufacturing operations, which may cause significant harm to persons or damage to properties. We maintain different types of insurance policies, including social insurance for all of our employees, property insurance and personal accident insurance. We purchase group insurance policies for our end users who purchase and use our products. The end users would be eligible for claim if a false negative result is produced. For details, see "Business – Insurance". However, there is no assurance that our insurance policies will be adequate to cover all losses incurred. Losses incurred and associated liabilities may have a material adverse effect on our results of operation if such losses or liabilities are not covered by our insurance policies.

We do not own any real property and may incur substantial relocation expenses and face disruption of operations if any lease for our offices or facilities is not renewed upon its expiration or is terminated or if we are forced to relocate.

We do not own any real property for our operations. As of the Latest Practicable Date, we lease an aggregate area of 14,661 sq.m. in Hangzhou, Beijing and Guangzhou. Upon expiration of the leases, we will need to negotiate for renewal of the leases and may have to pay increased rent. We cannot assure you that we will be able to renew our leases on terms which are favorable or otherwise acceptable to us, or at all. If we fail to renew any of our leases or if any of our leases are terminated or if we cannot continue to use any of our leased property, we may need to seek an alternative location and incur expenses related to such relocation, and our operation and businesses may also be disrupted or even suspended if we are not able to complete the relocation, including the reconstruction of relevant facilities in the new location, in a timely manner.

In addition, we are subject to other risks related to our leased properties. For example, as of the Latest Practicable Date, lessors for four of our leased properties were mortgaged to commercial banks in China before leasing to us. These properties are being used as our offices, manufacturing facilities and laboratories with a total GFA of approximately 7,599.6 sq.m.. As advised by our PRC Legal Advisor, our right to use the mortgaged properties are subordinate to the rights of mortgages relating to the relevant properties. In case such properties we leased are transferred due to the enforcement of mortgages, which had been set before the properties were leased to us, we may be required to relocate. According to the relevant lease agreements for three out of four of such leased properties, the landlords have agreed to compensate us any losses arising from the enforcement of such mortgages. In addition, as of the Latest Practicable Date, we sub-leased one property for our offices with a GFA of approximately 1,994.4 sq.m. to a subsidiary of ours. We have not obtained the consent to sub-lease from the landlord. As advised by our PRC Legal Advisor, the relevant lease may be deemed as invalid or unenforceable if challenged by the landlord and we may be required to relocate. As of the Latest Practicable Date, we had not been aware of any enforcement of the mortgages or the landlord challenging the validity of the sub-lease agreements of the above-mentioned properties. We cannot assure you that in the future, we may not encounter such challenges or we would be able to enforce in full the landlords' compensation obligations in the event of any mortgage enforcement. In the event of relocation, we may incur additional costs, which could adversely affect our daily operation and cause an impact on our financial condition.

In addition, as of the Latest Practicable Date, the actual land use of our leased property in Guangzhou, which is planned to be used as our laboratory testing facilities, is inconsistent with its approved land use as specified in its land use right certificate. If the owner of this property is required by competent authorities to rectify such land use, we may have to relocate and bear relocation costs and other additional expenses. We may not be able to find other suitable property to lease as our laboratory testing facilities in a timely manner which may affect our expansion plan and future business operations. As of the Latest Practicable Date, we were not aware of any such rectification request by competent authorities.

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

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

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

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

Ethical, legal and social concerns related to the use of genetic information in China could adversely affect our customer demand.

Sentiment and distrust by end-users of the use of genetic testing at medical services may lead to less demand for our products and services. For example, genetic testing has raised ethical, legal and social issues regarding privacy and the appropriate uses of the resulting information. Government authorities could, for social or other purposes, limit or regulate the use of genetic information or genetic testing or prohibit testing for genetic predisposition to certain conditions, particularly for those that have no known cure. Similarly, these concerns may lead end-users to refuse to use, or physicians to be reluctant to order, genetic tests even if permissible. These and other ethical, legal and social concerns may limit market acceptance of our products and services or reduce demand for such products and services, either of which could have a material adverse effect on the business, financial condition and results of operations.

RISKS RELATED TO OUR CORPORATE STRUCTURE AND CONTRACTUAL ARRANGEMENTS

We conduct the Relevant Businesses in the PRC through our Consolidated Affiliated Entity and its subsidiaries by way of Contractual Arrangements, and if the PRC government finds that these Contractual Arrangements do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to penalties or be forced to relinquish our interests in those operations.

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in the development and application of technologies for diagnosis and treatment of human stem cells and genes, to which our Relevant Business are relevant. Pursuant to the Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)》), the latest amended version of which is jointly promulgated by the MOFCOM and the NDRC on June 23, 2020 and takes effect from July 23, 2020, or the Negative List, certain industries are specifically prohibited for foreign investment, including the development and application of technologies for diagnosis and treatment of human stem cells and genes. To comply with PRC laws and regulations, we conduct our cancer genomics business in China through our Consolidated Affiliated Entity and its subsidiaries.

We are a company incorporated under the laws of the Cayman Islands, and Hangzhou Nuohui, our PRC subsidiary, is therefore considered foreign-invested enterprises. To comply with PRC laws and regulations, we currently conduct a portion of our business in the PRC through Beijing Xincheng, or our Consolidated Affiliated Entity, as well as its subsidiaries, through a series of Contractual Arrangements by and among our PRC subsidiary, the Consolidated Affiliated Entity, as well as the Registered Shareholders. The Contractual Arrangements enable us to (i) have the power to direct the activities that most significantly affect the economic performance of the Consolidated Affiliated Entity; (ii) receive substantially all of the economic benefits from the Consolidated Affiliated Entity in consideration for the services provided by our PRC subsidiary; and (iii) have an exclusive option to purchase all or part of the equity interest in the Consolidated Affiliated Entity when and to the extent permitted by PRC law or request any existing shareholders of the Consolidated Affiliated Entity to transfer any or part of the equity interest in the relevant Consolidated Affiliated Entity to another PRC person or entity designated by us at any time at our discretion. Because of the Contractual Arrangements, we are the primary beneficiary of the Consolidated Affiliated Entity and its subsidiaries and consolidate the results of operations of the Consolidated Affiliated Entity into ours. Our Consolidated Affiliated Entity and its subsidiaries hold certain licenses, approvals and key assets that are essential for our business operations.

If the PRC government finds that our Contractual Arrangements do not comply with its restrictions on foreign investment in the Relevant Businesses, or if the PRC government otherwise finds that we, the Consolidated Affiliated Entity or any of its subsidiaries are in violation of PRC laws or regulations or lack the necessary permits or licenses to operate our business, the relevant PRC regulatory authorities, including but not limited to MOFCOM, NMPA and NHC, would have broad discretion in dealing with such violations or failures, including, without limitation:

- revoking our business and operating licenses;
- discontinuing or restricting our operations;
- imposing fines and/or confiscating any of our income that they deem to have been obtained through illegal operations;
- imposing conditions or requirements with which we or our PRC subsidiary and Consolidated Affiliated Entity may not be able to comply;
- requiring us or our PRC subsidiary and Consolidated Affiliated Entity to restructure the relevant ownership structure or operations;
- restricting or prohibiting our use of the proceeds from the Global Offering or our other financing activities to finance the business and operations of our Consolidated Affiliated Entity; or
- taking other regulatory or enforcement actions that could be harmful to our business.

Furthermore, any of the assets under the name of any Registered Shareholder, including their equity interest in our Consolidated Affiliated Entity, may be put under court custody in connection with litigation, arbitration or other judicial or dispute resolution proceedings against such Registered Shareholder. We cannot ensure that such equity interest will be disposed of in accordance with the Contractual Arrangements. Any of these actions could cause significant disruption to our business operations, and may materially and adversely affect our business, financial condition and results of operations. In addition, it is unclear what impact the PRC government actions would have on us and on our ability to consolidate the financial results of the Consolidated Affiliated Entity in our consolidated financial statements, if the PRC governmental authorities find our legal structure and Contractual Arrangements to be in violation of PRC laws, rules and regulations. If any of these penalties results in our inability to direct the activities of Consolidated Affiliated Entity that most significantly impact its economic performance and/or our failure to receive the economic benefits from the Consolidated Affiliated Entity, we may not be able to consolidate the Consolidated Affiliated Entity into our consolidated financial statements in accordance with the IFRS.

Certain provisions in the Contractual Arrangements through which we conduct our business operations in the PRC may not be enforceable under PRC laws.

All the agreements under the Contractual Arrangements are governed by PRC laws. The legal environment in the PRC is not as developed as certain other jurisdictions, such as Hong Kong and the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce our Contractual Arrangements. In the event that we are unable to enforce the Contractual Arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert effective control over the Consolidated Affiliated Entity, and our ability to conduct our business and our financial condition and results of operations may be materially and adversely affected.

Under the dispute resolution provisions of the agreements under the Contractual Arrangements, in the event of any dispute relating to the Contractual Arrangements, any party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission ("**CIETAC**") for arbitration, in accordance with the then effective arbitration rules and procedures. The Contractual Arrangements also contain provisions to the effect that the arbitration tribunal may grant any remedies in accordance with the relevant agreement and applicable PRC laws, including preliminary and permanent injunctive relief (such as injunctions against carrying out business activities, or mandating the transfer of assets), remedies concerning the equity interest or assets of our Consolidated Affiliated Entity and awards directing it to conduct liquidation. However, under PRC laws, an arbitral body normally would not grant injunctive relief or winding up order of the Consolidated Affiliated Entity. Interim remedies or enforcement orders granted by overseas courts such as the courts of Hong Kong and the Cayman Islands also may not be enforceable under PRC laws. See "Contractual Arrangements – Summary of the Contractual Arrangements – Dispute Resolution" for details of the enforceability of the Contractual Arrangements. Therefore, in the event that the Consolidated Affiliated Entity or its shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entity and conduct our business could be materially and adversely affected.

Substantial uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law, its implementation regulations and how they may impact the viability of our current corporate structure, business, financial condition and results of operations.

The "variable interest entity" structure, or the VIE structure has been adopted by many China-based companies, including us, to obtain licenses and permits necessary to operate in industries that currently are subject to restrictions on or prohibitions for foreign investment in China. The MOFCOM published a discussion draft of the proposed Foreign Investment Law (《中華人民共和國外國投資法(草案徵求意見稿)》) in January 2015, or the 2015 Draft PRC Foreign Investment Law, according to which, variable interest entities that are controlled via contractual arrangements would be deemed as foreign-invested enterprises, if they are ultimately "controlled" by foreign investors. In March 2019, the National People's Congress

promulgated the Foreign Investment Law (《中華人民共和國外商投資法》), or the 2019 PRC Foreign Investment Law, which became effective from January 1, 2020 and has replaced major existing laws and regulations governing foreign investment in the PRC. In December 2019, the State Council promulgated the Implementing Rules of the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》), or the Implementing Rules, to further clarify and elaborate upon relevant provisions of the 2019 PRC Foreign Investment Law. The 2019 PRC Foreign Investment Law and the Implementing Rules both became effective from January 1, 2020 and replace major former laws and regulations governing foreign investment in the PRC. See "Regulations – Regulation of Foreign Investment". The 2019 PRC Foreign Investment Law and the Implementing Rules do not use the concept of "control" in determining whether a company should be considered as a foreign-invested enterprise, nor do they explicitly classify the VIE structure as a method of foreign investment. However, the 2019 PRC Foreign Investment Law has a catch-all provision that broadly defines "foreign investments" as those made by foreign investors in China through other methods as specified in laws, administrative regulations, or as stipulated by the State Council. Due to this broad definition of "foreign investments," since the 2019 PRC Foreign Investment Law and the Implementing Rules are newly adopted and relevant government authorities may promulgate additional rules and regulations as to the interpretation and implementation of the 2019 PRC Foreign Investment Law, there can be no assurance that the concept of "control" as reflected in the 2015 Draft PRC Foreign Investment Law, will not be reintroduced, or that the VIE structure adopted by us will not be deemed as a method of foreign investment by other laws, regulations and rules. Accordingly, there are substantial uncertainties as to whether our VIE structure may be deemed as a method of foreign investment in the future. If our VIE structure were to be deemed as a method of foreign investment under any future laws, regulations and rules, and if any of our business operations were to fall under the "negative list" for foreign investment, we would need to take further actions in order to comply with these laws, regulations and rules, which may materially and adversely affect our current corporate structure, business, financial condition and results of operations.

In an extreme scenario, we may be required to unwind the Contractual Arrangements and/or dispose of Beijing Xincheng, which could have a material and adverse effect on our business, financial condition and result of operations. In the event that we no longer have a sustainable business after the aforementioned unwinding of the Contractual Arrangements or disposal or in the event such measures are not complied with, the price of our Shares may significantly drop, and the Stock Exchange may take enforcement actions against us which may have a material adverse effect on the trading of our Shares or even result in the delisting of our Company.

In addition, if our VIE structure were to be deemed as a method of foreign investment under the 2019 PRC Foreign Investment Law or any other laws, regulations and rules, and if any of our business operations were to fall under the "negative list" for foreign investment, we would need to take further actions in order to comply with these laws, regulations and rules, which could also materially and adversely affect our current corporate structure, business, financial condition and results of operations.

Our Contractual Arrangements may not be as effective in providing operational control as direct ownership, and the Consolidated Affiliated Entity or Registered Shareholders may fail to perform their obligations under our Contractual Arrangements.

Due to the PRC restrictions or prohibitions on foreign ownership of the Relevant Businesses in China, we operate a portion of our business in China through our Consolidated Affiliated Entity and its subsidiaries, and we rely on a series of Contractual Arrangements with the Consolidated Affiliated Entity and the Registered Shareholders to control and operate their business. For a description of these Contractual Arrangements, see "Contractual Arrangements" in this Prospectus for more details.

Although we have been advised by our PRC Legal Advisor, that our Contractual Arrangements with the Consolidated Affiliated Entity and its Registered Shareholders are legal, valid and binding on the parties thereto, these Contractual Arrangements may not be as effective in providing control over Consolidated Affiliated Entity as direct ownership. If the Consolidated Affiliated Entity or its shareholders fail to perform their respective obligations under the Contractual Arrangements, we may incur substantial costs and expend substantial resources to enforce our rights. All of these Contractual Arrangements are governed by and interpreted in accordance with PRC laws, and disputes arising from these Contractual Arrangements will be resolved through arbitration in China. However, the legal system in China is not as developed as in other jurisdictions, such as the United States. There are very few precedents and little official guidance as to how Contractual Arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the outcome of arbitration or litigation. These uncertainties could limit our ability to enforce these Contractual Arrangements. In the event we are unable to enforce these Contractual Arrangements, or we experience significant delays or other obstacles in the process of enforcing these Contractual Arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entity and may lose control over the assets owned by our Consolidated Affiliated Entity. As a result, we may be unable to consolidate our Consolidated Affiliated Entity in our consolidated financial statements and our ability to conduct our business may be negatively affected.

We may lose the ability to use and enjoy licenses, approvals and assets held by our Consolidated Affiliated Entity that are material to our business operations if our Consolidated Affiliated Entity declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

We do not have priority pledges and liens against the assets of our Consolidated Affiliated Entity. If any of our Consolidated Affiliated Entity undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets and we may not have priority over such third-party creditors on the assets of our Consolidated Affiliated Entity. If our Consolidated Affiliated Entity liquidates, we may take part in the liquidation procedures as a general creditor under the PRC Enterprise Bankruptcy Law (《中華人民共和國企業破產法》) and claim any outstanding liabilities owed by Consolidated Affiliated Entity to our PRC subsidiary under the exclusive business cooperation agreement, along with other general creditors.

If the Registered Shareholders of our Consolidated Affiliated Entity were to attempt to voluntarily liquidate our Consolidated Affiliated Entity without obtaining our prior consent, we could effectively prevent such unauthorized voluntary liquidation by exercising our right to request the Registered Shareholders of our Consolidated Affiliated Entity to transfer all of their respective equity ownership interests to a PRC entity or individual designated by us in accordance with the exclusive call option agreement with the Registered Shareholders of our Consolidated Affiliated Entity. In addition, under the Contractual Arrangements signed by, among others, our PRC subsidiary, the Consolidated Affiliated Entity and the Registered Shareholders, the Registered Shareholders do not have the right to receive dividends or retained earnings or other distributions from the Consolidated Affiliated Entity without our consent. In the event that the Registered Shareholders initiate a voluntary liquidation proceeding without our authorization or attempts to distribute the retained earnings or assets of our Consolidated Affiliated Entity without our prior consent, we may need to resort to legal proceedings to enforce the terms of the Contractual Arrangements. Any such legal proceeding may be costly and may divert our management's time and attention away from the operation of our business, and the outcome of such legal proceeding will be uncertain.

The Registered Shareholders, directors and executive officers of the Consolidated Affiliated Entity may potentially have a conflict of interest with us, and they may breach their contractual arrangements with us or cause such arrangements to be amended in a manner contrary to our interests.

PRC laws provide that a director and an executive officer owes a fiduciary duty to the company he or she directs or manages. The directors and executive officers of the Consolidated Affiliated Entity must act in good faith and in the best interests of the Consolidated Affiliated Entity and must not use their respective positions for personal gain. On the other hand, as a director of our company, the relevant individuals have a duty of care and loyalty to us and to our shareholders as a whole under Cayman Islands law. Conflicts of interests for these individuals may arise due to dual roles both as equity holders, directors and executive officers of the Consolidated Affiliated Entity and as our director or employee.

There can be no assurance that the Registered Shareholders of our Consolidated Affiliated Entity will always act in our best interests should any conflicts of interest arise, or that any conflicts of interest will always be resolved in our favor. There also can be no assurance that these individuals will ensure that the Consolidated Affiliated Entity will not breach the Contractual Arrangements. If we cannot resolve any of these conflicts of interest or any related disputes, we would have to rely on legal proceedings to resolve these disputes and/or take enforcement action under the Contractual Arrangements. There is substantial uncertainty as to the outcome of any of these legal proceedings. See "– Our Contractual Arrangements may not be as effective in providing operational control as direct ownership, and the Consolidated Affiliated Entity or Registered Shareholders may fail to perform their obligations under our Contractual Arrangements" in this section.

If we exercise the option to acquire equity ownership or assets of Consolidated Affiliated Entity, the ownership or asset transfer may subject us to certain limitations and substantial costs.

Pursuant to the Contractual Arrangements, our PRC subsidiary or its designated person(s) has the irrevocable and exclusive right to purchase all or any part of the equity interests in our Consolidated Affiliated Entity from the Registered Shareholders at any time and from time to time in our PRC subsidiary's absolute discretion to the extent permitted by PRC laws. The consideration shall be the lowest price as permitted under applicable PRC laws. In addition, under the Contractual Arrangements, our PRC subsidiary or its designated person(s) has the irrevocable and exclusive right, where permitted by PRC law, to purchase from our Consolidated Affiliated Entity all or any portion of its assets, and the purchase price shall be the lowest price as permitted under applicable PRC laws.

The transfer of equity or assets may be subject to the approvals from SAMR and report submission through the online enterprise registration system to or filings with the MOFCOM, the SAMR and/or their local competent counterparts. In addition, the equity transfer price may be subject to review and tax adjustment by the relevant tax authorities. The assets transfer price to be received by our Consolidated Affiliated Entity under the Contractual Arrangements may also be subject to enterprise income tax, and these amounts could be substantial.

Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material adverse tax consequences if the PRC tax authorities determine that the Contractual Arrangements signed by, among others, our PRC subsidiary, our Consolidated Affiliated Entity and the Registered Shareholders are not at arm's-length and adjust our Consolidated Affiliated Entity's income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by our Consolidated Affiliated Entity, which could in turn increase its tax liabilities without reducing our tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties to our Consolidated Affiliated Entity for under-paid taxes. Our consolidated net loss may be increased if our tax liabilities increase or if we are found to be subject to late payment fees or other penalties.

RISKS RELATED TO DOING BUSINESS IN CHINA

Adverse changes in political, economic and other policies of the Chinese government could have a material adverse effect on the overall economic growth of China, which could reduce the demand for our products; and could otherwise materially and adversely affect our business, operations or competitive position.

We are the pioneer in China's colorectal cancer screening market. Accordingly, our business, financial condition, results of operations and prospects are significantly affected by economic, political and legal developments in China.

The Chinese economy differs from the economies of most developed countries in many respects, including, but not limited to:

- the extent of government involvement;
- the level of development;
- the growth rate;
- the control of foreign exchange;
- the allocation of resources;
- an evolving regulatory system; and
- the level of transparency in the regulatory process.

Although China has experienced rapid economic growth over the past decades, its continued growth has slowed since the second half of 2008. There is no assurance that future growth will be sustained at similar rates or at all.

The Chinese government implements various measures intended to encourage economic growth and guide the allocation of resources. These measures may include differential policies towards specific groups of pharmaceutical companies, such as promotion of traditional medicines or state-owned companies, which may have an adverse effect on us. Our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. Further, any adverse change in the economic conditions or government policies in China could have a material adverse effect on overall economic growth and the level of healthcare investments and expenditures in China, which in turn could lead to a reduction in demand for our products and consequently have a material adverse effect on our business.

Changes and developments in China's economic, political and social conditions could adversely affect our financial condition and results of operations. For example, the cancer screening market may grow at a slower pace than expected, which could adversely affect our business, financial condition or results of operations.

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

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. 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 and results of operations. Furthermore, the PRC legal system is based, in part, on government policies and internal rules, some of which are not published in a timely manner, or at all, and which may have retroactive effect. As a result, we may not always be aware of any potential violation of these policies and rules until after the occurrence of violation. Such unpredictability towards our contractual, property and procedural rights could adversely affect our business and impede our ability to continue our operations.

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

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

On July 14, 2006, the Supreme People's Court of the PRC and the government of Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "**Arrangement**"), which took effect as of August 1, 2008. 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. On January 18, 2019, the Supreme People's Court and the Hong Kong Government signed 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》), or the New Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and

commercial matters between Hong Kong and the PRC. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in the Hong Kong. The New Arrangement will, upon its effectiveness, supersede the Arrangement. Therefore, before the New Arrangement becomes effective it may be difficult or impossible to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement in writing.

Furthermore, the PRC has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and most other western countries, and Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgment of a court in the United States or any other jurisdictions mentioned above in relation to any matter that is not subject to a binding arbitration provision may be difficult or impossible.

PRC laws and regulations impose significant regulatory approval and review requirements, which could make it more difficult for us to pursue growth through acquisitions in China.

PRC laws and regulations, such as the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (the "**M&A Rules**") which came into effect on September 8, 2006 and was amended on June 22, 2009, Anti-Monopoly Law of the PRC and the Rules of MOFCOM on Implementation of the Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, promulgated by the MOFCOM in August 2011, or the MOFCOM Security Review Rules, which came into effect on September 1, 2011, and replaced the Interim Provisions of the MOFCOM on Matters Relating to the Implementation of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated by MOFCOM in March 2011, established additional procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming and complex, including requirements in some instances that MOFCOM be notified in advance of any change of control transaction in which a foreign investor takes control of a PRC domestic enterprise, or that the approval from MOFCOM be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control review or security review.

The MOFCOM Security Review Rules are formulated to implement the Notice of the General Office of the State Council on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated on February 3, 2011, or Circular No. 6. According to these circulars and rules, a security review is required for mergers and acquisitions by foreign investors having "national defense and security" concerns, and for mergers and acquisitions by which foreign investors may acquire the "de facto control" of domestic enterprises that have "national security" concerns. In addition, when deciding whether a specific merger or acquisition of a domestic enterprise by foreign investors is subject to the security review, the MOFCOM will look into the substance and actual impact of the transaction. The MOFCOM Security Review Rules further prohibit foreign investors from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions.

Furthermore, according to the Measures for the Security Review of Foreign Investment, or the New Security Review Measures, promulgated by NDRC and MOFCOM on December 19, 2020, a foreign investment security review working mechanism will be established to be responsible for organizing, coordinating and guiding the security review of foreign investment. If a proposed foreign investment meets the conditions as stipulated in the New Security Review Measures, the foreign investor or the relevant domestic party shall report such case to the review working mechanism, in order to obtain the security review clearance before proceeding with the proposed foreign investment. However, as the New Security Review Measures was newly issued, there are still substantial uncertainties as to its interpretation and implementations in practice.

We may grow our business in part by acquiring other companies operating in our industry. Complying with the requirements of the relevant regulations to complete such transactions could be time consuming, and we may face substantial uncertainties as to whether we can complete any required approval processes. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

We may be deemed to be a Chinese resident enterprise under the EIT Law in which case our global income may be subject to Chinese corporate tax under the EIT Law, dividends paid on our ordinary shares may be subject to PRC withholding tax and gains from disposition of our shares may be subject to PRC tax.

We are a holding company incorporated under the laws of the Cayman Islands and indirectly hold interests in our PRC subsidiary, Consolidated Affiliated Entity and its subsidiaries. Pursuant to the Enterprise Income Tax Law of China (中華人民共和國企業所得税法) and the Regulation on the Implementation of the Enterprise Income Tax Law of China (中華人民共和國企業所得税法實施條例), or collectively the EIT Law, dividends payable by a foreign-invested enterprise to its foreign corporate investors who are not deemed a Chinese resident enterprise are subject to a 10% withholding tax, unless such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding tax arrangement.

The EIT Law provides that if an enterprise incorporated outside China has its "de facto management bodies" within China, such enterprise would generally be deemed a "Chinese Resident Enterprise" for tax purposes and be subject to an EIT rate of 25% on its global income. "De facto Management Body" is defined as the body that has actual overall management and control over the business, personnel, accounts and properties of an enterprise. On April 22, 2009 the STA issued the Notice Regarding the Determination of Chinese-Controlled Offshore-Incorporated Enterprises as PRC Tax Resident Enterprises on the basis of de facto management bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), which was further amended on December 29, 2017, to clarify the certain criteria for the determination of the "De facto Management Bodies" for foreign enterprises controlled by Chinese enterprises. These criteria include: (1) the primary location of the day-to-day operational management is in the PRC; (2) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organizations or personnel in the PRC; (3) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in the PRC; and (4) 50% or more of voting board members or senior executives of the enterprise habitually reside in the PRC. According to these regulations, we may be deemed as a Chinese resident enterprise by Chinese tax authorities and pay Chinese EIT at a rate of 25% on all of our global income.

Currently, most of the members of our management team as well as the management team of some of our offshore holding companies are located in China. However, Circular 82 on Issues Relating to the Recognition of Overseas Registered Chinese-Controlled Enterprises as Resident Enterprises Based on the Criteria of the Actual Management Institution (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) and Bulletin 45 on the Abolition of the Period for Confirmation of Certification of VAT Withholding Documents and other VAT Administration Issues (關於取消增值税扣税憑證認證確認期限等增值税徵管問題的公告) only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign corporations like us. In the absence

of detailed implementing regulations or other guidance determining that offshore companies controlled by PRC individuals or foreign corporations like us are Chinese resident enterprises, we do not currently consider our Company or any of our overseas subsidiaries to be a Chinese resident enterprises.

According to the foregoing STA circulars, a Chinese-invested company registered abroad could either apply for Chinese resident enterprise status with the competent Chinese tax authorities in the place where its major Chinese investors are located and the application will be subject to approval by competent Chinese tax authorities, or be recognized as a Chinese resident enterprise by competent Chinese tax authorities. In this regard, there are uncertainties regarding whether a Chinese-invested company registered abroad would be treated as a Chinese resident enterprise before receiving a confirmation to that effect from the competent Chinese tax authorities, and there have been no official implementation rules regarding the determination of the "De facto Management Bodies" for foreign enterprises which are not controlled by Chinese enterprises, including us.

Therefore, it remains unclear how China's tax authorities will treat a case such as ours. We cannot assure you that we will not be considered a Chinese resident enterprise for Chinese EIT purposes and be subject to the uniform 25% EIT rate on our global income. Furthermore, if the PRC tax authorities determine that we are a Chinese resident enterprise for enterprise income tax purposes, dividends paid on our ordinary shares may be subject to PRC withholding tax at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders and gains realized on the sale or other disposition of our ordinary shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders, if such dividends or gains are deemed to be from PRC sources. Any such PRC tax liability may be reduced under an applicable income tax treaty. However, it is unclear whether, if we are deemed a Chinese resident enterprise, our shareholders may be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or jurisdictions. In addition, although the EIT Law provides that dividend payments between qualified Chinese resident enterprises are exempt from enterprise income tax, due to the relatively short history of the EIT Law, it remains unclear as to the detailed qualification requirements for this exemption and whether dividend payments by our China-incorporated subsidiaries to us will meet such qualification requirements if we are considered as a Chinese resident enterprise for tax purposes.

Failure by the shareholders or beneficial owners who are PRC residents to make any required applications and filings pursuant to regulations relating to offshore investment activities by PRC residents may prevent us from distributing profits and could expose us and our PRC resident shareholders to liability under the PRC laws.

The Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) ("**SAFE Circular 37**"), which was promulgated by SAFE and became effective on July 4, 2014, requires PRC residents to register with banks designated by local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle."

If the shareholders of an offshore holding company who are PRC residents fail to fulfill their required registration with the local SAFE branches, the PRC subsidiaries of the offshore holding company may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Furthermore, failure to comply with the SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

We have requested Mr. Zhu, the PRC resident who we know holds interest in us to make the necessary applications, filings and amendments as required under SAFE Circular 37 and other related rules. We may not be fully informed of the identities of all our shareholders or beneficial owners who are PRC residents to ensure their compliance with SAFE Circular 37 or other related rules. In addition, we cannot provide any assurance that all of our shareholders and beneficial owners who are PRC residents will comply with our request to make, obtain or update any applicable registrations or comply with other requirements required by SAFE Circular 37 or other related rules in a timely manner. Even if our shareholders and beneficial owners who are PRC residents comply with such request, we cannot provide any assurance that they will successfully obtain or update any registration required by SAFE Circular 37 or other related rules in a timely manner due to many factors, including those beyond our and their control. For example, due to the inherent uncertainty in the implementation of the regulatory requirements by PRC authorities, such registration might not be always practically available under all circumstances as prescribed in those regulations. Any failure by our PRC residents shareholders or beneficial owners to register with SAFE or update their SAFE registrations in a timely manner pursuant to SAFE Circular 37 and subsequent implementation rules, or the failure of our future shareholders or beneficial owners who are PRC residents to comply with the registration requirements set forth in SAFE Circular 37 and subsequent implementation rules may result in penalties and limit our PRC subsidiary's ability to make distributions, pay dividends or other payments to us or affect our ownership structure and restrict our cross-border investment activities, which could adversely affect our business, financial condition and results of operations.

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

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies (關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) ("**SAFE Circular 7**"), replacing the previous rules issued by SAFE in March 2007. Under the SAFE Circular 7 and other relevant rules and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. Also, SAFE Circular 37 stipulates that PRC residents who participate in a share incentive plan of an overseas non-publicly-listed special purpose company may register with SAFE or its local branches before they exercise the share options. We and our PRC employees who have been granted share options will be subject to these regulations upon the completion of this Global Offering. Failure of our PRC share option holders to complete their SAFE registrations may subject these PRC residents to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiary, limit our PRC subsidiary's ability to distribute dividends to us, or otherwise materially and adversely affect our business.

The STA has also issued relevant rules and regulations concerning employee share incentives. Under these rules and regulations, our employees working in the PRC will be subject to PRC individual income tax upon exercise of the share options. Our PRC subsidiary has obligations to file documents with respect to the granted share options or restricted shares with relevant tax authorities and to withhold individual income taxes for their employees upon exercise of the share options or grant of the restricted shares. If our employees fail to pay or we fail to withhold their individual income taxes according to relevant rules and regulations, we may face sanctions imposed by the competent governmental authorities.

Relevant government authorities may require us to contribute additional social insurance premium or housing provident funds, or impose late payment fees or fines on us.

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. The amount we are required to contribute for each of our employees under such plan should be calculated based on the employee's actual salary level of previous year, and be subject to a minimum and maximum level as from time to time prescribed by local authorities. During the Track Record Period, we did not pay social insurance and housing provident fund in full for some of our employees based on their actual salary level. As a result, we may be required by competent authorities to pay the outstanding amount, and could be subject to late payment penalties or enforcement application made to the court. As of the Latest Practicable Date, no competent government authorities had imposed administrative action, fine or penalty to us with respect to this non-compliance incident nor had any competent government authorities required us to settle the outstanding amount of social insurance payments and housing provident fund contributions. We have not made any provisions for the social insurance and housing provident fund underpayment. For details, see "Business – Compliance." We cannot assure you that the competent local government authorities will not require us to pay the outstanding amount within a specified time limit or impose late fees or fines on us, which may materially and adversely affect our financial condition and results of operations.

During the Track Record Period, our Company and some of our PRC subsidiaries engaged third-party human resources agencies to pay social insurance premium and housing provident funds for certain of our employees. Pursuant to the PRC laws and regulations, we are required to pay social insurance premium and housing provident funds for our employees under our own accounts instead of making payments under third-party accounts. The contributions to social insurance premium and housing provident funds made through third-party accounts may not be viewed as contributions made by us, and as a result, we may be required by competent authorities to pay the outstanding amount, and could be subject to late payment penalties or enforcement application made to the court. Pursuant to the agreements entered into between such third-party human resources agencies and our Company or our relevant PRC subsidiaries, the third-party human resources agencies have the obligation to pay social insurance premium and housing provident funds for our relevant employees. These third-party human resources agencies have confirmed in writing that they have paid such contributions in compliance with applicable laws and regulations. As of the Latest Practicable Date, neither our Company nor our PRC subsidiaries had received any administrative penalty or labor arbitration application from employees for its agency arrangement with third-party human resources agencies. For details, see "Business – Compliance." In addition, if such human resource agencies fail to pay the social insurance premium or housing provident funds for and on behalf of our employees as required by applicable PRC laws and regulations, we may also be subject to additional contribution, late payment fee and/or penalties imposed by the relevant PRC authorities for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify. This in turn may adversely affect our

financial condition and results of operations. Although we plan to comply with requests and requirements, if any, imposed by the relevant regulatory agencies on us with respect to our engagement of third-party human resources agencies, we cannot assure you that we would not be required to make additional payments or be subject to penalties or liabilities in relation to our existing practice.

On July 20, 2018, the General Office of the Communist Party of China and the General Office of the State Council of the PRC issued the Reform Plan of the State Tax and Local Tax Collection Administration System (《國税地税徵管體制改革方案》) (the "**Reform Plan**"). Pursuant to the Reform Plan, starting from January 1, 2019, tax authorities shall be responsible for the collection of social insurance contributions in the PRC. However, only limited specific implementing rules for the Reform Plan have been issued, and the effect of the Reform Plan is uncertain at the current stage. We cannot guarantee that the amount of social insurance contributions we would be required to pay will not increase, nor that we would not be required to pay any shortfalls or be subject to any penalties or fines, any of which may have a material adverse effect on our business and results of operations.

We may be subject to fines or penalties by relevant governmental authorities in respect of our construction projects.

Our Company underwent a series of construction projects in connection with our business operation during the Track Record Period. On April 18, 2017, the NDRC issued Administrative Measures for the Approval and Filing of Enterprise Investment Projects (企業投資項目核准和備案管理辦法) (the "**Administrative Measures**"). Pursuant to the Administrative Measures, we are required to register our manufacturing projects with the relevant bureaus of the Development and Reform Committee of China. During the Track Record Period and as of the Latest Practicable Date, we did not register our construction projects related to our manufacturing and testing facilities before commencement of the construction and the use of such premises with the relevant bureaus of the Development and Reform Committee of China. As a result, under the Administrative Measures, we may be ordered to rectify within a specified period, and may be subject to fines and other administrative penalties imposed by those government authorities, which may have a negative impact on our business operations.

In May 2012, the State Administration of Work Safety of the PRC (國家安全監管總局) issued the Catalogue of Classification and Management of Occupational Disease Hazards in Construction Projects (《建設項目職業病危害風險分類管理目錄》) (the "**Catalogue**"). Pursuant to the Catalogue, we are required to carry out (1) the project declaration of occupational disease hazards, (2) the pre-evaluation of occupational diseases, (3) the design, construction and putting into use of occupational disease protection facilities, (4) the evaluation of the effect of control of occupational disease hazards and acceptance of protection facilities, and (5) the testing of occupational disease hazards regularly for our manufacturing projects. During the Track Record Period and as of the Latest Practicable Date, we did not carry out any of the aforementioned procedures as ascribed under the Catalogue except that

Hangzhou Nuohui completed testing of occupational disease hazards for the years of 2018, 2019 and 2020. Under the Catalogue, we may be subject to fines and other administrative penalties imposed by those government authorities, which may have a negative impact on our business operations.

Government control of currency conversion and future fluctuations in Renminbi exchange rates could have a material adverse effect on our business, results of operations, financial condition and prospects, and may reduce the value of, and dividends payable on, our Shares in foreign currency terms.

Our revenue and expenses are substantially denominated in Renminbi, which is currently not a freely convertible currency. A portion of the revenue must be converted into other currencies in order to meet our foreign currency obligations. For example, we will need to obtain foreign currency to make payments of declared dividends, if any, on our Shares.

Under China's existing foreign exchange regulations, we are able to make payments of current account items, including paying dividends in foreign currencies without prior approval from SAFE, by complying with certain procedural requirements. However, in the future, China's government may take measures, at its discretion, to restrict access to foreign currencies for capital account and current account transactions under certain circumstances. If such measures are implemented, we may not be able to pay dividends in foreign currencies to holders of our Shares. Foreign exchange transactions under our capital account are subject to significant foreign exchange controls and require the SAFE's approval. These limitations could affect our ability to obtain foreign exchange through offshore financing.

The value of the Renminbi against the Hong Kong dollar and the U.S. dollar and other currencies fluctuates, and is subject to changes resulting from government policies (including those of the PRC government) and depends to a large extent on domestic and international economic and political developments, as well as supply and demand in the local market. From 1994 to July 2005, the official exchange rate for the conversion of Renminbi to the U.S. dollar was generally stable. In July 2005, the PRC government changed its policy of pegging the value of Renminbi to the U.S. dollar. Under the current policy, the Renminbi is pegged against a basket of currencies, determined by the PBOC, against which it can rise or fall within stipulated ranges against different currencies each day. This change in policy has resulted in an appreciation of the value of the Renminbi against the U.S. dollar of approximately 24.6% from July 21, 2005 to June 30, 2015. From July 2008 to June 2010, the Renminbi traded within a narrow range against the U.S. dollar. In April 2012, the PBOC expanded the floating range of Renminbi against the U.S. dollar in the inter-bank spot foreign exchange market from 0.5% to 1.0% and further expanded it to 2.0% in March 2014. In August 2015, the PBOC announced that the mid-point exchange rate for the floating range of the Renminbi against the U.S. dollar will be determined, based on market maker submissions that take into account the Renminbi-U.S. dollar exchange rate at the previous day's closing of the inter-bank spot foreign exchange market, the supply and demand dynamics and the movements of other major currencies. The Renminbi depreciated against the U.S. dollar by 6.7% by June 2017 following this August 2015 announcement by the PBOC. With an increased floating range of the Renminbi's value against

foreign currencies and a more market-oriented mechanism for determining the mid-point exchange rates, the Renminbi may further appreciate or depreciate significantly in value against the Hong Kong dollar and the U.S. dollar or other foreign currencies in the long-term, depending on the fluctuation of the basket of currencies against which it is currently valued; or it may be permitted to enter into a full float, which may also result in a significant appreciation or depreciation of the Renminbi against the U.S. dollar or other foreign currencies. We cannot assure you that the Renminbi will not experience significant appreciation or depreciation against the U.S. dollar or other foreign currencies in the future.

Our proceeds from the Global Offering will be denominated in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in a decrease in the value of our foreign currency-denominated assets and our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on our Shares in foreign currencies. There are limited instruments available for us to reduce our foreign currency risk exposure at reasonable cost in China, and we have not utilized, and may not in the future utilize, any such instrument. Furthermore, currently we are also required to obtain SAFE's approval before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect our business, results of operations, financial condition and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

The Chinese tax authorities have strengthened their scrutiny over transfers of equity interests in a Chinese resident enterprise by a non-resident enterprise.

On February 3, 2015, the STA issued the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (關於非居民企業間接轉讓財產企業所得税若干問題的公告) ("**Bulletin 7**"), which has been further amended by the Bulletin on Issues Concerning the Withholding of Non-PRC Resident Enterprise Income Tax at Source ("**Bulletin 37**") issued by the STA on October 17, 2017 and amended on June 15, 2018. Pursuant to these bulletins, an "indirect transfer" of PRC assets, including a transfer of equity interests in a non-PRC holding company of a Chinese resident enterprise, by non-Chinese resident enterprise may be re-characterized and treated as a direct transfer of the underlying PRC assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax (the "**PRC Taxable Assets**").

For example, Bulletin 7 provides that where a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets, PRC tax authorities may disregard the existence of the overseas holding company and re-characterize the nature of the indirect transfer of PRC Taxable Assets as a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC EIT and without any other reasonable commercial purpose.

Although Bulletin 7 contains certain exemptions, it is unclear whether any exemptions under Bulletin 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of China involving PRC Taxable Assets, or whether China's tax authorities will reclassify such transactions by applying Bulletin 7. Therefore, China's tax authorities may deem any transfer of our Shares by our shareholders that are non-resident enterprises, or any future acquisition by us outside of China involving PRC Taxable Assets, to be subject to the foregoing regulations, which may subject our shareholders or us to additional PRC tax reporting obligations or tax liabilities.

PRC regulations of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiary, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We may transfer funds to our PRC subsidiary or finance our PRC subsidiary by means of Shareholders' loans or capital contributions after completion of the Global Offering. Any loans to our PRC subsidiary, which are foreign-invested enterprises, cannot exceed statutory limits, which is either in the difference between the registered capital and the total investment amount of such FIE or a multiple of the FIE's net assets in the previous year, and shall be registered with the SAFE or its local counterparts. Any such loans to our PRC subsidiary are subject to PRC regulations and foreign exchange loan registration.

Furthermore, if we make any capital contributions to our PRC subsidiary, the PRC subsidiary is required to register the details of the capital contribution with the local branch of SAMR and submit a report on the capital contribution via the online enterprise registration system to the MOFCOM.

On March 30, 2015, the SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) ("**Circular 19**"), which took effect and replaced certain previous SAFE regulations from June 1, 2015. SAFE further promulgated the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) ("**Circular 16**"), effective on June 9, 2016, which, among other things, amend certain provisions of Circular 19. According to Circular 19 and Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope, or to provide loans to persons other than affiliates, unless otherwise permitted under its business scope. Circular 19 and Circular 16 may limit our ability to transfer the net proceeds from the Global Offering to our PRC subsidiary and convert the net proceeds into RMB.

We rely on dividends and other distributions on equity paid by our PRC subsidiary to fund any cash and financing requirements we may have. Any limitation on the ability of our PRC subsidiary to make payments to us could have a material adverse effect on our ability to conduct our business or financial condition.

We are a holding company, and we rely on dividends and other distributions on equity that may be paid by our PRC subsidiary for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to the holders of our ordinary shares and service any debt we may incur. If our PRC subsidiary incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

Under PRC laws and regulations, our PRC subsidiary is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. Furthermore, under PRC law, our PRC subsidiary cannot distribute any profits until all of its losses from prior fiscal years have been offset. At its discretion, our PRC subsidiary may allocate a portion of its after-tax profits based on PRC accounting standards to a discretionary reserve fund. Any limitation on the ability of our wholly-owned PRC subsidiary to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

In response to the persistent capital outflow in China and the Renminbi's depreciation against the U.S. dollar in the fourth quarter of 2016, the People's Bank of China and SAFE promulgated a series of capital control measures in early 2017, including stricter vetting procedures for domestic companies to remit foreign currency for overseas investments, dividends payments and shareholder loan repayments. The PRC government may continue to strengthen its capital controls, and more restrictions and substantial vetting process may be put forward by SAFE for cross-border transactions falling under both the current account and the capital account. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

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

During the Track Record Period, we purchased raw materials for our products from the domestic wholly-owned subsidiaries of certain overseas suppliers, and we procured services from entities in foreign countries and regions, in particular the United States. We may also engage in cross-border sales of our products between the U.S. and China in the future. Our business is therefore subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in those foreign countries and regions. In the event that China and/or the United States impose import tariffs, trade restrictions, export

controls 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. Our products may be subject to punitive tariffs or other trade barriers, if we engage in cross-border sales between the U.S. and China. Although as of the Latest Practicable Date, none of our products or product candidates was subject to any punitive tariff due to the trade tension between the U.S. and China, the governments may impose such tariff or even restrict the sales of our products in the future.

Tensions and political concerns between China and the relevant foreign countries or regions may adversely affect the macroeconomic conditions of the PRC which may in turn have a material adverse impact on our business, financial condition, results of operations, cash flows and prospects. China's political relationships with foreign countries and regions may also affect the prospects of our relationship with third parties. There can be no assurance that our existing or potential service providers or collaboration partners will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships between China and the relevant foreign countries or regions.

RISKS RELATED TO THE GLOBAL OFFERING

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

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

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

The price and trading volume of our 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 Shares. In addition to market and industry factors, the price and trading volume of our 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, business model, or corporate structure, 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 or ourselves. 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 Shares may be subject to changes in price not directly related to our performance.

There will be a gap of several days between pricing and trading of our Shares, and the price of our Shares when trading begins could be lower than the offer price.

The initial price to the public of our Shares sold in the Global Offering is expected to be determined on the Price Determination Date. However, the Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be not more than five Business Days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of the 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.

Future sales or perceived sales of a substantial number of our Shares in the public market following the Global Offering could materially and adversely affect the price of our 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 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 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 Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price of our Shares and our ability to raise equity capital in the future.

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

As the Offer Price of our Offer Shares is higher than our net tangible book value per share, purchasers of our Shares in the Global Offering may experience immediate dilution upon such purchases. Purchasers of 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.

Because we do not expect to pay dividends in the foreseeable future after the Global Offering, you must rely on price appreciation of our Shares for a return on your investment.

We 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 product candidates. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our Shares as a source for any future dividend income.

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

We cannot assure you that our Shares will remain listed on the Stock Exchange.

Although we currently intend to retain the listing of our Shares on the Stock Exchange, there is no guarantee of the continued listing of the Shares. Among other factors, our Shares may also fail to satisfy the listing requirements of the Stock Exchange. Accordingly, Shareholders will not be able to sell their Shares through trading on the Stock Exchange if the Shares are no longer listed on the Stock Exchange.

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

On April 30, 2018, the Stock Exchange adopted new rules under Chapter 18A of the Listing Rules. Under these rules, without the prior consent of the 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 of the Listing Rules. Were any of our competitors that are not listed on the 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.

Facts, forecasts and statistics in this Prospectus relating to the cancer screening industry may not be fully reliable.

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

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

Subsequent to the date of this document 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 Prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this Prospectus 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 in 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 and the Global Offering.

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

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, our Company must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since our headquarters and all of our business operations are not principally located, managed or conducted in Hong Kong, our Company does not, and for the foreseeable future, will not, have executive Directors who are ordinarily resident in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules. Our Company has made the following arrangements to maintain effective communication between the Stock Exchange and us:

(i) both of our Company's authorized representatives, Mr. Zhu, our CEO and one of our executive Directors, and Ms. Ching Man Yeung, one of our joint company secretaries will act as our Company's principal channel of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone and email;

(ii) each of the authorized representatives of our Company has means of contacting all Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matter;

(iii) each Director has provided his/her phone number and e-mail address to the authorized representatives of our Company and the Stock Exchange, and in the event that any Director expects to travel or otherwise be out of the office, he/she will provide the phone number of the place of his/her accommodation to the authorized representatives;

(iv) each of the Directors of our Company not ordinarily residing in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time;

(v) our Company has, in compliance with Rule 3A.19 of the Listing Rules, appointed Somerley Capital Limited as our compliance adviser (the "**Compliance Adviser**"), who will also act as an additional channel of communication with the Stock Exchange 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 Adviser 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 Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules;

(vi) any meeting between the Stock Exchange and the Directors will be arranged through the authorized representatives or the Compliance Adviser or directly with the Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and our Compliance Adviser; and

(vii) 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.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the Company must appoint a company secretary who possesses the necessary academic or professional qualifications or relevant experience is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

Note 2 to Rule 3.28 of the Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual's "relevant experience":

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

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

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

(d) professional qualifications in other jurisdictions.

We have principal business activities primarily outside Hong Kong. Our Company is established under the laws of the Cayman Islands and a significant part of our business operations are conducted in the PRC. All Directors and members of the senior management of the Company who are familiar with its activities and have extensive experience in board and corporate management matters presently do not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules.

We have therefore appointed Mr. Yu Gao and Ms. Ching Man Yeung as our joint company secretaries. Although Mr. Yu Gao does not possess the qualifications set out in Rule 3.28 of the Listing Rules, we would like to appoint him as a joint company secretary due to his past management experience within the Group and his thorough understanding of the internal administration and business operations of the Group. Mr. Yu Gao also has extensive experience and expertise in the healthcare industry relevant to the Company's industry and operations, and is familiar with the relevant PRC laws and regulations related to the healthcare industry and applicable to the Company. Further, as our Company's chief financial officer, Mr. Yu Gao has a close nexus and working relationship with the Directors and senior management team of the Company, and will be able to perform the function of a company secretary and to take the necessary actions in the most effective and efficient manner. See the section headed "Directors and Senior Management" in this Prospectus for further information regarding the qualifications and experience of Mr. Yu Gao and Ms. Ching Man Yeung.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Yu Gao as our joint company secretary. Pursuant to the Guidance Letter HKEX-GL108-20, the waiver will be for a fixed period of time ("**Waiver Period**") and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules ("**Qualified Person**") and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer. In order to provide support to Mr. Yu Gao, we have appointed Ms. Ching Man Yeung, a member of the Hong Kong Institute of Certified Public Accountants and an associate member of The Hong Kong Institute of Chartered Secretaries, who is a Qualified Person, as a joint company secretary to provide assistance to Mr. Yu Gao, for a three-year period from the Listing Date so as to enable him to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge his duties. If and when Ms. Ching Man Yeung ceases to be a joint company secretary before the end of the three-year period, the Company will appoint another Qualified Person as a replacement.

Such waiver will be revoked immediately if and when Ms. Ching Man Yeung ceases to be a joint company secretary or ceases to provide such assistance, and can also be revoked if there are material breaches of the Listing Rules by our Company. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Yu Gao, having had the benefit of Ms. Ching Man Yeung's and, if applicable, another Qualified Person's assistance for three years, will have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER AND EXEMPTION IN RELATION TO THE PRE-IPO SHARE INCENTIVE PLAN

Rule 17.02(1)(b) of the Listing Rules requires a listing applicant to, inter alia, disclose in the prospectus full details of all outstanding options and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the exercise of such outstanding options.

Paragraph 27 of Appendix 1A to the Listing Rules requires a listing applicant to disclose, inter alia, particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

Under section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the prospectus must state the matters specified in Part I of the Third Schedule.

Under paragraph 10 of Part I of the Third Schedule, the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the prospectus.

As of the Latest Practicable Date, share options granted to 196 grantees, including two Directors, two members of the senior management and 192 other employees of our Group (who were granted options to subscribe for 18,574,140 Shares, 4,000,000 Shares and 5,527,436 Shares, respectively), to subscribe for an aggregate of 28,101,576 Shares (as adjusted after the Share Subdivision), of which a portion of the options corresponding to 20,023,720 Class A Ordinary Shares have been exercised. Amongst such aggregate of 28,101,576 share options granted under the Pre-IPO Share Incentive Plan, as of the Latest Practicable Date, options to subscribe for 8,077,856 Class A Ordinary Shares (as adjusted after the Share Subdivision) were outstanding, for which the grantees include one Director (5,521,070 share options), one member of the senior management (1,520,834 share options) and 184 other employees of our Group (aggregate of 1,035,952 share options). In addition, options to subscribe for 11,750 Class A Ordinary Shares (as adjusted after the Share Subdivision) had terminated following the resignation of certain employees and were capable of being re-allocated to other grantees. Save for the foregoing, no other Shares will be issued pursuant to the Pre-IPO Share Incentive Plan. No option under the Pre-IPO Share Incentive Plan has been granted to other connected persons of the Company.

We have applied to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix 1A to the Listing Rules and (ii) the SFC for an exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the share options and certain grantees in this Prospectus on the ground that the waiver and the exemption will not prejudice the interest of the investing public and strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons:

(a) the share options granted to the Directors and members of the senior management, full details of which are disclosed in the Prospectus as explained in paragraph (c)(iv) below, already account for more than 80% of all exercised or outstanding share options under the Pre-IPO Share Incentive Plan as of the Latest Practicable Date;

(b) our Directors consider that it would be unduly burdensome to disclose in the Prospectus full details of all the share options granted by the Company to each of the grantees, which would significantly increase the cost and time required for information compilation and prospectus preparation for strict compliance with such disclosure requirements;

(c) material information on the share options has been disclosed in the Prospectus to provide prospective investors with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the share options in making their investment decision, and such information includes:

(i) a summary of the latest terms of the Pre-IPO Share Incentive Plan;

(ii) the aggregate number of Shares subject to the share options and the percentage of the Shares of which such number represents;

(iii) the dilutive effect and the impact on earnings per Share upon full exercise of the 8,077,856 outstanding share options immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised);

(iv) full details of the share options granted to the Directors and members of the senior management are disclosed in the Prospectus, and such details include all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part 1 of the Third Schedule;

(v) with respect to the share options granted by the Company under the Pre-IPO Share Incentive Plan to employees, other than those referred to in sub-paragraph (iv) above, details including the aggregate number of such grantees and the number of Shares subject to the share options, the consideration paid for the grant of the share options and the exercise period and the exercise price for the share options; and

(vi) should the Stock Exchange and the SFC grant a waiver and exemption, the particulars of the waiver and exemption, respectively;

and the above disclosure is consistent with the conditions ordinarily expected by the Stock Exchange in similar circumstances as set out in Guidance Letter HKEx-GL11-09 issued in July 2009 and updated in March 2014 by the Stock Exchange;

(d) with respect to the 192 other employees of the Group who have been granted share options under the Pre-IPO Share Incentive Plan to acquire an aggregate of 5,527,436 Shares (as adjusted after the Share Subdivision), such number of Shares

(representing only approximately 1.32% of the total issued share capital of the Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised) is not material in the circumstances of the Company, and the exercise in full of such share options will not cause any material adverse change in the financial position of the Company;

(e) with respect to the 184 other employees of the Group who have been granted share options under the Pre-IPO Share Incentive Plan to acquire an aggregate of 1,035,952 Shares (as adjusted after the Share Subdivision), such number of Shares (representing only approximately 0.25% of the total issued share capital of the Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised) is not material in the circumstances of the Company, and the exercise in full of such share options will not cause any material adverse change in the financial position of the Company;

(f) our Directors consider that non-compliance with the above disclosure requirements would not prevent the Company from providing potential investors with sufficient information for an informed assessment of the activities, assets, liabilities, financial position, management and prospects of the Group; and

(g) a full list of all the grantees containing all details as required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule will be made available for public inspection in accordance with the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection – Documents Available for Inspection" in Appendix V to the Prospectus.

The Stock Exchange has granted us a waiver from strict compliance with the relevant requirements under the Listing Rules subject to the conditions that disclosure in respect of the information referred to in paragraph (c) above has been made in this Prospectus.

The SFC has granted us a certificate of exemption under Section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule, subject to the conditions that:

(a) full details of the share options granted to the Directors, members of the senior management and other connected persons of the Company be disclosed in the Prospectus, and such details include all the particulars required under paragraph 10 of Part 1 of the Third Schedule;

(b) with respect to the share options granted by the Company under the Pre-IPO Share Incentive Plan to employees, other than those referred to in (a) above, the following details, including (i) the aggregate number of such grantees and the number of

Shares subject to the share options; (ii) the consideration paid for the grant of the share options; and (iii) the exercise period and the exercise price for the share options be disclosed in the Prospectus;

(c) a full list of all the grantees (including the persons referred to in sub-paragraph (a) above) who have been granted share options to acquire Shares under the Pre-IPO Share Incentive Plan, containing all the details as required under paragraph 10 of Part 1 of the Third Schedule, be made available for public inspection in accordance with the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection – Documents Available for Inspection" in Appendix V to the Prospectus; and

(d) the particulars of the exemption be set forth in this Prospectus and that this Prospectus will be issued on or before February 5, 2021.

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

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

Paragraph 27 of Part I of the Third Schedule requires a company to include in its 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 further requires a 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 for each of three financial years immediately preceding the issue of the prospectus and (ii) the assets and liabilities of the company of 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 interest of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or would otherwise be unnecessary or inappropriate.

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

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 requires that a 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 a Biotech Company must comply with Rule 4.04 of the Listing Rules modified so that references to "three financial years" or "three years" in Rule 4.04 shall instead be references to "two financial years" or "two years", as the case may be. Further, pursuant to Rule 8.06 of the Listing Rules, the latest financial period reported on by the reporting accountants for a new applicant must not have ended more than six months from the date of the listing document.

In compliance with the abovementioned requirements under the Listing Rules, the accountants' report of our Company set out in Appendix I to this Prospectus is currently prepared to cover the two financial years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020.

As such, the Joint Sponsors have applied, on behalf of our Company, to the SFC for a certificate of exemption from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule regarding the inclusion of the 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 discovery, development, manufacturing and commercialization of biotech products, and falls within the scope of Biotech Company as defined under Chapter 18A of the Listing Rules. Our Company will fulfill the additional conditions for listing required under Chapter 18A of the Listing Rules;

(b) as of the Latest Practicable Date, we have generated limited revenue from product sales. Major financing activities conducted by the Company since its incorporation include the Pre-IPO Investments, the details of which have been fully disclosed in the section headed "History, Restructuring and Corporate Structure – Pre-IPO Investments" in this Prospectus;

(c) given that our Company is only required to disclose its financial results for each of the two financial years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020 under Chapter 18A of the Listing Rules and preparation of the financial results for the year ended December 31, 2017 would require additional work to be performed by our Company and our auditors, strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule would be unduly burdensome for our Company;

(d) notwithstanding that the financial results set out in this Prospectus are only for the two financial years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this Prospectus pursuant to the relevant requirements; and

(e) the accountants' report covering the two financial years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020 (as set out in Appendix I to this Prospectus), together with other disclosures in this Prospectus, have already provided adequate and reasonable up-to-date information in the circumstances for the potential investors to make an informed assessment of the business, assets and liabilities, financial position, management and prospects and to form a view on the track record of our Company. Therefore, the exemption would not prejudice the interest of the 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 on the condition that particulars of the exemption are set out in this Prospectus and that this Prospectus will be issued on or before February 5, 2021.

WAIVER FROM COMPLIANCE WITH RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM COMPLIANCE WITH SECTION 342(1) 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

The Accountants' Report set out in Appendix I to this Prospectus contains the audited consolidated results of our Group for the two years December 31, 2018 and 2019 and the nine months ended September 30, 2020. The loss estimate set out in Appendix IIA contains the loss

estimate for the year ended December 31, 2020 which is estimated by the Directors based on the audited results for the nine months ended September 30, 2020 and the management accounts for the three months ended December 31, 2020.

Rule 4.04(1) of the Listing Rules requires that the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of the document be included in the Accountants' Report to this Prospectus.

Section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all prospectuses to include an accountant's report which contains the matters specified in 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 that we set out in this Prospectus a statement as to the gross trading income or sales turnover (as may be appropriate) of our Group during each of the three financial years immediately preceding the issue of this Prospectus.

Paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires that we include in this Prospectus a report by the auditors with respect to the profit and loss of our Group for each of the three financial years ended immediately preceding the issue of this Prospectus and the assets and liabilities of our Group as at the end of each of the three financial years ended immediately preceding the issue of this Prospectus.

An application has also been made to the to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules in relation to the inclusion of the Accountants' Report for the full financial year ended December 31, 2020 in this Prospectus on the following grounds:

(a) Our Directors are of the view that there is no event which would materially affect the information contained in the Accountants' Report and the loss estimate of our Group as contained in Appendix IIA to this Prospectus. Based on the due diligence work performed by the Joint Sponsors so far, nothing has come to the attention of the Joint Sponsors for them to cast doubt on the views of our Directors expressed above. Our Directors and the Joint Sponsors consider that all information that is reasonably necessary for the potential investors to make an informed assessment of the activities or financial position of our Group has been included in this Prospectus;

(b) our Directors and the Joint Sponsors believe that a waiver from strict compliance with Rule 4.04(1) of the Listing Rules would not prejudice the interests of the investing public;

(c) our Company shall be listed on the Stock Exchange within three months after December 31, 2020, being the latest financial year end of our Company;

(d) the Prospectus contains a statement from our Directors that there has been no material adverse change to the financial and trading positions or prospect of our Group since September 30, 2020 (being the date of which the latest audited consolidated financial statement of our Group were made up) and up to December 31, 2020;

(e) in accordance with Guidance Letter HKEX-GL-25-11, an estimate of the consolidated profit of our Group for the year ended December 31, 2020 has been included in the Prospectus. Investing public would thus be given some guidance as to the Company's financial performance for the year ended December 31, 2020; and

(f) our Company shall publish its annual results and annual report within the time prescribed under the Rules 13.49(1) and 13.46(1) of the Listing Rules, respectively.

The Stock Exchange has granted us a waiver from strict compliance with Rule 4.04(1) of the Listing Rules on the conditions that (i) the Listing Date shall not be later than three months after the latest financial year end of the Company (i.e. on or before March 31, 2021); (ii) we have obtained a certificate of exemption from the SFC from similar requirements under section 342(1) in relation to paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; (iii) a loss estimate for the financial year ended December 31, 2020 in compliance with Rules 11.17 to 11.19 of the Listing Rules shall be included in this Prospectus; and (iv) a Directors' statement that there is no material adverse change to our financial and trading positions or prospects with specific reference to the trading results from September 30, 2020 to December 31, 2020 shall be included in this Prospectus.

In connection with a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting the 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 mentioned above, an application has been made to the SFC for the certificate of exemption from strict compliance with section 342(1) 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 in relation to the inclusion of the Accountants' Report for the full financial year ended December 31, 2020 in this Prospectus on the following grounds:

(a) our Directors are of the view that there is no event which would materially affect the information contained in the Accountants' Report and the loss estimate of our Group as contained in Appendix IIA to this Prospectus. Based on the due diligence work performed by the Joint Sponsors so far, nothing has come to the attention of the Joint Sponsors for them to cast doubt on the views of our Directors expressed above. Our Directors and the Joint Sponsors consider that all information that is reasonably necessary for the potential investors to make an informed assessment of the activities or financial position of our Group has been included in this Prospectus;

(b) our Directors and the Joint Sponsors believe that an exemption from strict compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance would not prejudice the interests of the investing public; and

(c) strict compliance with section 342(1) 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 would be unduly burdensome in order for the audited results of our Group for the year ended December 31, 2020 to be finalized shortly after the 2020 year end. If the full year results of our Group for 2020 were to be included in this Prospectus, there will be a considerable delay in the listing timetable. If the financial information is required to be audited up to December 31, 2020, our Company and the reporting accountants would have to undertake a considerable amount of work to prepare, update and finalize the Accountants' Report to cover such additional period within a short period of time.

Our Directors consider that the benefits of such work to the prospective investors of our Company may not justify the additional work and expenses involved and the delay in the listing timetable, given that it is expected that there would be no significant change in the financial position of our Group since September 30, 2020, being the expiry of the period reported on by Deloitte Touche Tohmatsu, our Company's reporting accountants.

A certificate of exemption has been granted by the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that (i) this Prospectus will be issued on or before February 5, 2021 and the Shares will be listed on or before March 31, 2021; and (ii) the particulars of the exemption are set out in this Prospectus.

Our Directors have confirmed that they have ensured that sufficient due diligence has been performed and that up to the Latest Practicable Date, there has been no material adverse change in our financial or trading position since September 30, 2020 (being the date to which the latest consolidated financial statements of our Group were made up), including the three months up to December 31, 2020 and there has been no event which would materially affect the information shown in the Accountants' Report (as set out in Appendix I to this Prospectus) and the loss estimate of our Group (as set out in Appendix IIA to this Prospectus). Based on the due diligence work performed by the Joint Sponsors so far, nothing has come to the attention of the Joint Sponsors for them to cast doubt on the views of our Directors expressed above. The above confirmation of no material adverse change is based on the fact that loss incurred by the Company for the nine months ended September 30, 2020 was RMB533,485,000 as set out in the accountant's report in Appendix I of this Prospectus and the loss incurred by the Company for the year ended December 31, 2020 was not more than RMB790,000,000 as set out in the loss estimate in Appendix IIA of this Prospectus.

WAIVER FROM PRINTED PROSPECTUS

Pursuant to Rules 12.04(3), 12.07 and 12.11 of the Listing Rules, we are required to make available copies of the Prospectus in printed form.

The waiver from the requirements to make available printed copies of the Prospectus is in line with recent amendments to the Listing Rules relating to environmental, social and governance ("**ESG**") matters. As the Hong Kong Stock Exchange noted on page 1 of its Consultation Conclusions on Review of the Environmental, Social and Governance Reporting Guide and Related Listing Rules dated December 2019, such amendments relating to ESG matters "*echo the increasing international focus on climate change and its impact on business*". Electronic, in lieu of printed, prospectuses and application forms will help mitigate the environmental impact of printing, including the exploitation of precious natural resources such as trees and water, the handling and disposal of hazardous materials, air pollution, among others.

We also note that in light of the uncertain situation of the ongoing COVID-19 pandemic, an electronic application process with a paperless prospectus will reduce the need for prospective investors to gather in public, including branches of the receiving bank and other designated points of collection, in connection with the Hong Kong Public Offering.

Accordingly, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 12.04(3), 12.07 and 12.11 of the Listing Rules in respect of the availability of copies of the prospectus in printed form.

We have adopted a fully electronic application process for the Hong Kong Public Offering and 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.

Our Hong Kong Share Registrar has implemented enhanced measures to support the **HK eIPO White Form** service, including increasing its server capacity and making available a telephone hotline to answer investors' queries in connection with the fully electronic application process. For details of the telephone hotline and the application process, please see "How to Apply for Hong Kong Offer Shares".

We will adopt additional communication measures to inform potential investors that they can only subscribe for the Hong Kong Offer Shares electronically, including: (i) publishing a formal notice of the Global Offering on the websites of the Stock Exchange and the Company and in selected English and Chinese local newspapers describing the fully electronic application process including the available channels for share subscription; (ii) advertising through the **HK eIPO White Form** Service Provider the electronic methods for subscription of the Hong Kong Offer Shares; (iii) the enhanced support provided by our Hong Kong Share Registrar and the **HK eIPO White Form** Service Provider in relation to the Hong Kong Public Offering; and (iv) issuing a press release to remind investors that no printed prospectuses or application forms will be provided.

CONTINUING CONNECTED TRANSACTIONS

Our Company has entered into, and is expected to continue after the Listing, certain transactions in respect of the Contractual Arrangements which will constitute non-exempt continuing connected transactions as defined under the Listing Rules. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the connected transactions under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange, subject to certain conditions. For further information on such waiver please refer to the section headed "Connected Transactions" in this Prospectus.

WAIVER FROM STRICT COMPLIANCE WITH RULE 10.04 OF THE LISTING RULES AND CONSENT PURSUANT TO PARAGRAPH 5(2) OF APPENDIX 6 TO THE LISTING RULES

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the applicant may only subscribe for or purchase securities for which listing is sought if no securities will be offered to them on a preferential basis and no preferential treatment will be given to them in the allocation of securities.

Paragraph 5(2) of Appendix 6 to the Listing Rules provides, inter alia, that without the prior written consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees, unless any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Guidance Letter HKEX-GL92-18 (Suitability for Listing of Biotech Companies) provides that existing shareholders are allowed to participate in the initial public offering of a Biotech Company (as defined under Chapter 18A of the Listing Rules) provided that the applicant complies with Rules 8.08(1) and 18A.07 of the Listing Rules in relation to shares held by the public. Further, pursuant to paragraph 5.2 of Guidance Letter HKEX-GL92-18 (Suitability for Listing of Biotech Companies), an existing shareholder holding less than 10% of shares in a Biotech Company may subscribe for shares in the Proposed Listing as either a cornerstone investor or as a placee and an existing shareholder holding 10% or more of shares in a Biotech Company may subscribe for shares in the Proposed Listing as a cornerstone investor.

As further described in the section headed "Cornerstone Investors", Rock Springs Capital Master Fund LP, Cormorant (as defined therein), LAV Amber Limited, OrbiMed Funds (as defined therein) and Octagon Investments Master Fund LP (collectively, the "**Relevant Cornerstone Investors**"), each of which is an existing Shareholder or its close associates, have entered into cornerstone investment agreements with the Company.

We have applied for a waiver from strict compliance with the requirements under Rule 10.04 of, and a consent under paragraph 5(2) of Appendix 6 to, the Listing Rules, to allow the Relevant Cornerstone Investors, to participate as cornerstone investors in the Global Offering. The Stock Exchange has agreed to grant the requested waivers and consents subject to the conditions that:

(a) we will comply with the public float requirements of Rules 8.08(1) and 18A.07 of the Listing Rules;

(b) the Offer Shares to be subscribed by and allocated to the Relevant Cornerstone Investors under the Global Offering will be at the same Offer Price and on substantially the same terms as other cornerstone investors in the Global Offering (including being subject to a six-month lock up arrangement following Listing);

(c) no preferential treatment has been, nor will be, given to the Relevant Cornerstone Investors by virtue of their relationship with the Company in any allocation in the Global Offering other than the preferential treatment of assured entitlement under the cornerstone investment which follows the principles set out in Guidance Letter HKEX-GL51-13, that, the cornerstone investment agreement of the Relevant Cornerstone Investors, does not contain any material terms which are more favorable to them than those in other cornerstone investment agreements; and

(d) details of the allocation of the Offer Shares to the Relevant Cornerstone Investors as cornerstone investors under the Global Offering are disclosed in this prospectus, and details of the allocation will be disclosed in the allotment results announcement of our Company.

For further information about the cornerstone investments of the Relevant Cornerstone Investors, please refer to the section headed "Cornerstone Investors" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus, for which our Directors 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 (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. 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 herein or this Prospectus misleading.

GLOBAL OFFERING

This Prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this Prospectus contains the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this Prospectus 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 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 Joint Bookrunners, the Joint Lead Managers and any of the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Representatives. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date.

The Offer Price is expected to be determined between the Joint Representatives (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, February 10, 2021 and, in any event, not later than Thursday, February 11, 2021 (unless otherwise determined between the Joint Representatives (on behalf of the Underwriters) and our Company). If, for whatever reason, the Offer Price is not agreed between the Joint Representatives and our Company on or before Thursday, February 11, 2021, the Global Offering will not become unconditional and will lapse immediately.

See the section headed "Underwriting" in this Prospectus for further information about the Underwriters and the underwriting arrangements.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set forth in "How to Apply for Hong Kong Offer Shares" in this Prospectus.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed "Structure of the Global Offering" in this Prospectus.

SELLING RESTRICTIONS ON OFFERS AND SALE OF SHARES

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

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, 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 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 jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, (a) the Shares in issue (being the Shares to be converted from Preferred Shares, Class B Ordinary Shares and Class A Ordinary Shares); (b) the Shares to be issued pursuant to the Global Offering (including the Over-allotment Option); and (c) the Shares which may be issued upon the exercise of outstanding options granted under the Pre-IPO Share Incentive Plan.

Dealings in the Shares on the Stock Exchange are expected to commence on Thursday, February 18, 2021. No part of our Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought. All Offer Shares will be registered on the Hong Kong Share Register of our Company in order to enable them to be traded on the Stock Exchange.

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 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 our Company by the Stock Exchange.

OVER-ALLOTMENT OPTION AND STABILISATION

Details of the arrangements relating to the Over-allotment Option and stabilisation are set out in the section headed "Structure of the Global Offering" in this Prospectus. Assuming that the Over-allotment Option is exercised in full, the Company may be required to issue up to an additional 11,489,500 new Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or 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 Business 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 for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

SHARE REGISTER AND STAMP DUTY

Our principal register of members will be maintained in the Cayman Islands by our principal registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands. Our Hong Kong Share Register will be maintained by the Hong Kong Share Registrar, Tricor Investor Services Limited, in Hong Kong.

All Offer Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Hong Kong register of members of our Company in Hong Kong. Dealings in the Shares registered in our Hong Kong register of members will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, holding and dealing in the Shares or exercising any rights attached to them. It is emphasised that none of the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective affiliates, directors, supervisors, employees, agents or advisers or any other party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares or exercising any rights attached to them.

EXCHANGE RATE CONVERSION

Solely for your convenience, this Prospectus contains translations of certain Renminbi amounts into Hong Kong dollars, of Renminbi amounts into U.S. dollars and of Hong Kong dollars into U.S. dollars at specified rates.

Unless we indicate otherwise, the translation of Renminbi into Hong Kong dollars, of Renminbi into U.S. dollars and of Hong Kong dollars into U.S. dollars, and vice versa, in this Prospectus was made at the following rates:

RMB0.83647 to HK$1.00

RMB6.4845 to US$1.00

HK$7.75222 to US$1.00

No representation is made that any amounts in Renminbi, Hong Kong dollars or U.S. dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

LANGUAGE

If there is any inconsistency between the English version of this Prospectus and the Chinese translation of this Prospectus, the English version of this Prospectus shall prevail unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in the English Prospectus that are not in the English language and are English translations, the names in their respective original languages shall prevail.

ROUNDING

Any discrepancies in any table or chart in this Prospectus between total and sum of amounts listed therein are due to rounding.

DIRECTORS

Name	Address	Nationality
Chairman and executive Director		
Dr. Yiyou CHEN (陳一友)	5-1604, No. 201 Jianghan East Road Binjiang District Hangzhou, Zhejiang PRC	American
Executive Director		
Mr. Yeqing ZHU (朱葉青)	5-702, North District of Ruyuan, Xibeiwang Town Haidian District Beijing PRC	Chinese
Non-executive Directors		
Mr. Naxin YAO (姚納新)	Room 2802, Unit 2 Building 2 Shuijing Lanxuan Area Binjiang District Hangzhou PRC	Chinese
Ms. Nisa Bernice Wing-Yu LEUNG, *J.P.* (梁潁宇)	1/F, 15 Wang Chiu Road Kowloon Hong Kong	Chinese (Hong Kong)
Mr. Quan ZHOU (周琁)	5-1-801, Yuanyang Fengjing Area Deshengmen Haidian District Beijing PRC	Chinese
Mr. Siu Wai NG (伍兆威)	Flat D, 16/F Block 6, Sorrento 1 Austin Road West Kowloon, Hong Kong	Chinese (Hong Kong)

Name	Address	Nationality
Independent non-executive Directors		
Mr. Danke YU (余丹柯)	34 Belinda Crescent Wheelers Hill Victoria State Australia	Australian
Prof. Hong WU (吳虹)	No. 607, Building 1 Wudaokou Jiayuan No. 3 Zhanchunyuan West Road Haidian District Beijing PRC	Chinese
Dr. Kwok Tung LI, Donald, *S.B.S., J.P.* (李國棟)	4th Floor, Block K, Pine Court 5 Old Peak Road Mid-levels Hong Kong	Chinese (Hong Kong)

Please see the section headed "Directors and Senior Management" in this Prospectus for further details of our Directors.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**Goldman Sachs (Asia) L.L.C.** 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong **UBS Securities Hong Kong Limited** 52/F, Two International Finance Centre 8 Finance Street Central Hong Kong
Joint Representatives	**Goldman Sachs (Asia) L.L.C.** 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong **UBS AG Hong Kong Branch** 52/F, Two International Finance Centre 8 Finance Street Central Hong Kong
Joint Global Coordinators and Joint Bookrunners	**Goldman Sachs (Asia) L.L.C.** 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong **UBS AG Hong Kong Branch** 52/F, Two International Finance Centre 8 Finance Street Central Hong Kong **Haitong International Securities Company Limited** 8/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong **BOCI Asia Limited** 26/F, Bank of China Tower 1 Garden Road Central Hong Kong

China Industrial Securities International Capital Limited
7/F, Three Exchange Square
8 Connaught Place
Central
Hong Kong

Daiwa Capital Markets Hong Kong Limited
Level 28, One Pacific Place
88 Queensway
Hong Kong

VMS Securities Limited
49/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

Joint Lead Managers

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

UBS AG Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Haitong International Securities Company Limited
8/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

China Industrial Securities International Capital Limited
7/F, Three Exchange Square
8 Connaught Place
Central
Hong Kong

Daiwa Capital Markets Hong Kong Limited
Level 28, One Pacific Place
88 Queensway
Hong Kong

VMS Securities Limited
49/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

Futu Securities International (Hong Kong) Limited
Unit C1-2, 13/F United Centre
No.95 Queensway
Admiralty
Hong Kong

Legal advisors to our Company

As to Hong Kong and United States laws:

Davis Polk & Wardwell
18/F, The Hong Kong Club Building
3A Chater Road
Hong Kong

As to PRC laws:

Fangda Partners
27/F, North Tower
Beijing Kerry Centre
1 Guanghua Road
Chaoyang District
Beijing
PRC

As to Cayman Islands laws:

Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Legal advisors to the Joint Sponsors and the Underwriters	*As to Hong Kong and United States laws:* **Sullivan & Cromwell (Hong Kong) LLP** 28th Floor, Nine Queen's Road Central Hong Kong *As to PRC laws:* **JunHe LLP** 20/F, China Resources Building 8 Jianguomenbei Avenue Beijing PRC
Auditor and Reporting Accountants	**Deloitte Touche Tohmatsu** *Registered Public Interest Entity Auditor* 35/F, One Pacific Place 88 Queensway Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 1014 – 1018, Tower B Greenland Center 500 Yunjin Road Xuhui District Shanghai, 200232 PRC
Compliance Adviser	**Somerley Capital Limited** 20/F China Building 29 Queen's Road Central Hong Kong
Receiving Bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Registered Office	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head Office and Principal Place of Business in the PRC	13/F, T1 Building 400 Jiang'er Road Binjiang District Hangzhou Zhejiang PRC
Principal Place of Business in Hong Kong	40th Floor, Sunlight Tower No. 248 Queen's Road East Wanchai Hong Kong
Company's Website	**ir.newhorizonbio.com** *(information on this website does not form part of this Prospectus)*
Joint Company Secretaries	Mr. Yu Gao (高煜) Apt. 9-901 873 Xiangyin Road Shanghai 200433 PRC Ms. Ching Man Yeung (楊靜文) *Member of the Hong Kong Institute of Certified Public Accountants and Associate Member of The Hong Kong Institute of Chartered Secretaries* 40th Floor, Sunlight Tower No. 248 Queen's Road East Wanchai Hong Kong

Authorized Representatives	Mr. Yeqing Zhu (朱葉青) 5-702, North District of Ruyuan, Xibeiwang Town Haidian District Beijing PRC Ms. Ching Man Yeung (楊靜文) 40th Floor, Sunlight Tower No. 248 Queen's Road East Wanchai Hong Kong
Audit Committee	Mr. Danke Yu (余丹柯) (Chairperson) Ms. Nisa Bernice Wing-Yu Leung, *J.P.* (梁潁宇) Dr. Kwok Tung Li, Donald, *S.B.S., J.P.* (李國棟)
Remuneration Committee	Prof. Hong Wu (吳虹) (Chairperson) Mr. Yeqing Zhu (朱葉青) Mr. Danke Yu (余丹柯)
Nomination Committee	Dr. Yiyou Chen (陳一友) (Chairperson) Prof. Hong Wu (吳虹) Mr. Danke Yu (余丹柯)
Principal Share Registrar	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

Hong Kong Share Registrar

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Banks

China Merchants Bank
Shenzhen Offshore Banking Department
No. 7088 Shennan Road
Futian District
Shenzhen 518040
PRC

Silicon Valley Bank
3003 Tasman Drive
Santa Clara
CA 95054, USA

The information and statistics set out in this section and other sections of this Prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers. In addition, we engaged Frost & Sullivan in preparing the Frost & Sullivan Report, an independent industry report in respect of the Global Offering. We believe that the sources of the information in this section and other sections of this Prospectus are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official and non-official sources has not been independently verified by us, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, save for Frost & Sullivan, and no representation is given as to its accuracy. Accordingly, the information from official and non-official sources contained herein may not be accurate and should not be unduly relied upon. Our Directors confirm that, after making reasonable enquiries, there is no adverse change in the market information since the date of the Frost & Sullivan Report that would qualify, contradict or have a material impact on the information in this section.

CANCER SCREENING INDUSTRY

Despite the significant advances in treatments of cancer over the last century, cancer remains a major challenge for modern medicine with significant unmet medical needs. According to Frost & Sullivan, the global incidence of cancer increased from 16.8 million cases in 2015 to 18.5 million cases in 2019, and is estimated to reach 24.1 million cases in 2030. China has the world's highest annual cancer incidence, which increased from 4.0 million cases in 2015 to 4.4 million cases in 2019, and is estimated to reach 5.7 million cases in 2030, according to Frost & Sullivan.

The overall five-year survival rate from 2003 to 2013 of cancers is 40.5% in China, as compared to 67.1% in the United States, according to Frost & Sullivan. The higher survival rate in the United States was primarily due to the more developed cancer prevention mechanism, higher public awareness for cancer, stronger government support for cancer screening and early detection, higher penetration rate and broader insurance coverage for cancer screening in the United States as compared to those in China.

US National Cancer Institute's SEER categorizes the course of cancer into three stages at the time of diagnosis: (i) localized stage (also referred to as the early stage of cancer), if the cancer is found only in certain part of the body, (ii) regional stage, if the cancer has spread to regional lymph nodes, and (iii) distant stage (also referred to as the late stage of cancer), if the cancer is metastasized. Such cancer staging system is commonly accepted and used in the medical communities. Precancerous stage refers to the lesion involving abnormal cells which are associated with an increasing risk of developing into cancer but are not yet cancerous.

Cancer screening aims to detect cancer early at asymptomatic or precancerous stage, when it can be prevented or cured. Ideal cancer screening tests should offer clinical utility, convenience and cost-effectiveness, which can be accessed and afforded by general population. Furthermore, cancer screening can notably reduce cancer mortality and help reduce cancer incidence. Auxiliary diagnostic test is designed to be optionally used in combination with Standard of Care diagnostic tests for symptomatic patients, and is not intended or approved to be used on standalone basis. Diagnostic tests can establish the definitive presence or absence of a cancer for symptomatic or suspected patients, but are often invasive, expensive, or inconvenient, which greatly limit their widespread use for general population. The following table sets forth the details of screening tests, auxiliary diagnostic tests and diagnostic tests:

	Screening Tests	Auxiliary Diagnostic Tests	Diagnostic Tests
Purpose	• Identify undiagnosed cancer or its precursor lesions in an apparently healthy, asymptomatic population	• Provide auxiliary evidence to support clinical diagnosis	• Establish definitive presence/absence of the disease
Addressable Population	• General at-risk population	• Suspected patients with symptoms	• Symptomatic individuals or individuals with positive screening test
Test Criteria	• Convenient, non-invasive and accessible by patients and medical staff • Low false negative rate (i.e. high reliability in establishing absence of the disease) • Standalone test	• Often non-invasive • Optional use in combination with Standard of Care diagnostic tests; not approved to be used on standalone basis	• Can be invasive but justifiable as necessary to establish diagnosis • Low false positive rate (i.e. high reliability in establishing presence of the disease)
Benefits on Patients	• Prevent cancer by early identification and intervention of precancerous lesions, thereby reducing cancer incidence • Reduce disease burden by early intervention, increase patient survival rate, and save treatment cost by identifying disease at earlier stage (often asymptomatic)	• Provide auxiliary evidence for the doctor to enable better clinical decision	• Confirm or determine the presence and stage of cancer in an individual suspected of having a cancer
Clinical Trial Requirements	• Generally chosen towards high sensitivity in order not to miss potential patients • Large-scale prospective cohort clinical study is required • Head-to-head comparison against gold standard is required to measure test sensitivity and specificity	• Sensitivity and specificity are not highly emphasized • Retrospective study is typical, and no prospective study required • Comparison between the new technology and the existing methods is recommended	• Chosen towards high specificity. More weight given to accuracy and precision than to patient acceptability • Tests with additional visual information (such as imaging) are often preferred

Source: WHO, Frost & Sullivan Report

Cancer screening is the use of a clinical test among at-risk individuals. If detected at early or precancerous stages, cancer can be prevented or cured with high reliability and at relatively low costs. Therefore, effective cancer screening tests deliver clinical value, economic value and social value. Sensitivity of a clinical test refers to the ability of the test to correctly identify the individuals with cancer; a high sensitivity is clearly important where the test is used to identify a serious but treatable cancer (e.g. colorectal cancer and cervical cancer). Specificity of a clinical test refers to the ability of the test to correctly identify the individuals without cancer. An ideal screening test should deliver definitive results with absolute certainty (i.e. 100% sensitivity and 100% specificity), however such test is often unavailable; a good alternative and practical screening strategy is to subject individuals to a screening test with high sensitivity, followed by a diagnostic test with high specificity for those who are tested positive by the screening test.

Despite its high incidence of cancer, China lags far behind the U.S. in terms of compliance of cancer screening. According to Frost & Sullivan, in 2019, only 31.9% of colorectal cancer patients, 20.0% of cervical cancer patients and 15.0% of gastric cancer patients were diagnosed in the localized stage in China, as compared to 40.0%, 45.8% and 31.1% in the United States, respectively. Limited willingness to timely screening has resulted in high cancer treatment costs and mortality rate in China. Costs for cancer treatment are generally lower when the cancer is detected at an earlier stage or identified at the precancerous stage. Late detection of cancer leads to significantly higher treatment cost and higher mortality rate, thereby exerting significant economic and social burden. According to Frost & Sullivan, precancerous lesions identified by cancer screening can generally be surgically removed, thereby preventing the occurrence of cancer altogether. It is well-recognized that cancer screening is generally correlated with lower cancer incidence, better clinical outcomes and a higher cure or survival rate for many cancer types, including colorectal cancer, cervical cancer and gastric cancer.

The cancer screening market has observed the following trends:

- *Increasing compliance.* With the advancement of cancer screening technologies to improve the availability and effectiveness of cancer screening tests, its compliance rate is expected to continue to increase. Moreover, as more effective cancer treatment methods are introduced, willingness to take cancer screening tests is expected to further increase. Due to clinical, economic and social benefits, cancer screening tests are expected to be recommended by more authoritative healthcare guidelines and protocols and medical experts.

- *Behavior shift for cancer screening*. Customer behavior for the cancer screening market will shift from in-hospital to at-home settings with the development of screening technologies and the emergence of self-initiated screening efforts. The scope for regular health checkup and health management will also shift from one-size-fits-all screening package, largely based on imaging methods and auxiliary tumor markers, to specific screening strategy tailored for each person based on their individual cancer risk factors and validated screening tests.

- *Expansion of screening methods*. With the advancement of breakthrough technologies and enhanced understanding of cancer biology, novel cancer screening methods will continue to expand. These new methods will likely provide better detection sensitivity and higher accuracy, as well as enable customers to cover cancer types for which screening methods are not yet available. The emergence of multi-omics technology will further drive the innovation in this market.

- *Extended scenarios and convenience.* Most cancer screening products or procedures require administration at hospitals or laboratories by certified clinicians or nurses, which may have insufficient capacities or supplies. With the development of screening technologies to provide convenience for users, screening scenarios will be extended to meet a broad range of users' needs.

The chart below sets forth key players (other than the Company) in the cancer screening market with approved or clinical stage cancer screening products in China and overseas markets:

Company Name	Indication	Current Targeted Market	Product Name/Clinical Study Name	Status	Core Technologies
Epigenomics AG	Colorectal cancer	US, EU	Epi proColon	FDA approved/ CE mark obtained	Liquid biopsy (qPCR)
Exact Sciences Corporation (NASDAQ: EXAS)	Colorectal cancer	US	Cologuard	FDA approved/ CE mark obtained	FIT-DNA (qPCR)
	Pan-cancer (operated by Thrive Earlier Detection Corp.)	US	CancerSEEK	Under clinical trial	Liquid biopsy (qPCR)
Freenome Holdings, Inc.	Colorectal cancer	US	PREEMPT CRC	Under clinical trial	Liquid biopsy (NGS)
GRAIL, Inc.	Pan-cancer	US, EU	CCGA; PATHFINDER; STRIVE; SUMMIT	Under clinical trial	Liquid biopsy (NGS)
Guardant Health, Inc.	Colorectal cancer	US	ECLIPSE	Under clinical trial	Liquid biopsy (NGS)

Company Name	Indication	Current Targeted Market	Product Name/Clinical Study Name	Status	Core Technologies
Burning Rock Biotech Ltd (NASDAQ: BNR)	Pan-cancer	China	Burning Rock Pan-cancer Early Detection project (PREDICT)	Under clinical trial	Liquid biopsy (NGS)
Genetron Holdings Ltd (NASDAQ: GTH)	Liver cancer	China	Ganyu (HCCscreen)	Under clinical trial	Liquid biopsy (NGS)

COLORECTAL CANCER AND COLORECTAL CANCER SCREENING MARKET

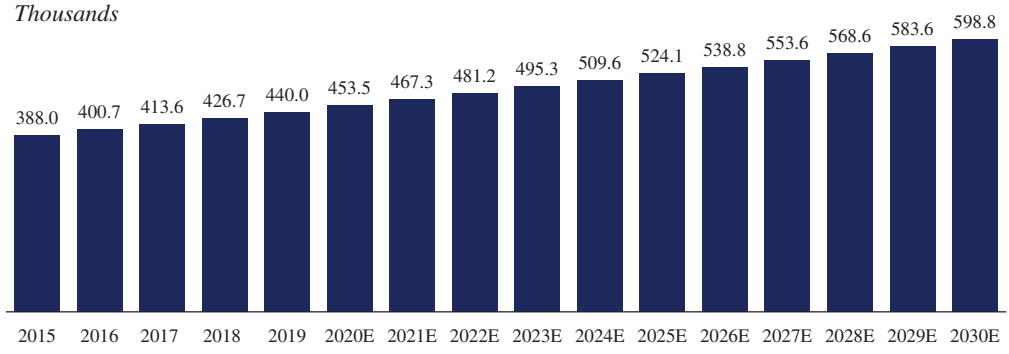
Overview of Colorectal Cancer

Colorectal cancer is the development of cancer from the colon or rectum. Signs and symptoms of colorectal cancer may include blood (or occult blood) in the stool, changes in defecation habits, weight loss, and prolonged fatigue. Most colorectal cancers are caused by aging and lifestyle imbalance. It is believed that urban lifestyle, such as higher protein intake and less physical activities, remains a key risk factor for colorectal cancer, and factors associated with urban lifestyle are irreversible driven by continued urbanization in China. In addition to urban lifestyle, major risk factors of colorectal cancer also include age, family history, personal history, among others. Colorectal cancer ranked the third in terms of incidence among all cancers in urban areas in China, with an incidence rate of 37.16 cases per 100,000 population in 2019, which was approximately 1.5 times the incidence rate in rural areas in China.

China has the highest colorectal cancer incidence in the world, increased from 388 thousand diagnosed cases in 2015 to 440 thousand diagnosed cases in 2019 with a CAGR of 3.2%. Due to the increasing awareness of colorectal cancer screening, the new screening technologies will help detect more cases at the precancerous stage, thus slowing the incidence growth. Accordingly, colorectal cancer incidence is estimated to reach 599 thousand diagnosed cases in 2030 with a lower CAGR of 2.8% from 2019 to 2030. In 2019, colorectal cancer ranked the third by incidence across all cancers in China, and was the most common cancer type in Hong Kong and the second most common in Taiwan, according to Frost & Sullivan. The following chart illustrates the historical and forecasted colorectal cancer incidence in China for the periods indicated:

Colorectal Cancer Incidence in China, 2015-2030E

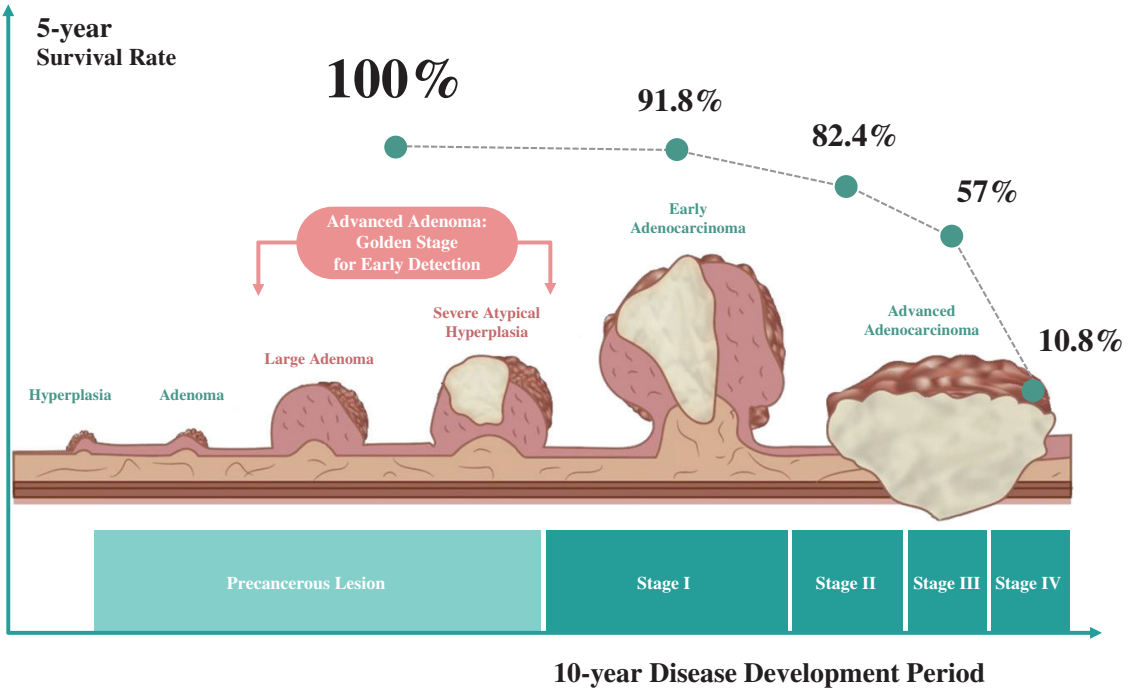
Period	CAGR
2015-2019	3.2%
2019-2030E	2.8%



Source: Literature research, Frost & Sullivan analysis

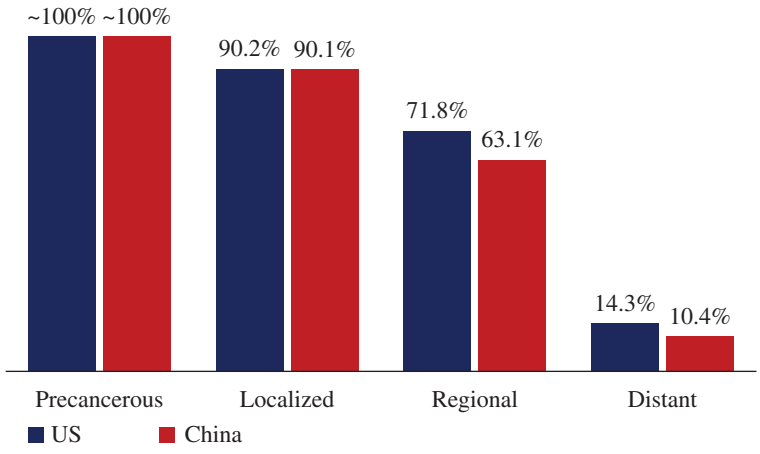
Colorectal cancer is the fifth leading cause of cancer death in China. The mortality for colorectal cancer in China reached 212 thousand in 2019, as compared to 51 thousand in the United States. The mortality to incidence ratio, a population-based indicator of survival of the disease, of colorectal cancer in China was 0.48 in 2019, as compared to 0.37 in the U.S. This elevated ratio was partially due to the relatively late detection of colorectal cancer among patients in China as a result of limited awareness of cancer screening and lack of availability of accessible screening options, according to Frost & Sullivan.

Despite its relatively high mortality rate, colorectal cancer is widely accepted by medical communities as one of the most curable and preventable cancers if detected early. This is because colorectal cancer progresses less rapidly compared to other types of cancer, and has a well-defined precancerous stage which offers a precious time window for effective colorectal cancer screening and early intervention. According to Frost & Sullivan, colorectal cancer can generally be prevented by surgical removal of the advanced adenoma, a type of precancerous lesions, if detected early before it develops into tumor. Therefore, early identification of advanced adenoma via colorectal cancer screening offers significant clinical utility and economic value to asymptomatic patients, which demonstrates the necessity and social value of colorectal cancer screening. The following chart illustrates the colorectal cancer development cycle and respective 5-year survival rate at diagnosis:



The overall five-year survival rate in the United States for colorectal cancer was 64.6%, as compared to 56.9% in China. This can be attributed to the wider adoption of colorectal cancer screening, advanced therapies including targeted medicines and better caregiving of cancer patients in the US. It is worth noting that the five-year survival rate for colorectal cancer patients diagnosed during localized stage in the U.S. and China are similar, indicating that cancer screening and early detection can effectively narrow the gap between two countries in terms of survival rate. In fact, the five-year survival rate of colorectal cancer could reach over 90% if cancer patients are screened and diagnosed during the localized stage. According to Frost & Sullivan, five-year survival rate of colorectal cancer could be close to 100% if precancerous lesions are detected and surgically removed before the onset of cancer, which further demonstrates the importance of early cancer detection. The following chart illustrates the five-year survival rate in different stages of colorectal cancer in the United States and China:

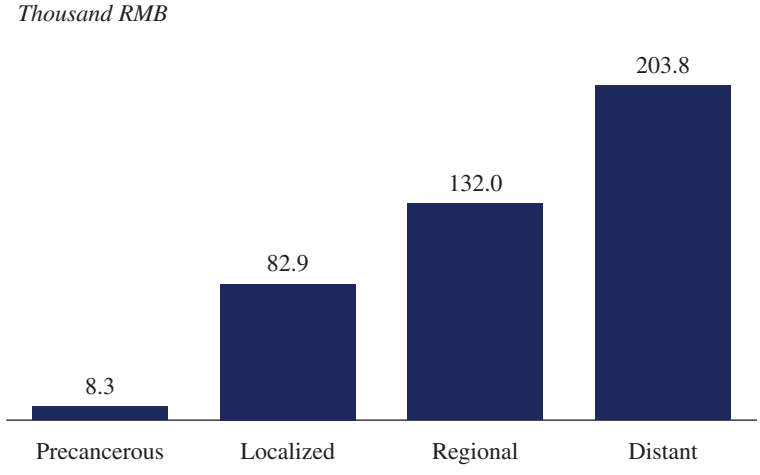
Five-year Survival Rate in Different Stages of Colorectal Cancer in the U.S. and China



Source: WHO, Frost & Sullivan Report

The cost for colorectal cancer treatment places a substantial economic burden on China's healthcare system. It has the highest overall expenditure per capita among some of the most prevalent cancer types, including lung, breast, oesophageal, liver and stomach cancers, in urban areas in China, according to Frost & Sullivan. Treatment cost for colorectal cancer is generally lower when the cancer is diagnosed during precancerous or localized stage, as the adenoma or tumor at early stage can generally be surgically removed without administration of complicated medication. In 2019, the treatment cost for colorectal cancer at distant stage per capita in China is 1.5 times higher compared to that at the localized stage, and is approximately 24.6 times that identified at the precancerous stage. The following chart illustrates the life-time colorectal cancer treatment expenditure per capita in China at different stages in 2019:

Lifetime Colorectal Cancer Treatment Cost by Stage (at Diagnosis) in China, 2019



Source: Frost & Sullivan Report

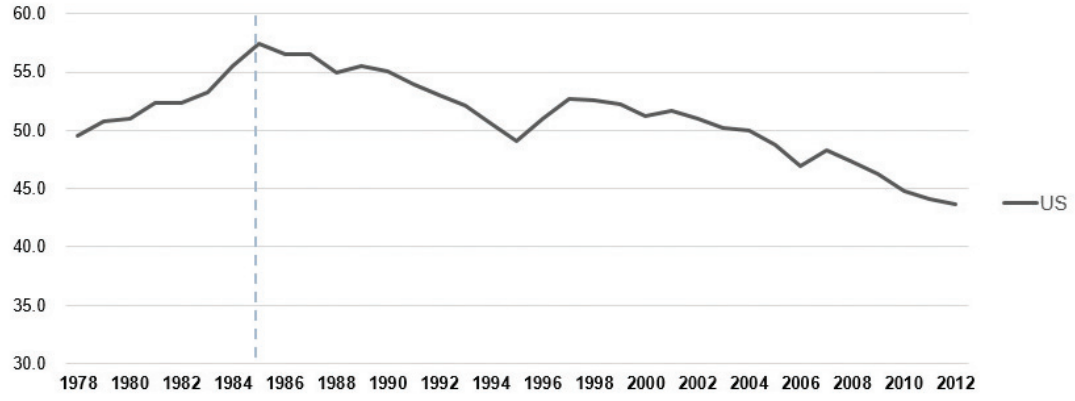
Colorectal Cancer Screening Market

Overview

Colorectal cancer is one of the few cancer types that is recommended for regular screening among average-risk populations who may have no physical signs or symptoms of cancer, due to its high incidence, high mortality, long tumor development cycle and heavy treatment burden.

In the United States, colorectal cancer screening has been tracked for the male population by SEER since 1978. The rise in incidence rate from 1978 to mid-1980s was due to the fact that increasing populations were diagnosed to have colorectal cancer attributable to the adoption of colonoscopy, and the incidence rate reached an inflection point around 1985. With the wide adoption of colorectal cancer screening since mid-1980s, colorectal cancer screening has been proved to effectively reduce the incidence rate of colorectal cancer. The USPSTF recommends regular colorectal cancer screening for people aged between 50 and 75. Colorectal cancer is one of the only two Grade-A cancer types recommended for screening by the USPSTF. Attributable to comprehensive screening programs, incidence rate of colorectal cancer is declining in the U.S.. The following chart illustrates the historical incident rates for colorectal cancer among the male population in the United States:

Incidence Rate per 100,000 Male Population in the U.S. Colorectal Cancer, 1978-2012

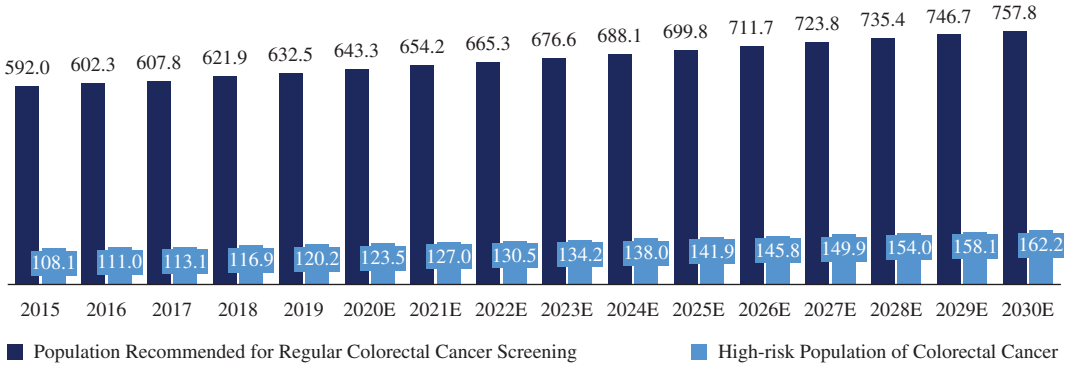


Source: Globocan, Literature Research, Frost & Sullivan Report

Considering the dietary habits of the general population and the lower average age of colorectal cancer incidence in China, the China Anti-Cancer Association recommends regular colorectal cancer screening for certain populations, especially the urban population, aged between 40 and 74. The population recommended for regular colorectal cancer screening in China increased from 592 million in 2015 to 633 million in 2019, representing a CAGR of 1.7%, and is expected to further increase to 758 million in 2030 at a CAGR of 1.7%. According to the China Anti-Cancer Association, high-risk population of colorectal cancer refers to the population that has (i) history of positive FOBT result, or (ii) family history of colorectal cancer, or (iii) at least two of the relevant symptoms (i.e. chronic diarrhea, constipation, mucous stool, chronic appendicitis/gall bladder disease, chronic psychological stress). The high-risk population of colorectal cancer in China increased from 108.1 million in 2015 to 120.2 million in 2019, representing a CAGR of 2.7%, and is expected to further increase to 162.2 million in 2030 at a CAGR of 2.8%. The high-risk colorectal cancer population in China is derived from the population recommended to have regular colorectal cancer screening in China, with reasonable assumptions made by Frost & Sullivan based on the relevant literatures it has reviewed and its interviews with persons recommended for colorectal cancer screening and relevant experts. With its proprietary know-how, Frost & Sullivan has considered major factors, such as the number of investigated population, percentage of high-risk population reported, geographic area and time scope, to estimate the percentage of high-risk colorectal cancer population among population recommended to have regular colorectal cancer screening for further model build-up. Based on the relevant literatures, the median number of the percentage of high-risk colorectal cancer population among population recommended to have regular colorectal cancer screening in China is 22.1%, while the arithmetic average number of the percentage of high-risk colorectal cancer population is 20.9%. Frost & Sullivan combined all the information and built model to estimate that the percentage of high-risk colorectal cancer population among population recommended to have regular colorectal cancer screening was around 19% in China in 2019, which Frost & Sullivan believes is credible as such percentage falls in the range reported by the relevant literatures. The following chart illustrates the historical and forecasted populations recommended for regular colorectal cancer screening in China:

Population Recommended for Regular Colorectal Cancer Screening in China, 2015-2030E

	CAGR	Population Recommended for Regular Colorectal Cancer Screening	High-risk Population of Colorectal Cancer
	2015-2019	1.7%	2.7%
Million	2019-2030E	1.7%	2.8%



Source: National Bureau of Statistics, Frost & Sullivan Report

Precancerous lesions in the colon or rectum have the potentials to develop into colorectal cancer. Advanced adenoma larger that 20 mm has over 40% chance of being malignant. It is estimated that approximately 4.0% of the high-risk population of colorectal cancer may have advanced adenoma, which amounted to 4.8 million people in China in 2019, according to Frost & Sullivan.

As advanced adenoma can generally be surgically removed with high success rate thus preventing colorectal cancer, the early detection of advanced adenoma is expected to significantly reduce both the incidence and the mortality of colorectal cancer. According to Frost & Sullivan, ColoClear is currently the only non-invasive cancer screening test in China that has demonstrated clinical capabilities in detecting precancerous lesions, such as advanced adenoma, in large prospective registrational trial in China.*(Note)* ColoClear's underlying FIT-DNA technology utilizes qPCR and fecal immunochemical method to detect the presence of KRAS gene mutation, BMP3/NDRG4 gene methylation, and hemoglobin, which enables it to demonstrate a high sensitivity in detecting precancerous lesions. There are significant socioeconomic benefits from preventing colorectal cancer in China, considering the increased quality of life and productivity from survival of the cancer. For example, according to Frost & Sullivan, cost of advanced adenoma screening is estimated to be only RMB2.3 thousand as compared to the net socioeconomic benefits of approximately RMB186.9 thousand from preventing each case of colorectal cancer.

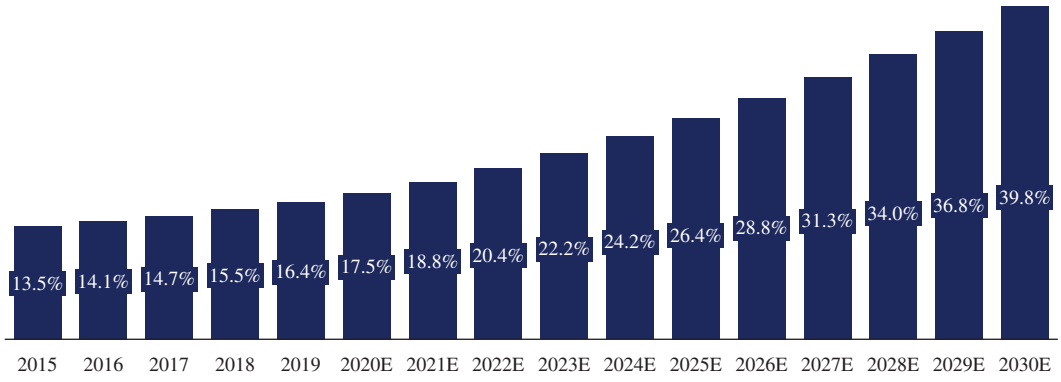
Penetration Rate of Colorectal Cancer Screening

According to Frost & Sullivan, the penetration rate among population recommended for colorectal cancer screening in China was 16.4% in 2019, as compared to 60.1% in the United States. The penetration rates are calculated based on the total number of population recommended for colorectal cancer screening in 2019 in China and the United States, respectively. The low penetration rate in China was primarily due to low awareness, lack of effective screening methods, low compliance and insufficient capacity of colonoscopy, which is still the main cancer screening solution for colorectal cancer in China.

Although colorectal cancer screening is at an early development stage in China with relatively low penetration rate among population recommended for cancer screening, this penetration rate has grown significantly from 13.5% in 2015 to 16.4% in 2019, primarily driven by developing public awareness and updated colorectal cancer screening guidelines recommending cancer screening on a regular basis. Moreover, with NMPA approval of ColoClear, developing public awareness of colorectal cancer, increasing government support, prospective socioeconomic advantages and other driving factors, the penetration rate of colorectal cancer screening among population recommended for colorectal cancer screening in China is expected to reach 39.8% in 2030, according to Frost & Sullivan. The following chart illustrates the historical and forecasted penetration rate for colorectal cancer screening among populations recommended for colorectal cancer screening in China:

Note: Based on the search conducted by Frost & Sullivan on among domestic and imported non-invasive cancer screening products approved by NMPA, Frost & Sullivan confirmed that ColoClear is the only one which demonstrated clinical capabilities in detecting precancerous lesions. ColoClear has "positive results indicating that the subject may have colorectal cancer and/or advanced adenoma" label in the indication, which proved that it demonstrated clinical capabilities in detecting precancerous lesions.

Colorectal Cancer Screening Penetration Rate of Recommended Population (age 40-74) in China, 2015-2030E



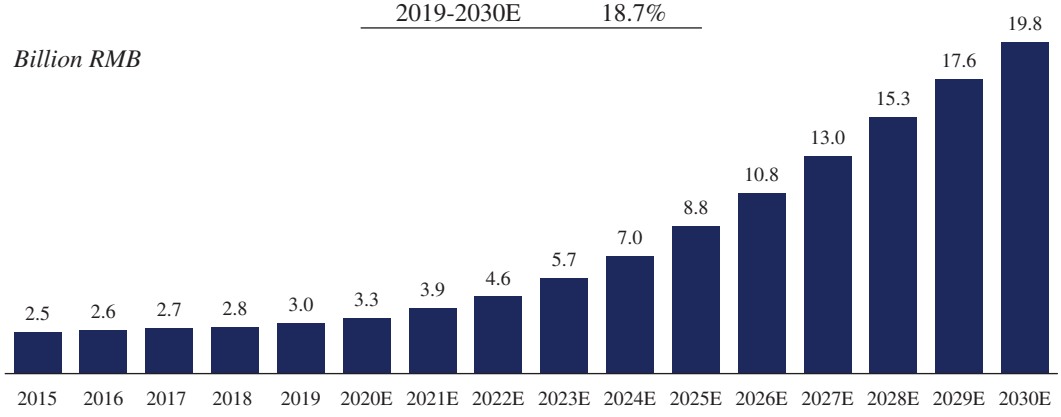
Source: Frost & Sullivan Report

Market Size and Growth Drivers

The colorectal cancer screening market in China increased from RMB2.5 billion in 2015 to RMB3.0 billion in 2019 at a CAGR of 4.8%, and is expected to further increase to RMB19.8 billion in 2030 at a CAGR of 18.7%. The diagram below shows the market size for colorectal cancer screening market in China:

Colorectal Cancer Screening Market in China, 2015-2030E

Time Period	CAGR
2015-2019	4.8%
2019-2030E	18.7%



Note: The calculation of colorectal cancer screening market includes the revenue of FOBT/FIT products and gene detection, such as FIT-DNA test, for cancer screening at ex-factory level.

Source: Frost & Sullivan Report

The colorectal cancer screening market in China is expected to experience accelerated growth mainly due to the following factors:

- *Aging Population.* Age is one of the major risk factors of colorectal cancer. China's population is increasingly aging. The proportion of population aged between 40 and 74 years old, which is the population recommended for regular colorectal cancer screening in China, to the national population increased from 43.1% in 2015 to 45.2% in 2019, and is expected to further increase to 52.8% in 2030, according to Frost & Sullivan. The increase in this population is expected to drive the growth of the colorectal cancer screening market.

- *Developing Public Awareness of Colorectal Cancer.* The incidence of colorectal cancer in China increased from 388 thousand in 2015 to 440 thousand in 2019, and is estimated to reach 599 thousand in 2030. The significant increase in incidence is expected to generate more public concern and awareness of colorectal cancer. This increase in public awareness would likely stimulate the demand for colorectal cancer screening.

- *Increasing Government Support*. Since 2016, the PRC government has announced several national strategies and goals to reduce the incidence and mortality rates of leading cancers, including colorectal cancer. In 2019, *Healthy China Action – Cancer Prevention and Control Implementation Plan (2019-2022)* was published by the PRC government to implement specific strategies to increase the screening rate to 55% by 2022 in high risk areas for certain key types of cancers, including colorectal cancer, gastric cancer and cervical cancer, among others.

- *Prospective Socioeconomic Advantages*. The cost for colorectal cancer treatment places a substantial economic burden on China's healthcare system. The overall expenditure per capita of colorectal cancer was approximately US$11.0 thousand in China in 2019, which was one of the highest among some of the most prevalent cancer types in China in 2019, according to Frost & Sullivan. Colorectal cancer screening is expected to reduce the incidence rate and therefore lower the treatment costs on colorectal cancer. The prospective socioeconomic benefits from reducing overall costs on colorectal cancer will further stimulate strong market demands for colorectal cancer screening.

- *Significant Technology Advancements*. Currently colonoscopy has a low accessibility and compliance rate in China. Innovative colorectal cancer screening tests complementary to colonoscopy are expected to be non-invasive and to have improved sensitivity compared to other traditional tests. FIT-DNA is a non-invasive and guideline-recommended colorectal cancer screening technology developed in the U.S., and is still at emerging stage in China. It has a comparable efficacy to colonoscopy in reducing colorectal cancer incidence and related mortality, according to Frost & Sullivan. Moreover, FIT-DNA test can be conducted at home without bowel preparation, which increases user compliance and deliver better user experience. Since FIT-DNA test has been recommended by screening guidelines of USPSTF and in China for colorectal cancer, it is expected to further drive the growth of the colorectal cancer screening market in the future.

Colorectal Cancer Screening Technologies

Colonoscopy procedure and FOBT/FIT tests are the two key technologies for colorectal cancer screening. Currently colonoscopy is still the gold standard for colorectal cancer diagnosis and is also often used for screening purposes. Although it can offer clear visualized view for colon and rectum and is able to apply resection and biopsy, as an invasive technology that is not convenient or comfortable to many users, its compliance is relatively low. Stool-based tests, as a non-invasive technology, are emerging due to the higher compliance and convenient process. The chart below shows the comparison of different major colorectal cancer screening technologies:

	Imaging	Stool-based Test	
	Colonoscopy	**FOBT/FIT**	**FIT-DNA**
Advantages	✓ **Gold standard for colorectal cancer diagnosis and is also often used for screening purposes** ✓ Visualization ✓ Able to apply resection and biopsy ✓ High sensitivity and specificity ✓ Requires less frequent screening	✓ Non-invasive ✓ Low price ✓ Better compliance than colonoscopy	✓ Non-invasive ✓ No dietary restrictions or bowel preparation ✓ Superior clinical performance (e.g. sensitivity, specificity, and PPV) than FOBT/FIT
Disadvantages	• Invasive and inconvenient • Lack of professional and anesthetists to operate in China • Not suitable for specific population with other underlying diseases	• Low sensitivity • FOBT may require dietary restrictions • May require multiple tests	• Higher price than FOBT/FIT • 5 days turnaround time
Application Scenario	• Hospital	• Hospital • Clinic • At-home	• Hospital • Clinic • At-home

Source: Frost & Sullivan Report

Colonoscopy is a scope with a video camera used for examination and inspection of the entire colon and colum. As the current gold standard for colorectal cancer diagnosis in China, which is also often used for screening purposes, colonoscopy screening is effective for checking the situation of colon and rectum, yet it has the following pain points. Colonoscopy is invasive, inconvenient and is associated with risks of side effects. For example, the bowel preparation is required for colonoscopy, which can lead to dehydration. For patients with chronic diseases like diabetes, high blood pressure and high cholesterol, colonoscopy is not recommended due to such risks. Colonoscopy is also labor and resource intensive, and due to limited healthcare resources in China, only around 30% of all hospitals in China have the ability to perform colonoscopy according to Frost & Sullivan. As a result, the utilization rate of colonoscopy in China was only 677 tests per 100,000 population, as compared to 14,569 tests per 100,000 population in the United States in 2019. The testing capacity for colonoscopy in China is insufficient, as only 9.5 million people underwent colonoscopy in 2019, compared to the 632.5 million population recommended for colorectal cancer screening in 2019 in China.

While fecal occult blood test (FOBT) for colorectal cancer screening, which detects heme in stool samples, is non-invasive and costs less compared to colonoscopy, it has demonstrated relatively low sensitivity and specificity and requires certain dietary restrictions prior to the test. Fecal immunochemical test (FIT), which identifies intact human hemoglobin in stool, has improved sensitivity and specificity compared with FOBT for detecting colorectal cancer. FIT can be conducted at home and is free of dietary restrictions, which is more convenient as compared to colonoscopy and FOBT. In addition, as a result of its low test costs, FIT targets mass market.

Multi-target stool-based DNA testing (FIT-DNA) is an emerging screening strategy that combines FIT with testing for altered DNA biomarkers in cells exfoliated into the stool. FIT-DNA has increased sensitivity for detecting colorectal cancer to above 92% compared with FIT alone. Besides, clinical trials of FIT-DNA have demonstrated that it has the ability to detect advanced precancerous lesions like advanced adenomas measuring ≥1 cm. Moreover, FIT-DNA tests enable users to collect samples at home which provides convenience to users. As a result of the reliable performance and convenience, the FIT-DNA testing is regarded as the best available non-invasive colorectal cancer screening technology, and has been recommended in cancer screening guidelines in both China and the United States, including the Expert Consensus on Colorectal Cancer Early Screening in China (《中國結直腸癌早診早治專家共識》) published by Chinese Medical Association in June 2020, the Expert Consensus Opinion on Early Stage Colorectal Cancer Screening Process in China (《中國早期結直腸癌篩查流程專家共識意見》) published by 11 research institutions and associations in October 2019, the Standard of Medical Examination for Cancer Prevention Experts Consensus (《防癌體檢規範專家共識》) published by the Beijing Health Management Association in November 2018, the Expert Consensus on Colorectal Cancer Early Screening Strategies in China (《中國結直腸腫瘤早診篩查策略專家共識》) published by the China Anti-Cancer Association in October 2018 (collectively, the "**Expert Consensus**"), and an updated recommendation statement for colorectal cancer screening issued by the USPSTF in June 2016. In addition, an expert group of National Cancer Center published the China Guideline for the Screening, Early Detection and Early Treatment of Colorectal Cancer (《中國結直腸癌篩查與早診早治指南》) in January 2021 which recommended FIT-DNA test for colorectal cancer screening. Set forth below is a list of favorable policies or public welfare programs for colorectal cancer in China.

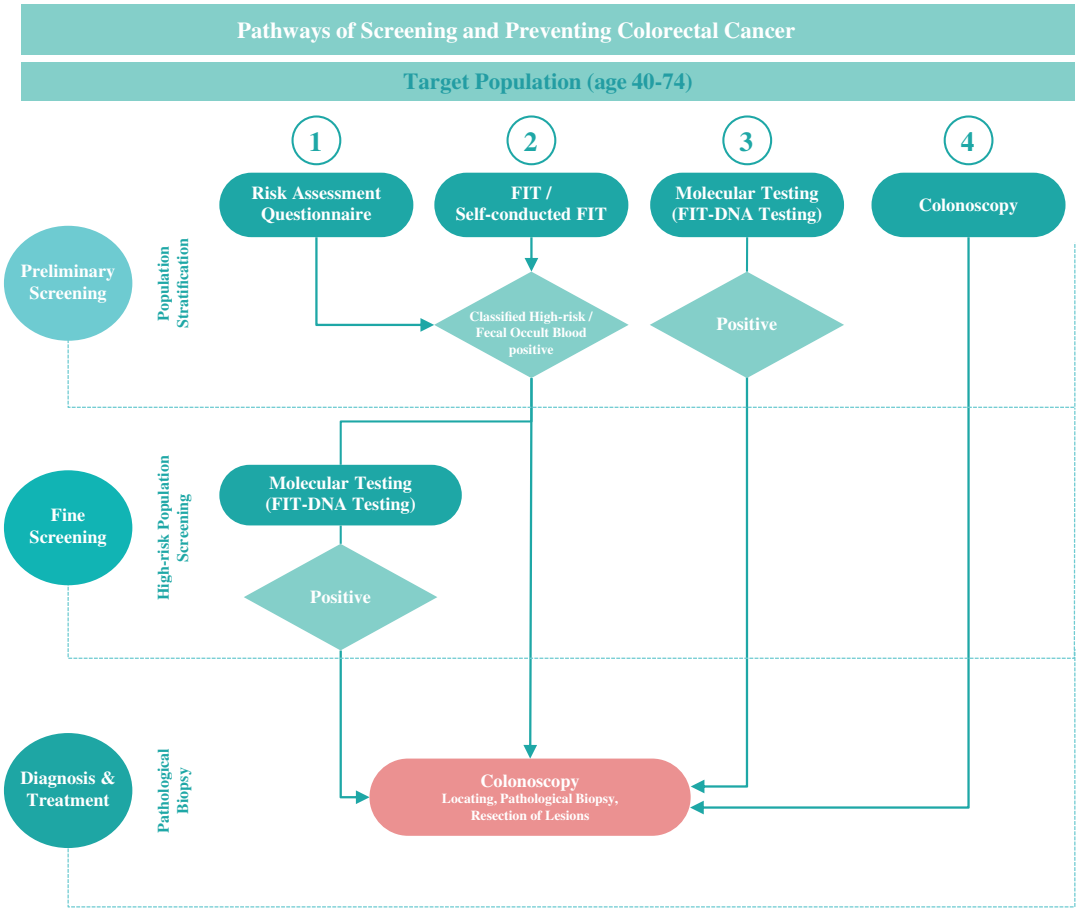
Release Date	Issuing Authority	Policies	Key Contents
October 2016	The General Office of the CPC Central Committee, the General Office of the State Council	Outline of Program for "Healthy China 2030" (《"健康中國2030"規劃綱要》)	• Strengthen the cancer screening and diagnosis of chronic diseases, carry out early diagnosis and early treatment for major cancers in high incidence areas, and promote the opportunistic screening of chronic diseases such as cancer. • Gradually incorporate suitable technologies for early diagnosis and treatment of major chronic diseases such as qualified cancers into the routine of diagnosis and treatment. • By 2030, the overall cancer 5-year survival rate will be increased by 15%.
January 2017	State Council	China's Medium-to-Long Term Plan for the Prevention and Treatment of Chronic Diseases (2017-2025) (《中國防治慢性病中長期規劃(2017-2025年)》)	• Implement early diagnosis and treatment of cancer to reduce the risk of high-risk groups. • Strengthen standardized diagnosis and treatment, promote the use of individualized standardized cancer treatment programs, reduce cancer mortality, and improve treatment outcome. • Establish a long-term management mechanism for cancer to achieve full-process health management.
June 2019	NHC	Program for Healthy China 2030 (2019-2030) (健康中國行動(2019-2030))	• By 2022 and 2030, the overall 5-year survival rate of cancer will be more than 43.3% and 46.6%; the awareness rate of core knowledge of cancer prevention and treatment will be no less than 70% and 80%, respectively; the early diagnosis rate of key cancer species in high-incidence areas will reach 55% and above and continue to improve; basically achieve high-risk groups of people regularly participate in cancer prevention physical examination.

Release Date	Issuing Authority	Policies	Key Contents
September 2019	NHC	Healthy China Action – Cancer Prevention and Control Implementation Plan (2019-2022) (健康中國行動 — 癌症防治實施方案 (2019-2022年))	• Adhere to the principle of prevention and treatment shall be combined, comprehensive measures shall be adopted. • Innovate institutional mechanisms and working models. • Popularize health knowledge and mobilize people to participate in cancer prevention. • Deploy and strengthen cancer prevention and screening, early diagnosis and treatment, and scientific research. • Develop guidelines for early diagnosis and treatment of key cancers. For key cancers such as colorectal cancer, organize and formulate unified and standardized guidelines for screening, early diagnosis, and treatment, and promote and apply them nationwide. • Focus on the difficulties of cancer prevention and treatment, and focus on advantageous forces to make key breakthroughs in key links such as pathogenesis, prevention and treatment technology, resource allocation, and policy guarantee. • Effectively reduce the harm caused by cancer.

Source: Frost & Sullivan Analysis

The following chart illustrates the applications of different screening methods:

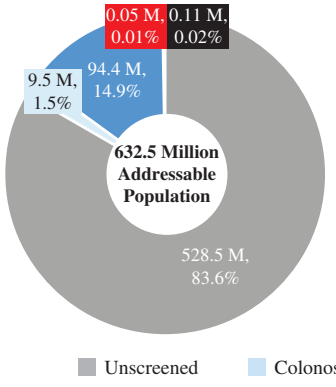
"Expert Consensus on Colorectal Cancer Early Screening Strategies in China" in 2018 Recommends Stool FIT-DNA Testing for Population Screening and High-risk Screening



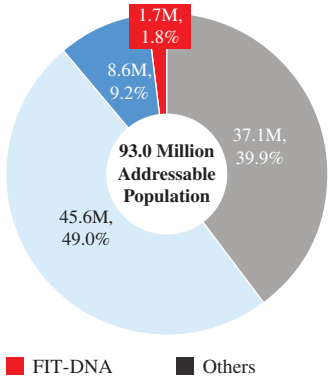
In addition to the abovementioned major colorectal cancer screening technologies, market participants are also exploring new screening methods. For example, liquid biopsy is a test done on fluid samples such as blood and urine, to look for the circulating tumor cells, cell-free circulating nucleic acids, and microvesicles such as exosomes containing nucleic acids and proteins, which may indicate cancer presence. However, liquid biopsy test is still at early development stage, and is not yet approved by regulators or validated by large-scale prospective clinical trials as a screening tool for colorectal cancer. Medical communities believe prospective studies are required to establish clinical utility because retrospective studies are often subject to overfitting, and emphasize on the need for real world data to arrive at any accurate statistical measures. Moreover, liquid biopsy test cannot detect precancerous lesions like advanced adenoma. As of the Latest Practicable Date, according to Frost & Sullivan, there was no liquid biopsy test recommended by the China Anti-Cancer Association or the USPSTF as a screening tool for colorectal cancer.

The following charts illustrate the penetration rate of each colorectal cancer screening technology in China and the United States in 2019:

Colorectal Cancer Screening Market in China, 2019



Colorectal Cancer Screening Market in the U.S., 2019



Unscreened | Colonoscopy | FIT/FOBT | FIT-DNA | Others

Note: Other colorectal cancer screening technologies in China include off-label use of gene detection products and services.

Source: Frost & Sullivan Report

Colorectal Cancer Screening Tests

Currently there are several colorectal cancer screening tests approved in China applying various screening technologies. Colonoscopy and FOBT/FIT technologies are relatively mature in China and many tests utilizing such technologies have been approved by NMPA. To commercialize a cancer screening IVD product in China, a registration certificate of medical device from NMPA is required. To obtain such registration certificate from NMPA, a cancer screening test utilizing existing or new technologies is required to conduct clinical trials to demonstrate efficacy in advanced adenoma subgroup, and requires large scale prospective multi-center clinical study. ColoClear, utilizing multi-target FIT-DNA technology, is the first and only cancer screening test in China that carried out large scale prospective clinical study. It is also the first and only NMPA-approved molecular cancer screening test in China.*(Note)* Moreover, according to Frost & Sullivan, ColoClear is currently the only cancer screening test in China with the ability to detect precancerous lesions, such as advanced adenoma. As of the Latest Practicable Date, there had been no other cancer screening test in China using FIT-DNA technology for any cancer indications which planned to initiate clinical trial or is currently under clinical trial according to Frost & Sullivan based on public information. Pupu Tube is the first and only self-conducted FIT screening product approved by NMPA in China. As of the Latest Practicable Date, there were more than 80 colorectal cancer screening products using FOBT/FIT technology approved by NMPA. The chart below shows the comparison of different colorectal cancer screening tests approved in China:

Approved Colorectal Cancer Screening Methods in China

	Originator	Trade Name	Product Name	Intended Use	Clinical Trial Size	Trial Design	Advanced adenoma Sensitivity/ Specificity	Colorectal Cancer Sensitivity/ Specificity
Colonoscopy				Colorectal cancer screening, diagnosis, and treatment	**Gold Standard**			
FIT-DNA	**New Horizon Health**	**ColoClear (常衛清)**	**FIT-DNA**	**Colorectal cancer screening**	**5,881**	**Prospective**	**63.5%, 87.1%**	**95.5%, 87.1%**
FOBT/FIT	New Horizon Health	Pupu Tube (噗噗管)	FIT	Detection of occult blood in stool	N/A	N/A	N/A	70%, 95%
	Others							62-88%, 87-93%

Source: Frost & Sullivan Report

Note: Based on the search conducted by Frost & Sullivan on NMPA website with the key word "screening" among both domestic and imported medical devices and its search among molecular cancer tests approved by NMPA, Frost & Sullivan confirmed that the Company's ColoClear IVD is the only one approved with cancer screening in the "Intended Use" label.

Entry Barriers

The entry barriers of the colorectal cancer screening market in China include:

- *Regulatory barrier.* To commercialize a cancer screening IVD product in China, a registration certificate of medical device from NMPA is required. The approval process requires rigorous prospective clinical trials and extended validation process. ColoClear is the first cancer screening test that was designated as breakthrough approval channel for innovative medical devices of NMPA and the first molecular cancer screening test approved by NMPA. ColoClear technologies are validated by large-scale prospective clinical study. As such, future applicants for NMPA approval of colorectal cancer screening tests may be required to conduct a head-to-head comparison trial to ColoClear, therefore may have to adopt much longer development path with limited regulatory guidance and significant investment.

- *Technological barrier.* ColoClear, as a colorectal cancer screening test optimized for Asian population, is protected by proprietary technologies and patents, and has set high technological barriers to entry for potential competitors. These technological barriers include database of Asian-specific colorectal cancer methylation profiles, the methylation specific PCR probe design, in-house identified biomarkers, proprietary risk assessment algorithm (Class II medical device), DNA extraction technology (Class I medical device), and sample stabilization technology. Colorectal cancer screening tests and technologies should establish clinical superiority for both colorectal cancer and advanced adenoma detection, which creates challenges for new entrants.

- *Industry relationship.* It is important for cancer screening companies to build strong relationships with KOLs, research institutes, leading physicians and hospitals in China through clinical trials, academic conferences and research and development collaborations as they are crucial for promoting colorectal cancer screening tests, and establishing industry guidelines. However, new entrants have to compete with well-established brands and spend significant resources on building such connections among the colorectal cancer community.

- *Operational barrier.* The colorectal cancer screening industry relies heavily on operational infrastructure, such as rigorous standard operating procedure, sophisticated IT system and advanced laboratory testing facilities to achieve operational efficiency and economies of scale through testing of a large number of samples collected across China in a timely manner. Small or new entrants are rarely equipped with comprehensive infrastructure and often have limited capital investment and limited testing capability to compete and meet market needs.

Future Trends

The colorectal cancer screening market in China has demonstrated the following trends:

- *Demand for Innovative Technologies Complementary to Colonoscopy.* Due to its insufficient resources and capacities, colonoscopy as a colorectal cancer screening tool cannot fulfill the massive public demands. Therefore, people with high risk of colorectal cancer are recommended for non-invasive screening tests first. If they receive a positive result from the screening tests, they will need to undertake colonoscopy procedures to diagnose the cancer. More screening technologies complementary to colonoscopy are expected to be approved in the future to meet market demands if they can demonstrate comparable sensitivity as colonoscopy in the prospective clinical trials to address the unmet demands for colorectal cancer screening.

- *Increasing Acceptance of FIT-DNA.* FIT-DNA has been recommended by the USPSTF and Expert Consensus in China to serve as a screening technology for colorectal cancer. As a non-invasive screening technology, FIT-DNA has been proved with large scale prospective clinical trials to have notably high sensitivity and specificity compared with FOBT/FIT. Therefore FIT-DNA is expected to gain increasing public acceptance and become a major screening method for colorectal cancer.

- *Convenience.* The setting for colorectal cancer screening is expected to gradually shift to at-home use for better user experience. Due to the low accessibility to colonoscopy in China, it requires several visits for a patient to schedule and undertake each colonoscopy procedure. Besides, the bowel preparation before colonoscopy also leads to the low compliance of colonoscopy. Convenient and user-friendly screening tests for colorectal cancer are expected to be in high demand in the future.

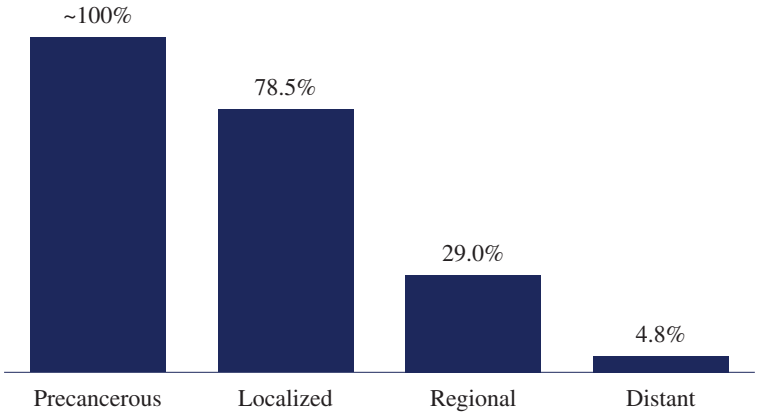
- *Increasing Penetration Rate.* As a result of the increasing public awareness of colorectal cancer, more high-risk population are likely to take the colorectal cancer screening in the future, especially in the high-risk countries and regions like urban areas in China. Moreover, due to the government's initiatives to reduce cancer incidence and mortality rates, more favorable policies or projects are expected to be established to increase the penetration rate of colorectal cancer screening since colorectal cancer is one of the most treatable and even curable cancers.

GASTRIC CANCER AND GASTRIC CANCER SCREENING MARKET

Overview

Gastric cancer has the second highest incidence in China with 455.8 thousand cases in 2019 and the third highest mortality in China with 327.8 thousand deaths in 2019. Gastric cancer can be prevented or cured if detected at early stages. Gastric cancer screening is recommended by medical guidelines in China. The following chart illustrates the five-year survival rate in different stages of gastric cancer in China:

Five-year Survival Rate in Different Stages of Gastric Cancer in China

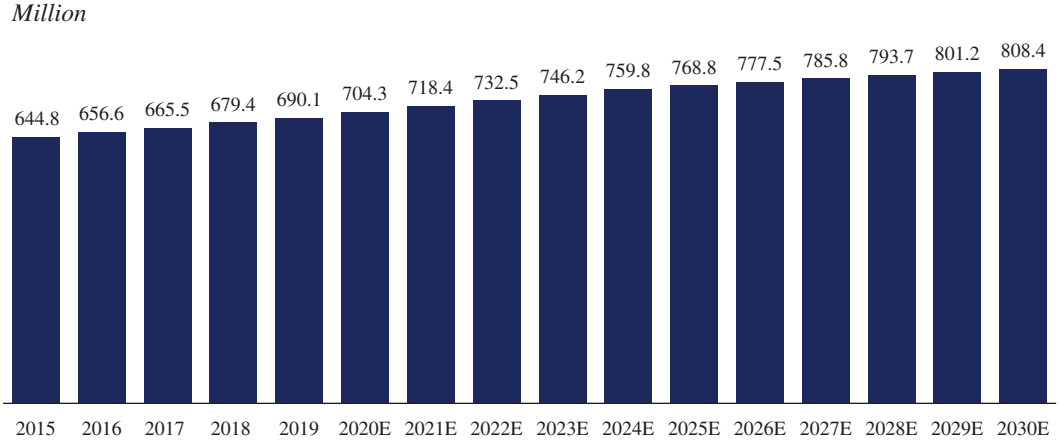


Source: ACS, Globocan, Literature research, Frost & Sullivan Report

Considering the dietary habits of the general population of gastric cancer incidence in China, the China Anti-Cancer Association published Expert Consensus on Early Gastric Cancer Screening Process in China (Draft) (2017, Shanghai) (《中國早期胃癌篩查流程專家共識意見(草案)(2017年,上海)》), which recommended regular gastric cancer screening for populations aged over 40. The population recommended for regular gastric cancer screening in China increased from 644.8 million in 2015 to 690.1 million in 2019 at a CAGR of 1.7%, and is expected to further increase to 808.4 million in 2030 at a CAGR of 1.4%. The following chart illustrates the historical and forecasted population recommended for gastric cancer screening in China:

Population Recommended for Gastric Cancer Screening in China, 2015-2030E

CAGR	Population Recommended for Regular Gastric Cancer Screening
2015-2019	1.7%
2019-2030E	1.4%



Source: National Bureau of Statistics, Frost & Sullivan Report

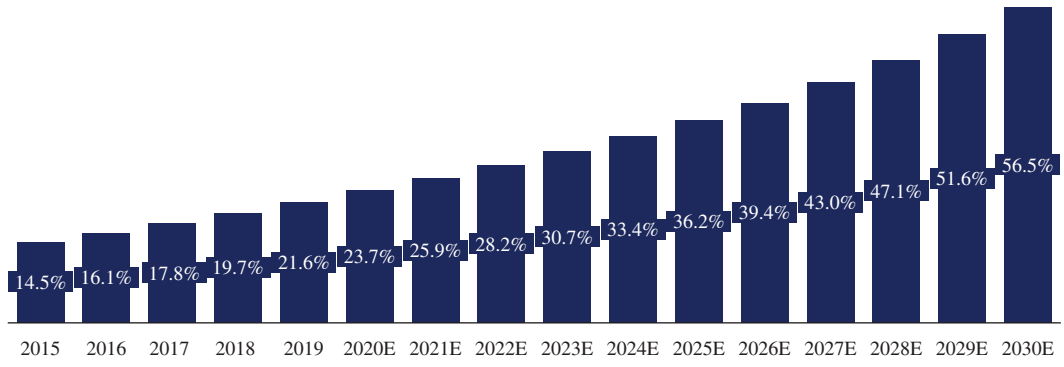
H. pylori is a spiral-shaped bacterium that grows in the mucus layer coating the inside of the human stomach, which colonizes approximately 50% of the world's population. According to the Kyoto Global Consensus Meeting in 2015, H. pylori is reported to be the most important causative agent of gastric cancer. Infection with H. pylori may cause chronic inflammation and significantly increases the risk of developing duodenal and gastric ulcer disease and gastric cancer. It is the strongest known risk factor for gastric cancer and should be regularly tested and closely monitored. It is more likely for H. pylori to cause cross-infection without individual serving. Eating communally is a major reason for family infection of H. pylori. According to Frost & Sullivan, family cluster H. pylori infection is relatively common in China. If a family member is infected, the infection rate for other family members could reach 63%. The detection of H. pylori is used in gastric cancer screening tests.

Penetration Rate of Gastric Cancer Screening

Endoscopy is currently the main screening and diagnostic tool for gastric cancer. Increasing awareness of H. pylori promoted the gastric cancer screening in China and increased its penetration rate. According to Frost & Sullivan, the penetration rate of gastric cancer screening in China was 21.6% in 2019. The penetration rate is calculated based on the total number of population recommended for gastric cancer screening in 2019 in China.

Gastric cancer is a typical type of cancer related to life style and eating habits, and is a common cancer type in Asia. Despite gastric cancer being listed as a high-incidence cancer in China, the screening rate is relatively lower than that in Korea or Japan. With increasing public awareness toward prevention or early screening, and updated gastric cancer screening guidelines, the penetration rate among population recommended for gastric cancer screening (adults aged over 40 years old) has grown steadily in recent years in China. The gastric cancer screening penetration rate of the high-risk population in China has grown from 14.5% in 2015 to 21.6% in 2019, and is expected to further increase to 56.5% in 2030. The following chart illustrates the historical and forecasted penetration rate for gastric cancer screening in China:

Gastric Cancer Screening Penetration Rate of Recommended Population (aged over 40) in China, 2015-2030E



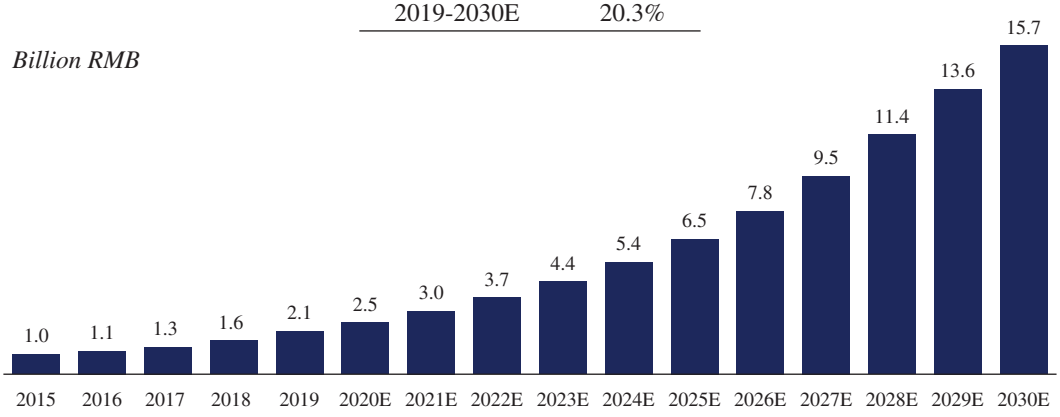
Source: Frost & Sullivan Report

Market Size and Growth Drivers

The gastric cancer screening market in China increased from less than RMB1.0 billion in 2015 to RMB2.1 billion in 2019 at a CAGR of 21.2%, and is expected to further increase to RMB15.7 billion in 2030 at a CAGR of 20.3%. The diagram below shows the market size for gastric cancer screening in China:

Gastric Cancer Screening Market in China, 2015-2030E

Time Period	CAGR
2015-2019	21.2%
2019-2030E	20.3%



Note: The calculation of the gastric cancer screening market includes only the revenue of IVD products for cancer screening at ex-factory level.

Source: Frost & Sullivan Report

The gastric cancer screening market in China is expected to maintain a high growth rate mainly due to the following factors:

- *Increasing Government Support*. In addition to the *Healthy China 2030*, a national agenda published by the PRC government in October 2016, the *Healthy China Action – Cancer Prevention and Control Implementation Plan (2019-2022)* was published in 2019 to implement specific strategies to increase the screening rate to 55% by 2022 in high risk areas for certain key types of cancers, including colorectal cancer, gastric cancer and cervical cancer, among others. The market for gastric cancer screening is expected to drastically increase in the future with government support.

- *Increasing H. pylori Awareness*. As the health literacy level in China increases in recent years, there has been an increasing awareness of H. pylori and its associated risk with gastric cancer. Increasing awareness of H. pylori and H. pylori screening is expected to drive the development of the gastric cancer screening market in China.

- *Increasing Penetration Rate*. With the development of public awareness toward prevention and early screening, and updated gastric cancer screening guidelines, the penetration rate of population recommended for gastric cancer screening (adults aged over 40 years old) has grown steadily in recent years. The gastric cancer screening penetration rate of the high-risk population in China is expected to grow from 21.6% in 2019 to 56.5% in 2030.

- *Developing Advanced Technology*. With the advancement of screening and diagnostic technologies, innovative tests are emerging with high sensitivity and better usability. Non-invasive screening and in vitro auxiliary diagnostic tools are newly innovated tools in recent years that are expected to have higher acceptance and compliance rates compared to traditional invasive tools. Emerging innovative tests will further encourage cancer screening and therefore propel growth in the gastric cancer screening market.

H. Pylori Screening Technologies and Tests

Currently endoscopy with biopsy is still the most effective tool for detecting H. pylori. However, it is not recommended as a screening test because of the invasive procedure. In addition, a few other types of non-invasive H. pylori screening tests are available, such as stool antigen test, serological test and breath test. The urea breath test is the gold standard for H. pylori detection due to low price and high performance. The chart below shows the comparison of different major H.pylori tests for gastric cancer screening:

	Stool Test	Serological Test	Urea Breath Test (UBT)	
	Stool Antigen Test (SAT)	**Antibody-Based Test**	**^{14}C**	**^{13}C**
Advantages	✓ Non-invasive ✓ More reliable than immunochromatography assay ✓ Low price ✓ Less needs for equipment than UBT	✓ Non-invasive ✓ Accuracy is not affected by ulcer bleeding, gastric atrophy as well as the use of proton pump inhibitor or antibiotics ✓ Less false-negative results	✓ **Gold Standard** ✓ Non-invasive ✓ Highly accurate and reproducible ✓ Less expensive than ^{13}C	✓ **Gold Standard** ✓ Non-invasive ✓ Highly accurate and reproducible ✓ Free of radiation
Disadvantages	• Influenced by many factors • Influenced by preservation of the specimen	• Higher price than SAT or UBT • Longer duration to give test results	• Influenced by many factors • Exposure to radiation, though the radiation is relatively low • Not suitable for women who is pregnant or breast breeding	• Influenced by many factors • Higher price than ^{14}C • More needs for equipment than ^{14}C

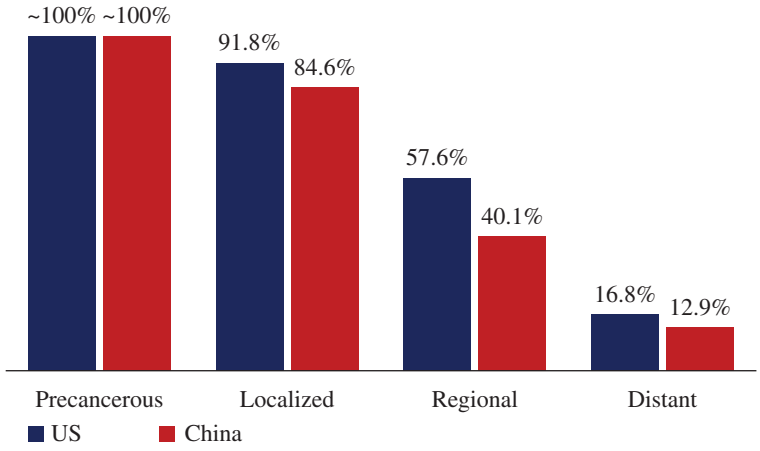
Source: Literature research, Frost & Sullivan Report

CERVICAL CANCER AND CERVICAL CANCER SCREENING MARKET

Overview

Cervical cancer is another one of the few cancer types that is recommended for regular screening among average-risk populations who have no physical signs or symptoms of cancer, due to its high incidence, high mortality, long tumor development cycle, well defined precancerous stages and heavy treatment burden. Cervical cancer can be prevented or cured if detected at early stages. A precancerous cervical lesion in cervix uteri, which is also called an cervical intraepithelial neoplasia (CIN), may progress to cervical cancer if they remain in the cervix for a long period of time. In about 10% of cases, low-grade CIN progress to high-grade CIN within 2 years. High-grade CIN have the potential to develop into squamous cell carcinoma or adenocarcinoma over about 10 to 15 years if left untreated. Squamous cell carcinoma or adenocarcinoma are cancers that start in the cells lining or gland cells of the cervix. Around 90% of cervical cancers are squamous cell cancers. Cervical cancer has high incidence in China with 117.1 thousand cases in 2019 and high mortality in China with 48.9 thousand deaths in 2019. Moreover, the five-year survival rate in the United States for cervical cancer in different stages is higher than that of China due to the wide use of screening, advanced therapies including targeted drugs and more scientific management of cancer patients. The five-year survival rate of cervical cancer could reach 92% in the United States and 85% in China if screened and detected in localized stage. The following chart illustrates the five-year survival rate in different stages of cervical cancer in the United States and China:

Five-year Survival Rate in Different Stages of Cervical Cancer in the U.S. and China



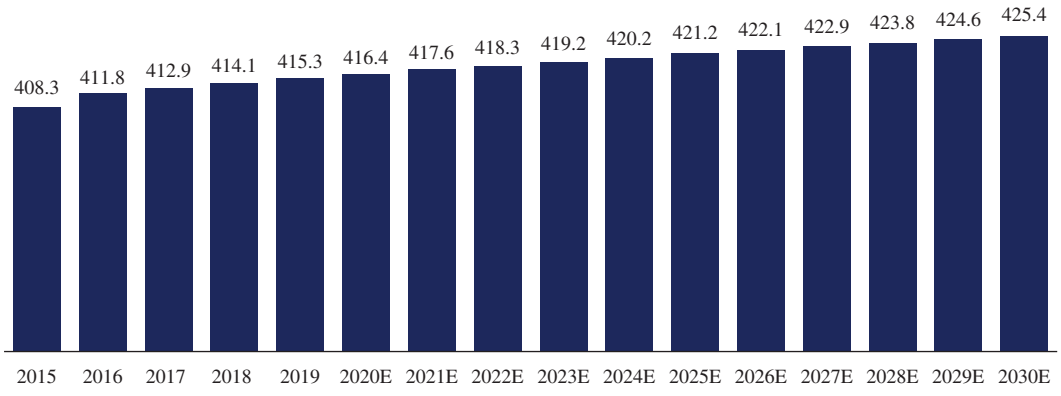
Source: ACS, Globocan, Literature research, Frost & Sullivan Report

Due to high incidence, high mortality, long tumor development cycle and heavy treatment burden, cervical cancer is recommended for regular screening. Population recommended for cervical cancer screening includes women aged between 25 and 65, according to Chinese Preventive Medicine Association. Population recommended increased from 408.3 million in 2015 to 415.3 million in 2019, and is expected to further increase to 425.4 million in 2030. The following chart illustrates the historical and forecasted population recommended for cervical cancer screening in China:

Population Recommended for Cervical Cancer Screening in China, 2015-2030E

CAGR	Population Recommended for Regular Cervical Cancer Screening
2015-2019	0.4%
2019-2030E	0.2%

Million



Source: National Bureau of Statistics, Frost & Sullivan Report

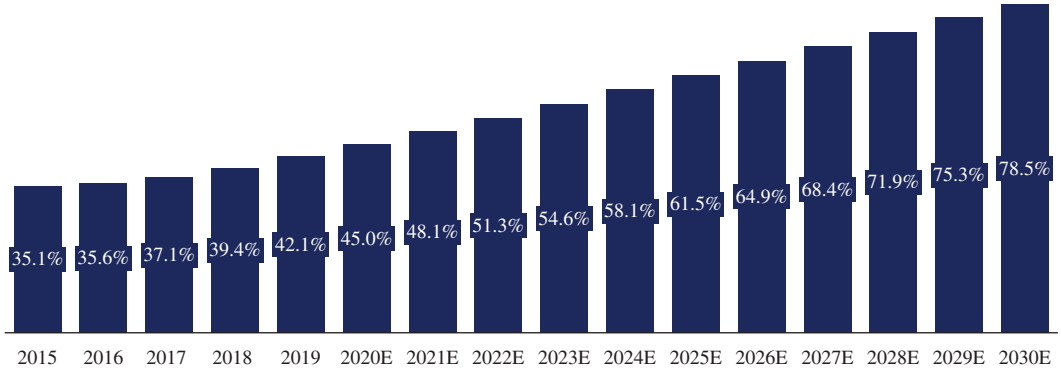
HPV is a group of viruses with more than 100 types. HPV is capable of infecting humans and most HPV infections are subclinical and will cause no physical symptoms. However, at least 14 types of HPV are high-risk types and can cause cervical cancer. Substantially all cases of cervical cancer can be attributable to HPV infection.

Penetration Rate of Cervical Cancer Screening

The penetration rate of cervical cancer screening in China was 42.1% in 2019, as compared to 86.1% in the United States. The penetration rates are calculated based on the total number of population recommended for cervical cancer screening in 2019 in China and the United States, respectively. The low penetration rate in China was primarily due to relatively low public awareness, insufficient screening resources, low compliance due to concern of potential personal privacy invasion.

Although cervical cancer screening is at its early development stage in China with a relatively low penetration rate, it has shown rapid growth from 35.1% in 2015 to 42.1% in 2019. With the development of public awareness toward cancer prevention and screening and updated cervical cancer screening guidelines, the penetration rate among population recommended for cervical cancer screening (i.e. women aged between 25-65 years old) has grown steadily in recent years. With the implementation of the *Healthy China 2030*, the cervical cancer screening penetration rate of the addressable population in China is expected to grow from 42.1% in 2019 to 78.5% in 2030. The following chart illustrates the historical and forecasted penetration rate for cervical cancer screening in China:

Cervical Cancer Screening Penetration Rate of Recommended Population (women aged 25-65) in China, 2015-2030E



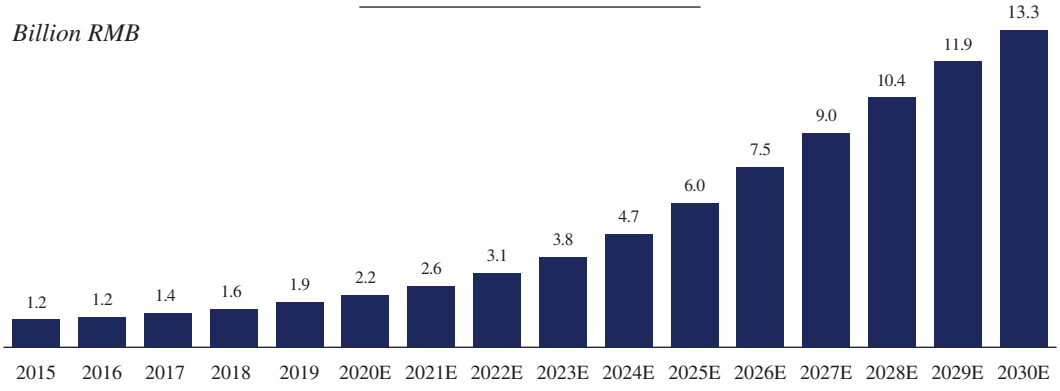
Source: Frost & Sullivan Report

Market Size and Growth Drivers

The cervical cancer screening market in China increased from RMB1.2 billion in 2015 to RMB1.9 billion in 2019 at a CAGR of 13.2%, and is expected to further increase to RMB13.3 billion in 2030 at a CAGR of 19.3%. The diagram below shows the cervical cancer screening market size in China:

Cervical Cancer Screening Market in China, 2015-2030E

Time Period	CAGR
2015-2019	13.2%
2019-2030E	19.3%



Note: The calculation of the cervical cancer screening market only includes the revenue of IVD products for cancer screening at ex-factory level.

Source: Frost & Sullivan Report

The cervical cancer screening market in China is expected to maintain a high growth rate mainly due to the following factors:

- *Advanced Screening Technologies.* Due to the invasive procedures and the lack of privacy, compliance to cervical cytology is relatively low. Home-based tests can protect user privacy and provide better user experience, which could be a future trend for HPV testing. As a result, the demands for urine-based home-use screening test for HPV, such as CerviClear, is expected to further increase. A wider acceptance of advanced screening technologies will drive up the unit price for future cervical cancer screening products, and further propel the growth of the cervical cancer screening market.

- *Increasing Government Support*. According to the *Healthy China 2030*, a national agenda published by the PRC government in October 2016, the PRC government aims to increase the cancer screening rate among high risk populations across the country by introducing early screening guidelines into diagnosis and treatment routine so that by 2030 the five-year survival rate can increase by 15%. It clearly lists cervical cancer as one of the two major cancers for women, and requires local governments to expand the screening

coverage for cervical cancer to 80% by 2022 and 90% by 2030, especially in the rural areas of China. The market for cervical cancer screening is expected to drastically increase in the future with government's support.

- *Increasing HPV Awareness*. As the health literacy level in China increases in recent years, there has been an increasing awareness of HPV and its associated risk with cervical cancer. The HPV vaccination rate has increased significantly in the past few years with the approval of some vaccine products. HPV vaccine products cannot replace cervical cancer screening as the HPV vaccine products only protect against certain high-risk HPVs. In contrast, HPV vaccination induces higher awareness toward prevention and early screening of cervical cancer which will further drive the market growth for cervical cancer screening in China.

Cervical Cancer Screening Technologies and Tests

Cervical cytology and hrHPV test are currently the major cervical cancer screening technologies. The chart below shows the comparison of different major cervical cancer screening technologies:

	Cervical Cytology	hrHPV Test
Advantages	✓ **Gold standard** ✓ High sensitivity	✓ Non-invasive ✓ Better compliance than cytology test ✓ At-home use and convenient
Disadvantages	• Invasive • May lead to unnecessary follow-up tests and possibly treatment • Require professional manual operation and lack quality control • Lack of privacy	• May lead to unnecessary follow-up tests and possibly treatment • Space to improve

There are currently more than 80 HPV tests in the China market, primarily consisting of cytology-based tests and molecular marker tests. Some of these tests are able to detect the exact gene type of the HPV, while some are not. In spite of their abilities to differentiate hrHPV gene subtypes, only a few of them are approved for at-home use. CerviClear is a home-based test for HPV testing. Home-use can protect user privacy and provide better user experience, which could be a future trend for HPV testing.

As of the Latest Practicable Date, there was no approved home-use urine-based cervical cancer screening test in China.

REPORT COMMISSIONED BY FROST & SULLIVAN

In connection with the Global Offering, we have engaged Frost & Sullivan to conduct a detailed analysis and to prepare an industry report on the cancer screening market. Frost & Sullivan is an independent global market research and consulting company founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries.

We have included certain information from the Frost & Sullivan Report in this Prospectus because we believe such information facilitates an understanding of the cancer screening market for potential investors. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

We have agreed to pay Frost & Sullivan a fee of RMB600,000 for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful listing or on the content of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the Global Offering. We confirm that after taking reasonable care, there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan, which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

This section primarily summarizes the principal PRC laws, rules and regulations relevant to our business and operations. The applicable PRC laws, rules and regulations governing our business and operation may change in the future. We may be required to obtain additional approvals, licenses and permits and to comply with any new regulatory requirements adopted from time to time. Moreover, substantial uncertainties exist with respect to the interpretation and implementation of these PRC laws, rules and regulations. See "Risk Factors – Risks Related to Doing Business in China – There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations".

REGULATION OF LABORATORIES

Medical Test Laboratories

Pursuant to the Administrative Regulations on Medical Institutions (《醫療機構管理條例》), promulgated by the State Council, effective on September 1, 1994, and amended on February 6, 2016, and the Implementation Measures of the Administrative Regulations on Medical Institutions (《醫療機構管理條例實施細則》), effective on September 1, 1994, latest amended by National Health and Family Planning Commission, or NHFPC, and effective from April 1, 2017, any entity or individual which intends to establish and operate a medical institution shall apply for an approval from National Health Commission, or NHC, or its local counterparts to obtain a medical institution practicing license. Medical institutions can, after obtaining the medical institution practicing license, within their respective registered diagnosis scope, provide medical services by utilizing the registered medical devices in their own laboratories.

Pursuant to the Basic Standards and Practice of Medical Test Laboratory (《醫學檢驗實驗室基本標準和管理規範(試行)》), promulgated by NHFPC and effective from July 20, 2016, a medical test laboratory, which conducts clinical tests, including clinical hematology tests and body fluid tests, clinical chemistry tests, clinical immunology tests, clinical microbiology tests, clinical molecular cytogenetic tests and clinical pathology tests, for the purpose of diagnosis, management, prevention or treatment of diseases and health assessment, shall be regulated as a medical institution. The establishment and operation of a medical test laboratory shall apply for an approval from NHC or its local counterparts to obtain a medical institution practicing license. We have established two medical test laboratories in the PRC with medical institution practicing license as of the Latest Practicable Date.

Clinical Gene Amplification Test Laboratories

Pursuant to the Administrative Measures for Clinical Gene Amplification Test Laboratories of Medical Institutions (《醫療機構臨床基因擴增檢驗實驗室管理辦法》), promulgated by the Ministry of Health, the former of NHFPC, and effective from December 6, 2010, and the Catalogue of Clinical Laboratory Items for Medical Institutions (2013) (《醫療機構臨床檢驗項目目錄(2013年版)》) promulgated by NHFPC on August 5, 2013, or the Testing Items Catalogue, the NHC at the provincial level is responsible for the supervision and administration of clinical gene amplification test laboratories of medical institutions. A clinical

gene amplification test laboratory shall register its clinical testing items with the NHC at the provincial level after technical verification passed by the center for clinical laboratories at the provincial level. In addition, pursuant to the Notice on Issues Related to the Management of Clinical Laboratory Items (《關於臨床檢驗項目管理有關問題的通知》), or Circular 167, promulgated by the NHFPC on February 25, 2016, the clinical testing items which are not included in the Testing Items Catalogue, but with clear clinical significance, relatively high specificity and sensitivity, and reasonable price, shall be validated in time to meet clinical needs.

Pathogenic Microorganism Laboratories

Pursuant to the Regulations on Administration of Bio-safety in Pathogenic Microorganism Laboratories (《病原微生物實驗室生物安全管理條例》), promulgated by the State Council, effective on November 12, 2004, and latest amended on March 19, 2018, pathogenic microorganism laboratories are classified into four levels, namely bio-safety levels 1, 2, 3 and 4 in terms of bio-safety protection levels in accordance with national standards on biosafety of laboratories. Laboratories at bio-safety levels 1 and 2 shall not engage in laboratory activities related to highly pathogenic microorganisms. The construction, alternation or expansion of a laboratory at bio-safety level 1 or 2 shall be filed for record with the local counterparts of NHC. The entity launched a pathogenic microorganism laboratory shall develop a scientific and strict management system, regularly inspect the implementation of the regulations on bio-safety, and regularly inspect, maintain and update the facilities, equipment and materials in the laboratory, to ensure its compliance with the national standards. As of the Latest Practicable Date, we have made filings of our two laboratories with regards to the pathogenic microorganism testing activities.

REGULATION OF MEDICAL TECHNOLOGIES

Pursuant to the Administration Measures for the Clinical Application of Medical Technologies (《醫療技術臨床應用管理辦法》) promulgated by NHC on August 13, 2018 and effective from November 1, 2018, a negative list will be set up regarding the clinical application of medical technologies, which are classified into two categories: "restricted" and "prohibited". Any medical institution shall refrain from conducting any clinical application of medical technologies that fall within the "prohibited" category, while a medical institution which engages in clinical application of medical technologies falling within the "restricted" category shall file with the NHC or its local counterpart within fifteen working days after the first clinical application of such technologies. In addition, pursuant to the Notice of Strengthening the Administration of Products and Technologies Relating to Clinical Gene Sequencing (《關於加強臨床使用基因測序相關產品和技術管理的通知》), jointly promulgated by General Office of NHFPC and China Food and Drug Administration, or CFDA, on February 9, 2014, no medical institutions may apply gene sequencing technologies or products for clinical use before the issuance of relevant access standards and management regulations.

REGULATION OF MEDICAL DEVICES

The manufacturing, using and operation of medical devices in China are subject to extensive regulations.

Pursuant to the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), or the Medical Devices Regulation, promulgated by the State Council and effective from April 1, 2000, and latest amended on May 4, 2017, and the Administrative Measures of Registration of In-vitro Diagnostic Reagents (《體外診斷試劑注冊管理辦法》), promulgated by CFDA and effective from October 1, 2014 and amended on January 25, 2017, medical devices, including in-vitro diagnostic reagents, are classified into three different categories, Class I, II and III on the basis of their respective degrees of risk. Medical devices of Class I refer to such devices with low level of risk, the safety and effectiveness of which can be ensured through routine administration. Medical devices of Class II refer to such devices with medium level of risk, the safety and effectiveness of which shall be strictly controlled. Medical devices of Class III refer to such devices with high level of risk, the safety and effectiveness of which shall be guaranteed and be subject to strict control through special administrative measures. Pursuant to the Notice of Strengthening the Administration of Products and Technologies Relating to Clinical Gene Sequencing (《關於加強臨床使用基因測序相關產品和技術管理的通知》), gene sequencing diagnostic products, including gene sequencers and relevant diagnostic reagents and software, shall be regulated as medical devices.

The revised draft amendment to the Regulation on the Supervision and Administration of Medical Devices 《醫療器械監督管理條例修正案(草案)》 (the "**Draft Amendment**") has ended the stage for public consultation in July of 2018. As of the Latest Practicable Date, the Draft Amendment has not been formally promulgated and implemented. Compared with the currently enforced Regulation on the Supervision and Administration of Medical Devices which takes effect from April 1, 2000 and is amended on May 4, 2017, the main changes are concentrated on the following aspects: (i) clarifying the system of "marketing authorization holders of medical device"; (ii) reforming the clinical trial management system; (iii) optimizing the approval process; and (iv) improving post-approval regulatory requirements. In terms of the clinical trial management system, the Draft Amendment has clarified the definition of "clinical evaluation" (臨床評價) and its application on different class of medical devices. Clinical trials are in principle required for medical devices of Class III that are intended to support or sustain life or clinical use with high risk. In terms of medical device marketing, the Draft Amendment has clarified that the entity under either self-operating or authorized-operating model which shall be responsible for, among others, product quality and quality control system is the marketing authorization holders of medical device, and has added new requirements on online sales of medical devices. In terms of regulatory requirements, the Draft Amendment has expanded the scope of supervision to all aspects of development, production, operation and use of medical devices, and has added extended inspection and monitoring methods. Whether the foregoing requirements will adversely affect our business operation and registration of our products with NMPA is yet to be observed.

Regulatory Regime of Medical Devices in China

Under the current PRC legal regime, the principal regulatory authorities to oversee the medical devices (including IVD and medical equipment) are NMPA, NHC and SAMR. NMPA, as the main PRC governmental authority regulating drugs and medical devices in China, is under the direct supervision of SAMR. The main responsibilities of NMPA with respect to medical devices include regulating the registration, quality management, sales and distributions of medical devices, as well as creating, supervising and implementing policies and standards governing medical devices. Currently NMPA has set three hierarchies, namely, NMPA itself, NMPA at the provincial level and NMPA at the city level. Generally speaking, NMPA at a lower hierarchy will report their work directly to NMPA at a higher hierarchy, and NMPA will delegate certain of its authorities to the lower hierarchy. For example, NMPA has delegated its responsibility to review and approve the Class II medical device to NMPA at the provincial level, and the responsibility to review and approve the Class I medical device to NMPA at the city level. NHC, as the main PRC governmental authority regulating health related matters in China, is under the direct supervision of the State Council of the PRC. The main responsibilities of NHC with respect to medical device include formulating health policies, overseeing medical institutions, and advising the pricing policy for sales and distribution of medical devices. Currently NHC has set three hierarchies, namely, NHC itself, NHC at the provincial level and NHC at the city level. Generally speaking, NHC at a lower hierarchy will report their work directly to the NHC at a higher hierarchy, and NHC will delegate certain of its authority such as regulating and overseeing local health related matters to the NHC at the lower hierarchy. SAMR, as the main PRC governmental authority responsible for comprehensive market supervision and administration as well as regulating market transactions of all the market entities in China, is under the direct supervision of the State Council of the PRC. The main responsibilities of the SAMR with respect to medical devices include regulating sales and distributions of medical devices, maintenance of the market order and regulating pricing of the medical devices. In addition, SAMR as a law enforcement authority in the PRC, has the authority to investigate and impose administrative penalty on the market entities for their illegal action. Currently SAMR has set three hierarchies, namely, SAMR itself, SAMR at the provincial level and SAMR at the city level. Generally speaking, SAMR at a lower hierarchy will report their work directly to the SAMR at a higher hierarchy, and SAMR will delegate certain of its authority such as supervision and administration of local affairs to the competent SAMR at the lower hierarchy.

Registration and Filing of Medical Devices

Pursuant to the Administrative Measures for Registration of Medical Devices (《醫療器械註冊管理辦法》), promulgated by CFDA on July 30, 2014 and effective from October 1, 2014, among domestic manufactured medical devices, medical devices of Class I shall be filed with the National Medical Products Administration, or NMPA, at the city level; medical devices of Class II shall be subject to the inspection, approval and the granting of product registration certificates by NMPA at the provincial level; medical devices of Class III are subject to the inspection, approval and the granting of product registration certificates by NMPA. The product registration certificate is valid for five years, and the holder of such certificate shall apply for renewal within six months prior to its expiration. There is no validity term for the filing period of a Class I medical device. Pursuant to the Medical Devices Regulation, promulgated by the State Council and effective from April 1, 2000, and latest

amended on May 4, 2017, and the Administrative Measures of Registration of In-vitro Diagnostic Reagents (《體外診斷試劑注冊管理辦法》), promulgated by CFDA and effective from October 1, 2014 and amended on January 25, 2017, unless the holder of medical device (i) fails to apply for the renewal of medical devices in the prescribed time period, or (ii) fails to meet the newly amended compulsory requirements applicable to medical devices, the product registration certificate shall be renewed and re-certified.

Under the current PRC legal regime, clinical trials are not required for the filing of the medical devices of Class I, but are prerequisite for the application for the registration of the medical devices of Class II and Class III. However, medical devices may be exempted from clinical trials under any 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; (ii) the safety and effectiveness of such medical devices can be proved through non-clinical evaluation; or (iii) the safety and effectiveness of such medical devices can be proved through the analysis and evaluation of the data obtained from the clinical trials or clinical application of the same categories of medical devices.

Production Permit and GMP for Medical Devices

Pursuant to the Medical Devices Regulation and the Administrative Measures for Production of Medical Devices (《醫療器械生產監督管理辦法》), promulgated by the CFDA, amended and effective from November 17, 2017, an entity engaging in the production of medical devices of Class I shall complete record-filing with NMPA at city level where such entity is located; and an entity engaging in the production of medical devices of Class II or III shall obtain a production permit of medical devices from NMPA at provincial level. The production permit of medical devices is valid for five years and the holder of such permit shall apply for extension within six months prior to its expiration. For any changes to the contents or particulars on the production permit of medical devices, the manufacturer shall make amendment registration with the competent NMPA within 30 days after such amendment. For any changes to the contents or particulars on the filing certificate for production of Class I medical devices, the manufacturer shall make amendment filing with the competent NMPA.

Pursuant to the Good Manufacturing Practice of Medical Devices (《醫療器械生產質量管理規範》) promulgated by CFDA on December 29, 2014 and effective from March 1, 2015, the manufacturer of medical devices shall abide by the requirements of these measures in the process of design, development, production, sales and after-sales service of medical devices. The manufacturer of medical devices shall, in accordance with the requirements of these measures and, having taken into account product characteristics, establish and improve a quality management system that is compatible with the medical devices produced, and ensure their effective operation. The manufacturer of medical devices shall implement risk management throughout the entire process of design development, production, sales and after-sales service, for which the measures taken should be proportionate to the risks of the products.

Operation Permit and GSP for Medical Devices

Pursuant to the Medical Devices Regulation and the Administrative Measures for Operation of Medical Devices (《醫療器械經營監督管理辦法》), promulgated by the CFDA, and amended and effective from November 17, 2017, an entity engaging in the operation of medical devices of Class I is not required to obtain approval or filing for record with NMPA or its local counterparts; an entity engaging in the operation of medical devices of Class II shall file for record with NMPA at city level where such entity is located; an entity engaging in the operation of medical devices of Class III shall apply for an operation permit from NMPA at city level. The operation permit of medical devices is valid for five years and the holder of such permit shall apply for extension within six months prior to its expiration. According to Medical Devices Regulation, any entity shall not sell or use medical devices which are not properly registered or filed with NMPA or its local counterparts. In addition, according to the Administrative Measures for Operation of Medical Devices (《醫療器械經營監督管理辦法》), no additional operation permit or filing is required for any registered holder or record holder of medical devices or manufacturer of medical devices if it sells the medical devices at the place where it is domiciled or where the medical devices are manufactured.

Pursuant to the Good Sales Practice of Medical Devices (《醫療器械經營質量管理規範》) promulgated by CFDA and effective from December 12, 2014, an entity engaging in the procurement, acceptance, preservation, sales, transportation and after-sales of medical devices shall take effectively quality control measures.

Exportation of Medical Devices

According to the Medical Devices Regulation and the Administrative Measures for Production of Medical Devices (《醫療器械生產監督管理辦法》) (which was promulgated by NMPA on July 30, 2014 and became effective on October 1, 2014, and was amended on November 7, 2017), a manufacturer of medical devices for exportation purpose shall ensure that the medical devices it produces meet the requirements of the importing country (region), and the relevant information of the products shall be submitted to the competent CFDA where it is located for record.

In addition, according to the Notice of China Food and Drug Administration on the Promulgation of the Administrative Regulations on the Certificate of Free Sale for Medical Device Exportation (《國家食品藥品監督管理總局關於發佈醫療器械產品出口銷售證明管理規定的通告》) (which was issued by the CFDA on June 1, 2015), the relevant CFDA shall issue a certificate of free sale for medical device exportation to a production enterprise (hereinafter referred to as the enterprise) which has obtained a registration certificate and a production permit of medical devices in China or has completed the filing procedures for the registration and production of medical devices. The enterprise shall ensure that the products for exportation meet the requirements of relevant regulations on the exportation of medical devices and relevant requirements of the importing country. All legal liabilities arising in the course of exportation shall be borne by the enterprise itself.

Pricing Policy of Medical Devices

Under the current PRC laws and regulations, pricing policy of medical devices depends on, among others, the categories such medical devices fall into and how such medical devices are distributed. To commercialize a medical device, such as ColoClear IVD, in public hospitals in China, a public hospital needs to introduce a new medical service type to be included in its medical service catalogue for the medical service it will provide utilizing the medical device, such as ColoClear IVD, and apply for price determination of such medical service with the PRC Healthcare Security Administration (醫療保障局) at provincial or city level. Currently, there are no unified laws and regulations at the nationwide level specifying the requirements and procedures for the introduction of new medical service into public hospitals and the pricing thereof, while in practice individual provincial government and/or individual public hospital from time to time promulgates relevant rules, regulations and guidance which applies within its territory. Generally speaking, to introduce a new medical service, a public hospital shall apply to the competent Healthcare Security Administration at the provincial or city level (depending on the level of the hospital) by submitting, among others, proposed pricing and the cost base for such pricing. The competent Healthcare Security Administration will organize experts to review the medical service, the results of which will be taken as reference to determine whether such new medical service can be introduced and the pricing thereof. The result of application (including whether the medical service has been approved to be introduced into such hospital(s) and the pricing thereof) will be published online. As to the distribution channels other than the public hospitals, including without limitation private hospitals and pharmacies, there is no specific regulation or pricing guidance specifically govern pricing of ColoClear IVD and usually the Company and the counterparty will discuss and determine on the pricing of ColoClear IVD and/or its services.

REGULATION OF HUMAN GENETIC RESOURCES

The Regulation for the Administration of Human Genetic Resources of the PRC (《中華人民共和國人類遺傳資源管理條例》), or the HGR Regulation, promulgated by the State Council on May 28, 2019, and effective from July 1, 2019, regulates entities engaging in collection, preservation, utilization and outbound provision of human genetic resources. Human genetic resources include (i) human genetic resources materials, such as organs, tissues and cells that contain hereditary substances such as human genomes genes, and (ii) human genetic resources information, such as data generated from human genetic resources.

Pursuant to the HGR Regulation, collection and preservation of human substances such as organs, tissues and cells and carrying out related activities for the purposes of clinical diagnosis and treatment, blood collection and supply services, crime investigation, doping detection and funeral and interment shall be subject to other applicable laws and regulations.

Pursuant to the HGR Regulation, foreign entities, individuals and such entities established or actually controlled thereby (each, a "**Restricted Entity**") shall not, within the territory of China, collect or preserve human genetic resources of China, nor provide human genetic resources of China outward across the border; while a foreign entity is allowed to

conduct scientific research activities by utilizing human genetic resources of China through cooperation with scientific research institutions, higher education institutions, medical institutions or enterprises of China (each, a "**Domestic Entity**"). The utilization of human genetic resources of China in any international cooperative scientific research is subject to approval by the Ministry of Science and Technology, or the MOST. However, the aforesaid approval is not required, but instead a filing for record with the MOST is required, if human genetic resources of China are utilized for international cooperative clinical trials without any outbound provision of human genetic resources, for the purpose of obtaining product registration of relevant medicine and medical device in China.

REGULATION OF ENVIRONMENT PROTECTION

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) which was promulgated by the SCNPC on December 26, 1989, and amended on April 24, 2014 and came into force on January 1, 2015, all enterprises and institutions which discharge pollutants shall adopt measures to prevent and control pollution and damage to the environment from waste gas, waste water, waste residues, medical waste, dust, malodorous gases, radioactive substances, noise, vibration, ray radiation and electromagnetic radiation generated in the course of production, construction or other activities. Pollution prevention and control facilities of a construction project shall be simultaneously designed, constructed and put into operation with the principal part of the construction project. Enterprises that manufacture, store, transport, sell, use or dispose of chemicals and materials containing radioactive substances shall comply with the relevant State regulations to prevent environmental pollution. The relevant authorities are authorized to impose various types of penalties on the persons or entities in violation of the environmental regulations, including fines, restriction or suspension of operation, shut-down, detention of office-in-charge, etc.

ENCOURAGEMENT OF INNOVATION IN MEDICAL DEVICES

There are certain laws, regulations and policies for encouraging innovation in medical devices in China.

Pursuant to the Opinions of the General Office of the CPC Central Committee and the General Office of the State Council on Deepening the Reform on the System for Review and Approval to Encourage Innovation of Drugs and Medical Devices (中共中央辦公廳、國務院辦公廳《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》) which was issued in October 2017, in order to encourage the research and development of innovative medical devices, priority processing shall be given to the review and approval of those innovative medical devices that are supported by the National Science and Technology Major Projects (國家科技重大專項), the National Key Research and Development (國家重點研發計劃), and the clinical trials carried out and recognized by the National Clinical Medical Research Center (國家臨床醫學研究中心).

Pursuant to the Opinions of the State Council on Reform of the System of Evaluation, Review and Approval of Drugs and Medical Devices (《國務院關於改革藥品醫療器械審評審批制度的意見》) (which was issued by State Council on August 9, 2015), in order to encourage the research, development and innovation of medical devices, priority processing shall be given to registration application for innovative medical devices that consist of the core technology invention patent and are of major clinical value; such medical devices shall be listed into the scope of special review and approval by the relevant regulatory departments.

Our Core Product, ColoClear IVD, is identified as an innovative medical device and thus can enjoy certain preferential treatment.

REGULATION OF PRODUCT QUALITY AND CONSUMER PROTECTION

Product Quality

The Product Quality Law of the PRC (《中華人民共和國產品質量法》), as amended and effective as of December 29, 2018, applies to all production and sale activities in the PRC. Pursuant to the Product Quality Law of the PRC, products offered for sale must satisfy relevant quality and safety standards. Violations of state or industrial standards for health and safety and any other related violations may result in civil liabilities and administrative penalties, such as compensation for damages, fines, suspension or shutdown of business, as well as confiscation of products illegally produced and sold and the proceeds from such sales. Severe violations may subject the responsible individual or enterprise to criminal liabilities. Where a defective product causes physical injury to a person or damage to another person's property, the victim may claim compensation from the manufacturer or from the seller of the product. Where the responsibility for product defects lies with the manufacturer, the seller shall, after settling compensation, have the right to recover such compensation from the manufacturer, and vice versa.

Pursuant to the PRC Civil Code which was promulgated on May 5, 2020 and effective from January 1, 2021, manufacturers shall assume tort liability where the defects in relevant products cause damage to others. Sellers shall assume tort liability where the defects in relevant products causing damage to others are attributable to the sellers. The aggrieved party may claim for compensation from the manufacturer or the seller of the relevant product in which the defects have caused damage.

Consumer Protection

The Consumer Protection Law of the PRC (《中華人民共和國消費者權益保護法》), as amended and effective as of March 15, 2014, sets out the obligations of business operators and the rights and interests of the consumers in the PRC. Pursuant to Consumer Protection Law of the PRC, business operators must ensure that the goods they sell satisfy the requirements for personal or property safety protection, provide consumers with authentic information about the goods, and guarantee the quality, function, usage and term of validity of the goods. Failure to comply with Consumer Protection Law could result in administrative sanctions, such as the issuance of a warning, confiscation of illegal income, imposition of a fine, an order to cease business operations, revocation of business licenses, as well as potential civil or criminal liabilities.

REGULATION OF FOREIGN INVESTMENT

On March 15, 2019, the National People's Congress promulgated the 2019 PRC Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which became effective on January 1, 2020 and replaced the major former laws and regulations governing foreign investment in the PRC. Pursuant to the 2019 PRC Foreign Investment Law of the PRC, "foreign investments" refer to investment activities conducted by foreign investors directly or "indirectly" in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment of other methods as specified in laws, administrative regulations, or as stipulated by the PRC State Council.

According to 2019 PRC Foreign Investment Law and its implementing rules, China adopts a system of pre-entry national treatment plus negative list with respect to foreign investment administration. The negative list will be proposed by the competent investment department of the PRC State Council in conjunction with the competent commerce department of the PRC State Council and other relevant departments, and be reported to the PRC State Council for promulgation, or be promulgated by the competent investment department or competent commerce department of the PRC State Council after being reported to the PRC State Council for approval.

Foreign investment beyond the negative list will be granted national treatment. Foreign investors shall not invest in the prohibited industries as specified in the negative list, while foreign investment must satisfy certain conditions stipulated in the negative list for investment in the restricted industries. The current industry entry clearance requirements governing investment activities in the PRC by foreign investors are set out in two categories, namely the Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)》), the latest amended version of which was jointly promulgated by the MOFCOM and the NDRC on June 23, 2020 and took effect as of July 23, 2020, or the Negative List, and the Encouraged Industry Catalogue for Foreign Investment (2020 version) (《鼓勵外商投資產業目錄(2020年版)》), or the 2020 Encouraged Industry Catalogue. Industries not listed in these two categories are generally deemed "permitted" for foreign investment unless otherwise restricted by other PRC laws. Our PRC subsidiary has obtained all material approvals required for their business operations. Development and application of gene diagnosis and treatment technology is prohibited to foreign investment pursuant to the Negative List. We conduct business operations that are prohibited to foreign investment, including collection of genetic information for early stage cancer screening, and the research, development and application of such screening technology and test for diagnosis purposes, through our Consolidated Affiliated Entity and its subsidiaries.

On December 30, 2019, the MOFCOM and the SAMR, jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020. Pursuant to the measures, where a foreign investor directly or indirectly carries out investment activities in China, the foreign investor or the foreign-invested enterprise shall submit the investment related information to the competent commerce authority for further handling.

REGULATION OF INTELLECTUAL PROPERTY RIGHTS

Patent

Patents in the PRC are principally protected under the Patent Law of the PRC (《中華人民共和國專利法》), or the Patent Law. The Patent Law and its implementation rules provide for three types of patent: "invention", "utility model" and "design". The protection period is 20 years for invention patents and 10 years for utility model patents and design patents, commencing from their respective application dates. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. Except under certain specific circumstances provided by law, any third-party user must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use of said patent constitutes an infringement of the patent rights, and shall pay compensation to the patentee and is subject to a fine imposed by relevant administrative authorities and, if constituting a crime, shall be held criminally liable in accordance with the law. On October 17, 2020, the SCNPC promulgated the newly amended Patent Law, or the New Patent Law, which will take effect on June 1, 2021. The New Patent Law introduced, among the others, a patent protection period compensation system in the event of unreasonable delay, and punitive damages for wilful patent infringement under severe circumstances. In addition, under the HGR Regulation, patents derived from the cross-border cooperation using PRC genetic resources shall be jointly applied and owned by the cooperating PRC and foreign parties.

Copyright

Copyright in the PRC, including copyrighted software, is principally protected under the Copyright Law of the PRC (《中華人民共和國著作權法》) which took effect in 1991 and was most recently amended on November 11, 2020 (the latest amendment will take effect on June 1, 2021) and related rules and regulations. Under the Copyright Law of the PRC, the term of protection for copyrighted software is 50 years. The Regulation on the Protection of the Right to Communicate Works to the Public over Information Networks (《信息網絡傳播權保護條例》), which was most recently amended on January 30, 2013, provides specific rules on fair use, statutory license, and a safe harbor for use of copyrights and copyright management technology and specifies the liabilities of various entities for violations, including copyright holders, libraries and Internet service providers.

In order to further implement the Regulations for the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on December 20, 2001 and last amended on January 30, 2013, the State Copyright Bureau issued the Registration of Computer Software Copyright Procedures (《計算機軟件著作權登記辦法》) on February 20, 2002, which applies to software copyright registration, license contract registration and transfer contract registration with respect to software copyright.

Trademark

Registered trademarks are protected under the Trademark Law of the PRC (《中華人民共和國商標法》) and related rules and regulations. Trademarks are registered with the State Intellectual Property Office, formerly the Trademark Office of the SAIC. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for a renewable ten-year period, unless otherwise revoked.

Domain Name

Domain names are protected under the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and effective as of November 1, 2017. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration.

REGULATIONS ON INFORMATION SECURITY AND PRIVACY PROTECTION

The Basic Standards for Medical Laboratories (for Trial Implementation) (《醫學檢驗實驗室基本標準(試行)》), as promulgated by the NHFPC in 2016, provides that medical laboratories must establish information management and patient privacy protection policies. The Measures for the Administration of General Population Health Information (for Trial Implementation) (《人口健康信息管理辦法(試行)》) as promulgated by the NHFPC on May 5, 2014 sets forth the operational measures for patient privacy protection in medical institutions. The measures regulate the collection, use, management, safety and privacy protection of general population health information by medical institutions. Medical institutions must establish information management departments responsible for general population health information and establish quality control procedures and relevant information systems to manage this information. Medical institutions must adopt stringent procedures to verify the general population health data collected, timely update and maintain the data, establish policies on the authorized use of this information, and establish safety protection systems, policies, practice and technical guidance to avoid divulging confidential or private information.

REGULATION OF ADVERTISEMENT

Pursuant to the Advertisement Law of the PRC (《中華人民共和國廣告法》), which was promulgated by SCNPC on October 27, 1994 and effective from February 1, 1995 and latest amended and effective from October 26, 2018, advertisements shall not contain false statements or be deceitful or misleading to consumers. Advertisements relating to pharmaceuticals and medical devices, shall be reviewed by relevant authorities in accordance with applicable rules before being distributed by broadcasting, movies, television, newspapers, journals or otherwise. The Advertisement further stipulates that advertisements for medical treatment, pharmaceutical products or medical devices shall not contain: (i) any assertion or guarantee for efficacy and safety; (ii) any statement on cure rate or effectiveness rate; (iii) any comparison with the efficacy and safety of other pharmaceutical products or medical devices or with other healthcare institutions; (iv) any use of endorsements or testimonials; or (v) other items as prohibited by laws and regulations.

Pursuant to the Interim Measures for the Administration of Internet Advertisement (《互聯網廣告管理暫行辦法》) which was promulgated by the SAIC on July 4, 2016 and became effective as of September 1, 2016, the Internet advertisement must be visibly marked as "advertisement". Advertisements for special commodities or services such as medical treatment, pharmaceuticals, foods for special medical purposes, medical instruments, agrochemicals, veterinary medicines and other health foods must be reviewed by competent authorities before online publication.

Pursuant to the Measures for Administration of Medical Advertisement (《醫療廣告管理辦法》), which were jointly promulgated by the SAIC and the Ministry of Health on November 10, 2006 and effective on January 1, 2007, medical advertisements shall be reviewed by relevant health authorities and obtain a Medical Advertisement Examination Certificate before being released. Medical Advertisement Examination Certificate is valid for one year and may be renewed upon application.

Pursuant to the Interim Measures for the Administration of Censorship of Advertisements on Drugs, Medical Devices, Dietary Supplements and Formula Foods for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》) which were promulgated by the State Administration for Market Regulation on December 24, 2019 and effective from March 1, 2020, for medical devices advertisement to be released and published, a manufacturer of medical devices shall obtain an approval from NMPA at provincial level. In addition, the content of advertisements for medical devices is subject to certain guidelines as approved by NMPA or its local counterparts at provincial level.

Pursuant to the Measures Regarding the Administration of Drug Information Service through the Internet (《互聯網藥品信息服務管理辦法》), which was promulgated by the CFDA and effective from July 8, 2004, and amended and effective from November 17, 2017, the Internet drug information services, referring to that of providing medical information (including medical devices information) services to Internet users through the Internet, are classified into two categories, namely, profit-making services and non-profit services. Any website intending to provide drug information services through Internet, shall be approved by NMPA at provincial level before applying for an operation permit or record-filing from the authority in charge of information industry under the State Council or the administration of telecommunication at the provincial level.

REGULATION OF ANTI-BRIBERY

According to the Anti-Unfair Competition Law (《反不正當競爭法》) promulgated by SCNPC, as amended and effective as of April 23, 2019, and the Interim Provisions on the Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) promulgated by the SAIC on November 15, 1996, any business operator shall not provide or promise to provide economic benefits (including cash, other property or by other means) to a counter-party in a transaction or a third party that may be able to influence the transaction, in order to entice such party to secure a transactional opportunity or a competitive advantages for the business operator. Any business operator breaching the relevant anti-bribery rules above-mentioned may be subject to administrative punishment or criminal liability depending on the seriousness of the cases.

TAX REGULATIONS

PRC Enterprise Income Tax

The PRC enterprise income tax, or EIT, is calculated based on the taxable income determined under the applicable EIT Law of the PRC (《中華人民共和國企業所得税法》) and its implementation rules, both of which became effective on January 1, 2008 and were most recently amended on December 29, 2018 and April 23, 2019, respectively. The EIT Law generally imposes a uniform enterprise income tax rate of 25% on all resident enterprises in China, including foreign-invested enterprises. The EIT Law and its implementation rules permit certain High and New Technologies Enterprises, or HNTEs, to enjoy a reduced 15% enterprise income tax rate if they meet certain criteria and are officially acknowledged.

PRC Value Added Tax

On March 23, 2016, the MOF and the STA jointly issued the Circular on the Pilot Program for Overall Implementation of the Collection of Value Added Tax Instead of Business Tax (《關於全面推開營業税改徵增值税試點的通知》), or Circular 36, which took effect on May 1, 2016. Pursuant to the Circular 36, all of the companies operating in construction, real estate, finance, modern service or other sectors which were required to pay business tax are required to pay value-added tax, or VAT, in lieu of business tax. A VAT rate of 6% applies to revenue derived from the provision of certain services. Unlike business tax, a taxpayer is allowed to offset the qualified input VAT paid on taxable purchases against the output VAT chargeable on the revenue from services provided.

On March 20, 2019, the MOF, the STA and the General Administration of Customs issued the Announcement on Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》), or Announcement 39, which came into effect on April 1, 2019, to further slash VAT rates. According to Announcement 39, (i) the 16% or 10% VAT previously imposed on sales and imports by general VAT taxpayers is reduced to 13% or 9% respectively; (ii) the 10% purchase VAT credit rate allowed for the procured agricultural products is reduced to 9%; (iii) the 13% purchase VAT credit rate allowed for the agricultural products procured for production or commissioned processing is reduced to 10%; and (iv) the 16% or 10% export VAT refund rate previously granted to the exportation of goods or labor services is reduced to 13% or 9%, respectively.

REGULATION OF FOREIGN EXCHANGE AND DIVIDEND DISTRIBUTION

Foreign Exchange Regulation

The principal regulations governing foreign currency exchange in China are the Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》). Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, may be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of foreign currency-denominated loans or foreign currency is to be remitted into China under the capital account, such as a capital increase or foreign currency loans to our PRC subsidiary.

In November 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》), as amended, which substantially amends and simplifies the foreign exchange procedure. Pursuant to this circular, 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 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, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously. In addition, SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents (《關於印發<外國投資者境內直接投資外匯管理規定>及配套文件的通知》) in May 2013, as amended, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches. In February 2015, SAFE promulgated the Circular of Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to 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》), or SAFE Circular 13, which became effective on June 1, 2015. Under SAFE Circular 13, the foreign exchange procedures are further simplified, and foreign exchange registrations of direct investment will be handled by the banks designated by the foreign exchange authority instead of SAFE and its branches. However, the foreign invested enterprises were still prohibited by SAFE Circular 13 to use the RMB converted from foreign currency-registered capital to extend entrustment loans, repay bank loans or inter-company loans.

On June 9, 2016, SAFE issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《關於改革和規範資本項目結匯管理政策的通知》), or Circular 16, which took effect on the same day. 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 Renminbi obtained from foreign exchange settlement are not restricted from extending loans to related parties or repaying the inter-company loans (including advances by third parties).

On January 18, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《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》), or Circular 3, which took effect on the same day. Circular 3 sets out various measures, including the following:

- relaxing the policy restriction on foreign exchange inflow to further enhance trade and investment facilitation, including:
  - expanding the scope of foreign exchange settlement for domestic foreign exchange loans,
  - allowing the capital repatriation for offshore financing against domestic guarantee,
  - facilitating the centralized management of foreign exchange funds of multinational companies, and
- allowing offshore institutions within pilot free trade zones to settle foreign exchange in domestic foreign exchange accounts; and
- tightening genuineness and compliance verification of cross-border transactions and cross-border capital flow, including:
  - improving the statistics of current account foreign currency earnings deposited offshore,
  - requiring banks to verify board resolutions, tax filing form, and audited financial statements before wiring foreign invested enterprises' foreign exchange distribution above US$50,000,
  - strengthening genuineness and compliance verification of foreign direct investments, and
- implementing full scale management of offshore loans in Renminbi and foreign currencies by requiring the total amount of offshore loans be no higher than 30% of the onshore owner's equity shown on its audited financial statements of the last year.

On October 23, 2019, SAFE issued Circular on Further Facilitating Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》), or Circular 28, which took effect on the same day. Circular 28 allows noninvestment foreign-invested enterprises to use their capital funds to make equity investments in China, provided that such investments do not violate the negative list and the target investment projects are genuine and in compliance with laws. Since Circular 28 was issued only recently, its interpretation and implementation in practice are still subject to substantial uncertainties.

To use our offshore foreign currency to fund our PRC operations, we will apply to obtain the relevant approvals of SAFE and other PRC government authorities as necessary. Our PRC subsidiary's distributions to their offshore parents and our cross-border foreign exchange activities are required to comply with the various requirements under the relevant foreign exchange rules.

SAFE Circular 37

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or SAFE Circular 37, on July 4, 2014, which replaced the former circular commonly known as "SAFE Circular 75" (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) promulgated by SAFE on October 21, 2005. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with their legally owned assets or interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiary of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls. On February 13, 2015, SAFE released SAFE Circular 13, under which local banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, from June 1, 2015. There exist substantial uncertainties with respect to its interpretation and implementation by governmental authorities and banks.

We have notified substantial beneficial owners of our shares who we know are PRC residents of their filing obligation pursuant to SAFE Circular 37. However, we may not be aware of the identities of all our beneficial owners who are PRC residents. In addition, we do not have control over our beneficial owners and cannot assure you that all of our PRC resident beneficial owners will comply with SAFE Circular 37. The failure of our beneficial owners who are PRC residents to register or amend their SAFE registrations in a timely manner pursuant to SAFE Circular 37 or the failure of future beneficial owners of our Company who are PRC residents to comply with the registration procedures set forth in SAFE Circular 37 may subject these beneficial owners or our PRC subsidiary to fines and legal sanctions. Failure to register or amend the registration may also limit our ability to contribute additional capital to our PRC subsidiary or receive dividends or other distributions from our PRC subsidiary or other proceeds from disposal of our PRC subsidiary, or we may be penalized by SAFE.

Share option rules

Under the Administration Measures on Individual Foreign Exchange Control (《個人外匯管理辦法》) issued by the PBOC on December 25, 2006, all foreign exchange matters involved in employee share ownership plans and share option plans in which PRC citizens participate require approval from SAFE or its authorized branch. Pursuant to SAFE Circular 37, PRC residents who participate in share incentive plans in overseas non-publicly-listed companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose companies. In addition, under the Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Publicly-Listed Companies (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or the Share Option Rules, issued by SAFE on February 15, 2012, PRC residents who are granted shares or share options by companies listed on overseas stock exchanges under share incentive plans are required to (i) register with SAFE or its local branches; (ii) retain a qualified PRC agent, which may be a PRC subsidiary of the overseas listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the share incentive plans on behalf of the participants; and (iii) retain an overseas entrusted institution to handle matters in connection with their exercise of share options, purchase and sale of shares or interests and funds transfers.

Regulation of dividend distribution

Under our current corporate structure, our Cayman Islands holding company may rely on dividend payments from our PRC subsidiary, which is a wholly foreign-owned enterprise incorporated in the PRC, to fund any cash and financing requirements we may have. The principal laws, rules and regulations governing dividend distribution by wholly foreign-owned enterprise in the PRC are the PRC Company Law, as amended, the 2019 PRC Foreign Investment Law. Under these laws, rules and regulations, wholly foreign-owned enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. A wholly foreign-owned enterprise is required to set aside as general reserves at least 10% of their after-tax profit, until the cumulative amount of their reserves reaches 50% of their registered capital. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

LABOR LAWS AND SOCIAL INSURANCE

Pursuant to the PRC Labor Law (《中華人民共和國勞動法》), promulgated by the SCNPC on July 5, 1994 and amended and came into effect on December 29, 2018 and the PRC Labor Contract Law (《中華人民共和國勞動合同法》) amended by the SCNPC on December 28, 2012 and came into effect on July 1, 2013 and the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council and came into effect on September 18, 2008, employers shall establish and improve labor rules and regulations according to the laws and regulations and shall strictly comply with the national standards, provide trainings to its employees, protect their labor rights and perform its labor obligations. Employers shall execute written labor contracts with full-time 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. All employers must comply with local minimum wage standards. Violations of the PRC Labor Contract Law and the PRC Labor Law may result in the imposition of fines and other administrative and criminal liability in the case of serious violations.

In addition, according to the PRC Social Insurance Law (《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 came into effect on December 29, 2018 and the Regulations on the Administration of Housing Funds (《住房公積金管理條例》) amended by the State Council and came 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 came into effect on March 24, 2019, employers in China shall pay premium for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance, basic medical insurance and housing funds 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.

HONG KONG

Clinical trials in Hong Kong are regulated by the Department of Health. Certificate for clinical trial and medicinal test is required for the purpose of conducting a clinical trial on human beings. Pharmacy and Poisons Board of Hong Kong is the statutory body to issue the certificate for clinical trial and medicinal test.

MAJOR SOUTHEAST ASIA TERRITORIES

In Singapore, the Health Sciences Authority regulates the conduct of clinical trials of therapeutic products and medicinal products under the Health Products (Clinical Trials) Regulations and the Medicines (Clinical Trials) Regulations, respectively. In Malaysia, clinical trials are regulated by the National Pharmaceutical Regulatory Agency (″NPRA″), an agency under the Malaysian Ministry of Health. NPRA is competent in issuing licenses for clinical trials conducted in Malaysia and responsible for the registration of pharmaceutical products and cosmetics as well as the enforcement of drug quality control schemes. In Thailand, Thai FDA and Ministry of Public Health are the agencies that regulate clinical trials.

OVERVIEW

We are the pioneer in China's colorectal cancer screening market. We operate in a largely untapped and fast-growing colorectal cancer screening market in China. Our Group was founded by Dr. Chen and Mr. Zhu, our executive Directors. For the biography and relevant industry experience of Dr. Chen and Mr. Zhu, please refer to the section headed "Directors and Senior Management" in this Prospectus.

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on June 7, 2018, having started our research and development operations in the PRC in 2015.

KEY MILESTONES

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

Year	Event
November 2015	• Hangzhou Nuohui was established in Hangzhou, China
March 2016	• Beijing Nuoan Lab was established in Peking University Care Industrial Park
April 2016	• Our series A financing was fully settled which in aggregate raised RMB105 million
August 2016	• A commercial partnership was entered into between Hangzhou Nuohui and iKang regarding marketing of the ColoClear LDT service
October 2016	• Product partnership agreements were entered into with DoctorWork (企鵝杏仁) regarding marketing and promotion of ColoClear tests
March 2017	• Construction of the Hangzhou manufacturing facility and Hangzhou Nuokang Lab was commenced
September 2017	• Our series B financing was fully settled which in aggregate raised US$20 million
January 2018	• We submitted Class-III IVD clinical trial application for ColoClear through the "Special Approval Procedure" on innovative medical devices in China

Year	Event
March 2018	• We obtained registration certificate of Class II medical device for our Pupu Tube in China
May 2018	• We obtained approval to enter into NMPA's "breakthrough approval channel for innovative medical devices" for ColoClear IVD
May 2018	• We obtained certification from Hangzhou Health and Family Planning Commission (杭州市衛生和計劃生育委員會) for our Hangzhou Nuokang Lab
June 2018	• Our Company was incorporated in the Cayman Islands as the holding company in anticipation of the Pre-IPO Investments and the Listing
May 2019	• Our series C financing was fully settled which in aggregate raised US$66.5 million
December 2019	• We completed our registrational clinical trial for ColoClear IVD involving 5,881 subjects enrolled in eight medical institutions and hospitals
February 2020	• NMPA accepted our formal application for ColoClear IVD to be classified as a Class III medical device
February 2020	• The Administrative Approval Bureau of Nansha Economic and Technological Development Zone of Guangzhou (廣州南沙經濟技術開發區行政審批局) approved the environmental impact assessment report and the construction of Guangzhou Nuohui Lab
May 2020	• Our series D financing was fully settled which in aggregate raised approximately US$20 million
July 2020	• Our series E financing was fully settled which in aggregate raised approximately US$30 million
November 2020	• NMPA completed its technical assessment of ColoClear IVD and approved its registration

OUR MAJOR SUBSIDIARIES AND OPERATING ENTITIES

The principal business activities and the dates of incorporation of the major subsidiaries of our Group during the Track Record Period are shown below:

Name of major subsidiary and operating entity	Place of incorporation	Date of incorporation and commencement of business	Principal business activities
Hangzhou Nuohui	PRC	November 19, 2015	Research and development of medical diagnostic technology, technical service, technical transfer, technical consultation, manufacturing and sales of medical and laboratory equipment, technological import and export
Beijing Nuoan Lab	PRC	March 9, 2016	Development of medical diagnostics technology, technical service, technical consultation, medical services
Hangzhou Nuokang Lab	PRC	June 3, 2016	Development of medical diagnostics technology, technical service, technical consultation, manufacturing of FOBT kit
Guangzhou Nuohui Lab	PRC	May 28, 2019	Laboratory medical research and development

MAJOR CORPORATE DEVELOPMENT, SHAREHOLDING CHANGES AND REORGANIZATION OF OUR GROUP

Our business operations were primarily conducted through our principal operating subsidiary, Hangzhou Nuohui, as well as through Beijing Nuoan Lab, Hangzhou Nuokang Lab and Guangzhou Nuohui Lab. The following sets forth the major corporate history and shareholding changes of our Company and our major operating subsidiaries.

Hangzhou Nuohui

Before the Reorganization, our businesses were primarily operated through Hangzhou Nuohui.

(i) Incorporation and Onshore Financing in 2015 and 2016

Our principal operating subsidiary, Hangzhou Nuohui, primarily engages in the research and development, manufacturing and sales of medical diagnostics for cancer screening. It was incorporated in the PRC on November 19, 2015, with an initial registered capital of RMB1,000,000 which was held in the following manner.

Name of Shareholder	Amount of Registered Share Capital Subscribed	Percentage Ownership
	(RMB)	
NHJK Holding	390,000	39.00%
Hangzhou New Horizon Xincheng Health Management Partnership (Limited Partnership) (杭州諾輝新程健康管理合夥企業(有限合夥))	270,000	27.00%
Zhejiang Pudu Technology Co., Ltd. (浙江普渡科技有限公司)	132,000	13.20%
Zhejiang Lingqing Venture Capital Investment Co., Ltd. (浙江領慶創業投資有限公司)	100,000	10.00%
Shanghai Xiangyuan Venture Capital Partnership (Limited Partnership) (上海橡苑創業投資合夥企業(有限合夥))	72,000	7.20%
Hangzhou Haibang Xinhu Talent Venture Investment Partnership (Limited Partnership) (杭州海邦新湖人才創業投資合夥企業(有限合夥))	36,000	3.60%
Total	1,000,000	100.00%

On December 9, 2015, Hangzhou Nuohui entered into a capital increase agreement with, amongst others, Zhejiang Pudu Technology Co., Ltd. (浙江普渡科技有限公司), High Diamond Limited (高贊有限公司), Beijing Junlian Yikang Equity Investment Partnership (Limited Partnership) (北京君聯益康股權投資合夥企業(有限合夥)), SBCVC V PH Company Limited and Shenzhen Tianyi Laimei Pharmaceutical Industry Investment Partnership (Limited Partnership) (深圳天毅萊美醫藥產業投資合夥企業(有限合夥)) as investors, pursuant to such investors subscribed for additional registered share capital of Hangzhou Nuohui in an aggregate amount of RMB328,125, for a total subscription price of RMB105,000,000, which was determined on an arm's-length basis and fully settled on April 29, 2016.

(ii) Onshore Financing in 2017

On June 16, 2017, Hangzhou Nuohui entered into a further capital increase agreement with, amongst others, High Diamond Limited (高贊有限公司), Beijing Junlian Yikang Equity Investment Partnership (Limited Partnership) (北京君聯益康股權投資合夥企業(有限合夥)), SBCVC V PH Company Limited, Zhejiang Pudu Technology Co., Ltd. (浙江普渡科技有限公司) and QM66 Limited as investors, pursuant to which such investors subscribed for additional registered capital of Hangzhou Nuohui in an aggregate amount of RMB279,604, for a total subscription price of US$20,000,000, which was determined on an arm's-length basis and fully settled on September 11, 2017.

(iii) Further Capital Injection

On December 29, 2017, Hangzhou Nuohui entered into a capital increase subscription agreement with Hangzhou New Horizon Zhihui Investment Management Partnership (Limited Partnership) (杭州諾輝智匯投資管理合夥企業(有限合夥)), pursuant to which the registered capital of Hangzhou Nuohui was increased from RMB1,607,729 to RMB1,692,346. Hangzhou New Horizon Zhihui Investment Management Partnership (Limited Partnership) (杭州諾輝智匯投資管理合夥企業(有限合夥)) agreed to subscribe for additional registered capital of Hangzhou Nuohui of RMB84,617 for a total consideration of RMB84,617, which was determined on an arm's-length basis and fully settled on August 3, 2018. Hangzhou New Horizon Zhihui Investment Management Partnership (Limited Partnership) (杭州諾輝智匯投資管理合夥企業(有限合夥)) was an entity set up to hold shares as part of an employee share option plan.

Upon completion of the capital injections described above and a number of share transfers amongst shareholders of Hangzhou Nuohui, Hangzhou Nuohui was held in the following manner.

Name of Shareholder	Amount of Registered Share Capital Subscribed	Percentage Ownership
	(RMB)	
NHJK Holding[3]	363,437	21.48%
Zhejiang Pudu Technology Co., Ltd. (浙江普渡科技有限公司)[1][2][4]	164,370	9.71%
Hangzhou Haibang Xinhu Talent Venture Investment Partnership (Limited Partnership) (杭州海邦新湖人才創業投資合夥企業(有限合夥))[1][5]	36,000	2.13%
Shanghai Xiangyuan Venture Capital Partnership (Limited Partnership) (上海橡苑創業投資合夥企業(有限合夥))[9]	72,000	4.25%
Zhejiang Lingqing Venture Capital Investment Co., Ltd. (浙江領慶創業投資有限公司)[9]	73,437	4.34%
Hangzhou New Horizon Xincheng Health Management Partnership (Limited Partnership) (杭州諾輝新程健康管理合夥企業(有限合夥))[6]	270,000	15.95%
High Diamond Limited (高贊有限公司)[1][2][9]	124,404	7.35%
Beijing Junlian Yikang Equity Investment Partnership (Limited Partnership) (北京君聯益康股權投資合夥企業(有限合夥))[1][2][9]	124,404	7.35%
SBCVC V PH Company Limited[1][2][9]	103,671	6.13%
Kanghe Huide Investment (Shenzhen) Partnership (Limited Partnership) (康合匯德投資(深圳)合夥企業(有限合夥))[1][9]	53,126	3.14%
QM66 Limited[7]	222,880	13.17%
Hangzhou New Horizon Zhihui Investment Management Partnership (Limited Partnership) (杭州諾輝智匯投資管理合夥企業(有限合夥))[8]	84,617	5.00%
Total	1,629,346	100.00%

Notes:

As part of the Reorganization:

(1) These shareholders sold their shareholding in Hangzhou Nuohui as described in the subsection headed "Reorganization – (3) Consolidation of Shareholding in Hangzhou Nuohui" in this section, and became one of the Series A Investors of our Company via subscription of Shares in the Company through an offshore affiliated entity or other designated entity.

(2) These shareholders sold their shareholding in Hangzhou Nuohui as described in the subsection headed "Reorganization – (3) Consolidation of Shareholding in Hangzhou Nuohui" in this section, and became one of the Series B Investors of our Company via subscription of Shares in the Company through an offshore affiliated entity or other designated entity.

(3) Immediately prior to the Reorganization, NHJK Holding was held as to 100% by Dr. Chen, one of our executive Directors and chairman of the Board. Since July 2018, NHJK Holding has become a wholly-owned subsidiary of our Company. For details, see the subsection headed "Reorganization – (2) Incorporation of Our Company and Acquisition of Equity Interest in NHJK Holding from Dr. Chen" in this section.

(4) Immediately prior to the Reorganization, Zhejiang Pudu Technology Co., Ltd. was held by Mr. Naxin Yao, one of our non-executive Directors, as to 90%, and by Mr. Yao Yaotu (姚堯土) as to 10%. Mr. Yao Yaotu is the father of Mr. Naxin Yao.

(5) Immediately prior to the Reorganization, Hangzhou Haibang Xinhu Talent Venture Investment Partnership (Limited Partnership) was held by Mr. Naxin Yao, Mr. Zhang Huiyang (張輝陽), Ningbo Xizi Asset Management Limited (寧波西子資產管理有限公司), Zhejiang Province Entrepreneurship Risk Investment Guide Fund Management Limited (浙江省創業風險投資引導基金管理有限公司), Hangzhou Juxing Technology Limited (杭州巨星科技股份有限公司), Hangzhou Yuhang Jinkong Holding Co., Ltd. (杭州餘杭金控控股股份有限公司), Hangzhou Haibang Yinzhi Investment Management Limited (杭州海邦引智投資管理有限公司) ("**Yinzhi Limited**") and Hangzhou Haibang Yinzhi Zuobang Investment Partnership (Limited Partnership) (杭州海邦引智佐邦投資合夥企業(有限合夥)) ("**Yinzhi Partnership**"). At the time, Yinzhi Limited held its interest as a general partner. Save that Mr. Naxin Yao held a 41.25% interest in Yinzhi Limited, and that Yinzhi Limited was the general partner of Yinzhi Partnership at the time, all the other limited partners of Hangzhou Haibang Xinhu Talent Venture Investment Partnership (Limited Partnership) were independent third parties of our Company.

(6) Immediately prior to the Reorganization, Hangzhou New Horizon Xincheng Health Management Partnership (Limited Partnership) was held by Beijing Nuohui Yuanjing Biotechnology Partnership (Limited Partnership) (北京諾輝遠景生物技術合夥企業(有限合夥)), Dr. Lu, Bright Gain Group Limited, an adviser of the Group and Dr. Chen as to 51.10%, 22.20%, 19.70%, 6.90% and 0.10%, respectively. Dr. Chen held his interest at the time as a general partner. Mr. Zhu, our executive Director and CEO, held the majority interest in Beijing Nuohui Yuanjing Biotechnology Partnership (Limited Partnership). The minority interest was held by Ms. Zhu Lijuan, the sister of Mr. Zhu, until it was transferred to Ms. Yang Jiao, the spouse of Mr. Zhu, in May 2018. Bright Gain Group Limited was wholly-owned by Mr. Naxin Yao at the time.

(7) Immediately prior to the Reorganization, the entire share capital of QM66 Limited was held by our Pre-IPO Investors, Qiming Venture Partners V, L.P. and Qiming Managing Directors Fund V, L.P., which in turn are ultimately controlled by Ms. Nisa Bernice Wing-Yu Leung through her one-third interest in Qiming Corporate GP V, Ltd.. The other two limited partners of Qiming Corporate GP V, Ltd., Mr. Gary Rieschel and Mr. Duane Kuang, are independent third parties of our Company. For further details, see the section headed "Substantial Shareholders" in this Prospectus.

(8) Immediately prior to the Reorganization, Hangzhou New Horizon Zhihui Investment Management Partnership (Limited Partnership) was held by Mr. Zhu as to 99%, and by NHJK Holding, an entity wholly-owned by Dr. Chen at the time, as to 1%. NHJK Holding held its interest at the time as a general partner.

(9) These shareholders are all independent third parties of our Company.

For subsequent shareholding changes of Hangzhou Nuohui, please refer to the subsection headed "Reorganization" in this section. As a result of the Reorganization, Hangzhou Nuohui became a wholly-owned subsidiary of NHJK Holding.

Our Company

(i) Incorporation of our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on June 7, 2018 with an authorized share capital of US$50,000 divided into 500,000,000 shares of a nominal value of US$0.0001 each.

On the incorporation date of our Company, June 7, 2018, NHYJ Holdings, a company wholly-owned by Mr. Zhu at the time, was the sole shareholder holding 10,000,000 ordinary shares.

On July 12, 2018, as an initial step in the Reorganization, our Company allotted and issued 24,167,268 ordinary shares to Dr. Chen in exchange for his entire equity interests in NHJK Holding pursuant to a share exchange agreement entered into among our Company, NHJK Holding and Dr. Chen dated July 4, 2018. NHJK Holding became a direct wholly-owned subsidiary of our Company upon completion of such exchange.

On July 26, 2018, our Company re-designated the 10,000,000 ordinary shares held by NHYJ Holdings and 24,167,268 ordinary shares held by Dr. Chen as 10,000,000 and 24,167,268 Class B Ordinary Shares, respectively.

(ii) Series A and Series B Financing

Prior to the incorporation of our Company on June 7, 2018, certain Series A Investors and Series B Investors had made investments in Hangzhou Nuohui, which were settled on April 25, 2016 and September 11, 2017, respectively. For details of these investments, please refer to the subsection headed "Hangzhou Nuohui" above in this section.

Pursuant to share purchase agreements entered into, among others, the Company and certain of its subsidiaries, the Series A Investors and the Series B Investors on July 26, 2018 and July 2, 2019, the Company issued a total of 68,683,179 shares of various classes for a total consideration of US$14,922,944.95. The consideration of such share subscription was settled using the consideration that the then Series A Investors and then Series B Investors had received from NHJK Holding, pursuant to share transfer agreements entered into as described in the subsection headed "Reorganization – (3) Consolidation of Shareholding in Hangzhou Nuohui" in this section.

Based on the above, the Class A Ordinary Shares, the Series A Preferred Shares and the Series B Preferred Shares were issued to the following investors.

Name of Holder of Class A Ordinary Shares	Number of Class A Ordinary Shares Issued	Consideration
		(US$)
NHXC Holdings	8,779,526	877.95
Bright Gain Group Limited	11,171,402	2,787,590
Acorn Campus China Fund I, LP	4,787,744	1,194,682
Total	24,738,672	3,983,149.95

Name of Series A Investor	Number of Series A Preferred Shares Issued	Consideration
		(US$)
Bright Gain Group Limited	1,039,007 Series A-1 Preferred Shares	259,263
	855,277 Series A-2 Preferred Shares	213,417
High Diamond Limited	6,234,041 Series A-1 Preferred Shares	1,555,575
	489,015 Series A-2 Preferred Shares	122,024
SBCVC V PH Company Limited	5,195,035 Series A-1 Preferred Shares	1,296,313
	407,557 Series A-2 Preferred Shares	101,697
ShanghaiMed, Inc.	3,532,690 Series A-1 Preferred Shares	881,509
Qiming Venture Partners V, L.P.	846,781 Series A-2 Preferred Shares	211,297
Qiming Managing Directors Fund V, L.P.	29,376 Series A-2 Preferred Shares	7,330
Good Rise Holdings Limited	6,234,042 Series A-1 Preferred Shares	1,536,253
	489,015 Series A-2 Preferred Shares	120,508
Total	25,351,836 Series A Preferred Shares	6,305,186

Name of Series B Investor	Number of Series B Preferred Shares Issued	Consideration
		(US$)
Qiming Venture Partners V, L.P.	13,524,927	3,374,863
Qiming Managing Directors Fund V, L.P.	419,643	104,713
High Diamond Limited	1,549,367	386,612
SBCVC V PH Company Limited	1,291,161	322,182
Bright Gain Group Limited	258,206	64,429
Good Rise Holdings Limited	1,549,367	381,810
Total	18,592,671	4,634,609

On April 8, 2019, Bright Gain Group Limited transferred 2,393,872 Class A Ordinary Shares to SeeSi Universal Limited for a consideration of US$597,341.

(iii) Series C Financing

Pursuant to a series C share purchase agreement entered into among others, the Company and certain of its subsidiaries, and the Series C Investors on April 15, 2019, the Company issued a total of 39,387,246 Series C Preferred Shares at a purchase price of approximately US$1.69 per share for total proceeds of US$66,500,000.

Name of Series C Investor	Number of Series C Preferred Shares Issued	Consideration
		(US$)
Sino Felicity Limited	17,768,683	30,000,000
High Diamond Limited	4,146,026	7,000,000
SBCVC V PH Company Limited	3,553,737	6,000,000
Misland Capital Limited	1,776,868	3,000,000
Ocxprouro Limited	2,961,447	5,000,000
Acorn Pacific Ventures Fund I, LP	1,184,579	2,000,000
Acorn Pacific Opportunities Fund, LP	1,184,579	2,000,000
Qiming Venture Partners V, L.P.	1,723,397	2,909,721
Qiming Managing Directors Fund V, L.P.	53,471	90,279
G LTP LLC	1,507,377	2,545,000
G HSP LLC	675,210	1,140,000
G JBD LLC	506,407	855,000
G ERP LLC	272,453	460,000
Global VC Plus Fund, L.P.	592,289	1,000,000
Sunny Essence Limited	592,289	1,000,000
Majuven Fund 2 L.P.	296,145	500,000
Bright Gain Group Limited	592,289	1,000,000
Total	39,387,246	66,500,000

(iv) Series D Financing

Pursuant to a series D share purchase agreement entered into among others, the Company and certain of its subsidiaries, and the Series D Investors on March 31, 2020, the Company issued a total of 8,320,160 Series D Preferred Shares to the following investors at a purchase price of approximately US$2.40 per share for total proceeds of US$20,000,001.

Name of Series D Investor	Number of Series D Preferred Shares Issued	Consideration
		(US$)
Omniscience Holdings Ltd.	4,160,080	10,000,000
Emerging Markets Healthcare Partners LLC	1,040,020	2,500,000
Worldwide Healthcare Partners LLC	624,012	1,500,000
Qiming Venture Partners V, L.P.	1,008,723	2,424,768
Qiming Managing Directors Fund V, L.P.	31,297	75,232
SBCVC V PH Company Limited	832,016	2,000,000
Sino Felicity Limited	366,087	880,000
G LTP LLC	88,934	213,780
G HSP LLC	39,837	95,760
G JBD LLC	29,878	71,821
G ERP LLC	16,074	38,639
Sunny Essence Limited	83,202	200,001
Total	8,320,160	20,000,001

(v) Series E Financing

Pursuant to a series E share purchase agreement entered into among others, the Company and certain of its subsidiaries, and the Series E Investors on July 1, 2020, the Company issued a total of 8,320,159 Series E Preferred Shares to the following investors at a purchase price of approximately US$3.61 per share for a total consideration of US$29,999,998.

Name of Series E Investor	Number of Series E Preferred Shares Issued	Consideration
		(US$)
Rock Springs Capital Master Fund LP	3,605,403	13,000,002
Four Pines Master Fund LP	554,677	1,999,999
LAV Biosciences Fund V, L.P.	1,525,363	5,500,001
Worldwide Healthcare Trust PLC	1,016,908	3,666,665
OrbiMed New Horizons Master Fund, L.P.	508,454	1,833,333
High Gallant Investment Limited	554,677	1,999,999
Cormorant Private Healthcare Fund II, LP	439,082	1,583,198
Cormorant Global Healthcare Master Fund, LP	115,595	416,801
Total	8,320,159	29,999,998

On July 9, 2020, NHYJ Holdings transferred an aggregate of 2,453,530 Class B Ordinary Shares to LAV Biosciences Fund V, L.P., Rock Springs Capital Master Fund LP, Four Pines Master Fund LP, Worldwide Healthcare Trust PLC, OrbiMed New Horizons Master Fund, L.P., Qiming Venture Partners V, L.P. and Qiming Managing Directors Fund V, L.P. for a total consideration of US$7,962,024. On the same day, Dr. Chen transferred an aggregate of 165,000 Class B Ordinary Shares to Qiming Venture Partners V, L.P., Qiming Managing Directors Fund V, L.P. and Octagon Investments Master Fund LP for a total consideration of US$535,446. Both share transfers by NHYJ Holdings and Dr. Chen were settled on July 14, 2020. The Class B Ordinary Shares transferred were immediately converted into Class A Ordinary Shares.

On August 31, 2020, Bright Gain Group Limited transferred (a) 8,777,530 Class A Ordinary Shares, 1,039,007 Series A-1 Preferred Shares, 855,277 Series A-2 Preferred Shares, 258,206 Series B Preferred Shares and 592,289 Series C Preferred Shares of our Company and (b) 18,129 ordinary shares of NHXC Holdings to MST Development Limited for a consideration of 30 ordinary shares of nominal value US$1.00 each in the authorized share capital of MST Development Limited. The entire share capital of MST Development Limited is wholly-owned by Bancasa Holding Limited and ultimately owned by Trident Trust Company (HK) Limited as trustee of the Peace Mind Trust, a discretionary trust set up by Mr. Naxin Yao, one of our non-executive Directors, on August 28, 2020 for the benefit of himself and certain of his family members.

(vi) Issue of Shares to the Trustee of the Pre-IPO Share Incentive Plan

On August 28, 2020, Mr. Zhu and the Company each entered into a trust deed with the Trident Trust Company (HK) Limited (the "**Trustee**"), an Independent Third Party, pursuant to which the Trustee agreed to act as trustee to facilitate the administration of the Pre-IPO Share Incentive Plan. On August 31, 2020, 9,772,277 options granted to certain participants under the Pre-IPO Share Incentive Plan were early-exercised and concurrently transferred to the Trustee. As a result, on the same day, an aggregate of 9,772,277 Class A Ordinary Shares underlying the early-exercised options were issued to NHXT Holdings Ltd. and Ever Thriving Ventures Limited, which are owned and managed by the Trustee, to be held on trust for the benefit of the relevant participants. On September 2, 2020, the Company allotted and issued an aggregate of 1,786,721 Class A Ordinary Shares, being shares which are reserved but ungranted under the Pre-IPO Share Incentive Plan, on trust to Ever Thriving Ventures Limited, which is owned and managed by the Trustee, at a price equal to US$0.0001 per share. For details, please see "Statutory and General Information – D. Pre-IPO Share Incentive Plan" in Appendix IV in this Prospectus.

(vii) Share Subdivision

On October 9, 2020, our Company underwent a subdivision of shares whereby each issued and unissued share of nominal value US$0.0001 each in our Company's authorized share capital was subdivided into two shares of US$0.00005 nominal value each, such that immediately following such Share Subdivision, our Company's authorized share capital was US$50,000 divided into (a) 731,721,320 Class A Ordinary Shares, (b) 68,334,536 Class B Ordinary Shares, (c) 44,469,630 Series A-1 Preferred Shares, (d) 6,234,042 Series A-2 Preferred Shares, (e) 37,185,342 Series B Preferred Shares, (f) 78,774,492 Series C Preferred Shares, (g) 16,640,320 Series D Preferred Shares and (h) 16,640,318 Series E Preferred Shares.

For further details of the share subscriptions above, please see the subsection headed "Pre-IPO Investments" in this section.

Beijing Nuoan Lab

Beijing Nuoan Lab, one of our Consolidated Affiliated Entities, was incorporated as a limited liability company in the PRC on March 9, 2016, and is primarily engaged in laboratory testing of medical diagnostics technology for cancer screening. Beijing Nuoan Lab had an initial registered capital of RMB6,000,000, which was contributed by Mr. Zhu, representing all the equity interests in Beijing Nuoan Lab. On January 29, 2018, Beijing Xincheng acquired all equity interests in Beijing Nuoan Lab and became the sole shareholder of Beijing Nuoan Lab for total proceeds of RMB6,000,000. As such, Beijing Nuoan Lab has been controlled by Mr. Zhu and subsequently by Beijing Xincheng throughout the Track Record Period.

Hangzhou Nuokang Lab

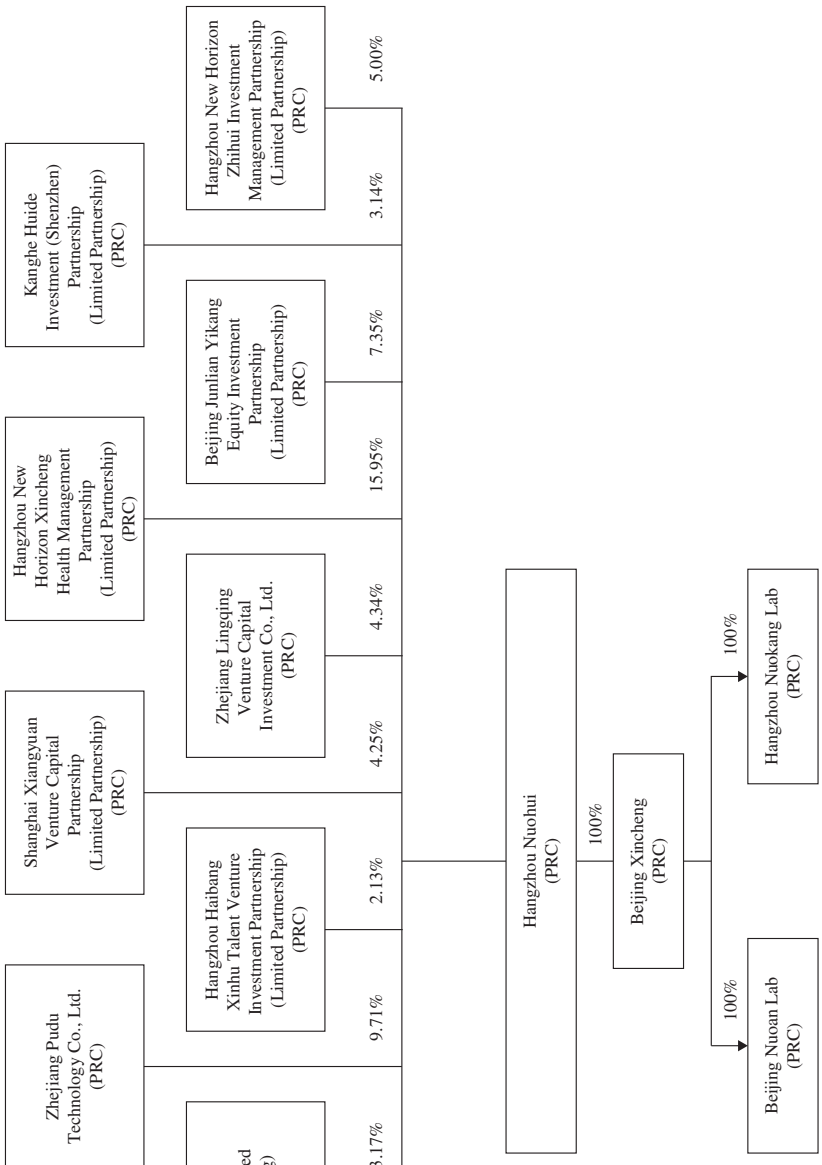
Hangzhou Nuokang Lab, one of our Consolidated Affiliated Entities, was incorporated as a limited liability company in the PRC on June 3, 2016, and is primarily engaged in laboratory testing of medical diagnostics technology for cancer screening. Hangzhou Nuokang Lab had an initial registered capital of RMB10,000,000, which was contributed by Mr. Naxin Yao and Mr. Zhu as to 1% and 99%, respectively. On August 10, 2017, Beijing Xincheng acquired all equity interests in Hangzhou Nuokang Lab and became the sole shareholder of Hangzhou Nuokang Lab for total proceeds of RMB10,000,000. As such, Hangzhou Nuokang Lab has been controlled by Beijing Xincheng throughout the Track Record Period.

Guangzhou Nuohui Lab

Guangzhou Nuohui Lab, one of our Consolidated Affiliated Entities, was incorporated as a limited liability company in the PRC on May 28, 2019, and is primarily engaged in laboratory testing of medical diagnostics technology for cancer screening. Guangzhou Nuohui Lab had an initial registered capital of RMB5,000,000, which was contributed by Beijing Xincheng, representing all the equity interests in Guangzhou Nuohui Lab.

REORGANIZATION

The following chart depicts our shareholding structure immediately prior to the Reorganization:



In anticipation of our Listing, we underwent the following Reorganization steps:

(1) Establishment of the Contractual Arrangements

On May 3, 2018, Hangzhou Nuohui transferred all its equity interests in Beijing Xincheng to Mr. Zhu for a total payable subscription amount of RMB10,000,000. On the same day, Hangzhou Nuohui first entered into various agreements that constituted the Contractual Arrangements, which were later amended and restated. Pursuant to these agreements, Hangzhou Nuohui exercised effective control over the operations of, and enjoyed substantially all the economic benefits of Beijing Xincheng. As such, whilst prior to the Reorganization, Beijing Xincheng was a wholly-owned subsidiary of Hangzhou Nuohui, after the completion of the Reorganization and throughout the rest of the Track Record Period, Beijing Xincheng was still under considerable control exercised by Hangzhou Nuohui and therefore merger accounting is considered appropriate. See the section headed "Contractual Arrangements" in this Prospectus for details of the Contractual Arrangements.

(2) Incorporation of Our Company and Acquisition of Equity Interest in NHJK Holding from Dr. Chen

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 7, 2018.

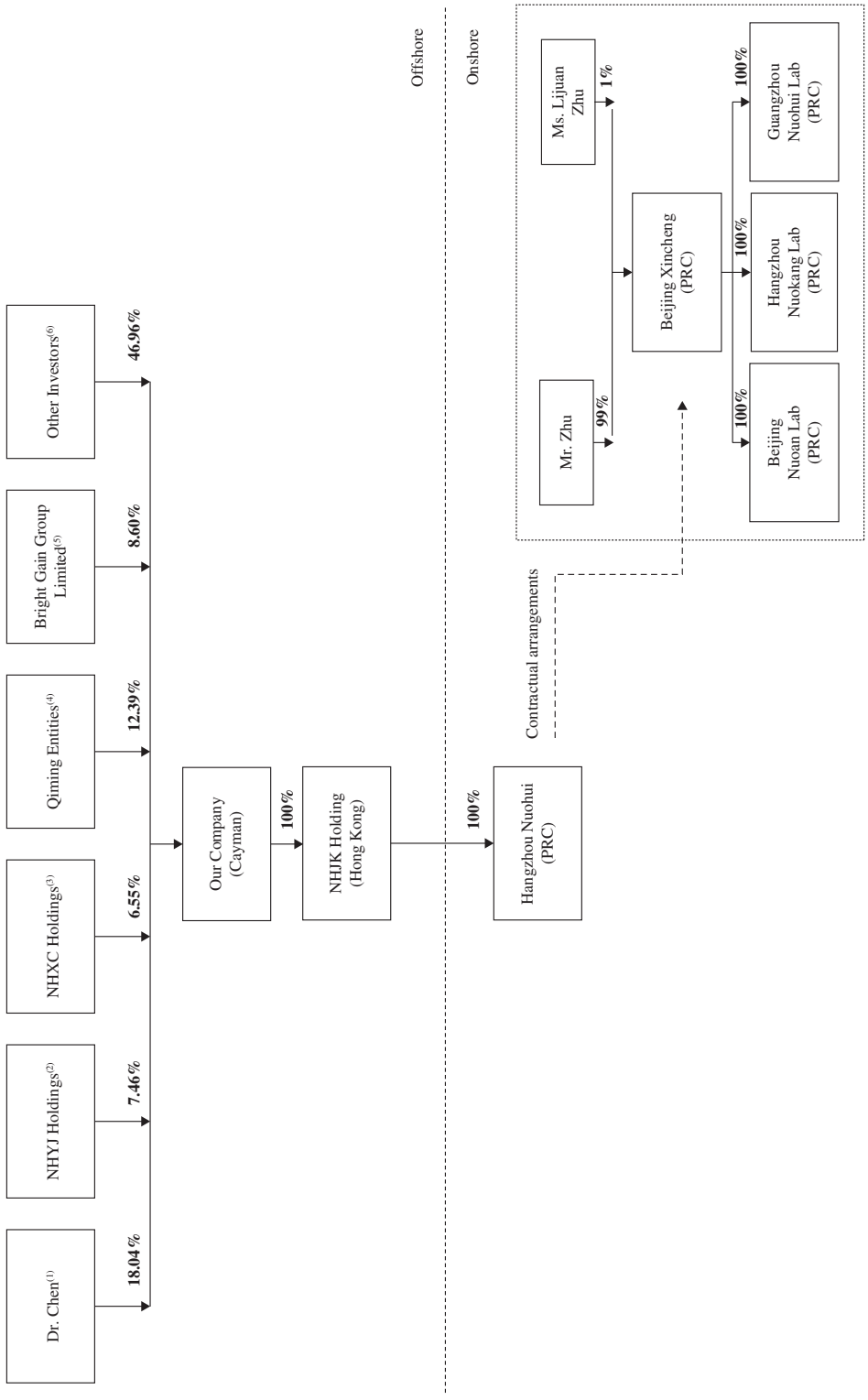
On July 4, 2018, our Company entered into a share exchange agreement with NHJK Holding and Dr. Chen, pursuant to which Dr. Chen agreed to transfer his one founder member's share in NHJK Holding to the Company, in exchange for 24,167,268 ordinary shares in the Company. As a result, NHJK Holding became a wholly owned subsidiary of the Company.

(3) Consolidation of Shareholding in Hangzhou Nuohui

Between July 26, 2018 and July 2, 2019, NHJK Holding and each of the other existing shareholders of Hangzhou Nuohui at the time entered into share transfer agreements, to the effect that NHJK Holding agreed to purchase all the equity interests held by such other shareholders in Hangzhou Nuohui for an aggregate purchase price of US$29,050,941.64. The consideration in relation to the first series of share transfers in July 2018 was determined based on the agreed valuation of Hangzhou Nuohui at the time, being RMB190 million as set out in the relevant share transfer agreement dated July 26, 2018. The total considerations were determined on the basis of arm's length negotiations.

Upon completion of the equity transfers, Hangzhou Nuohui became a wholly owned subsidiary of NHJK Holding and the consideration received from NHJK Holding by certain of the other shareholders in Hangzhou Nuohui was simultaneously applied to subscribe for Shares in the Company in July 2018 and July 2019. Our PRC Legal Advisor has confirmed that all approvals and filings in relation to the equity transfers in the PRC as described above have been obtained and the procedures involved have been carried out in accordance with the PRC laws and regulations. Our PRC Legal Advisor has further confirmed that the equity transfers in the PRC as described above have been properly and legally completed in accordance with the PRC laws and regulations.

The following chart sets forth the shareholding structure of our Group immediately after the Reorganization:



Notes:

1. 24,167,268 Class B Ordinary Shares were held at the time by Dr. Chen, one of our executive Directors and chairman of the Board.

2. 10,000,000 Class B Ordinary Shares were indirectly held at the time by Mr. Zhu, our CEO and one of our executive Directors, through NHYJ Holdings. NHYJ Holdings was held at the time as to 100% by Mr. Zhu, and 8,464,899 Class B Ordinary Shares held by NHYJ Holdings at the time were restricted shares. For details of the restricted shares, please refer to the section headed "Statutory and General Information – E. Share Vesting Agreements with Mr. Zhu and Dr. Lu" in Appendix IV in this Prospectus.

3. At the time, NHXC Holdings was held by Dr. Chen, Mr. Naxin Yao (through his interest in Bright Gain Group Limited), Dr. Lu and an adviser of the Group as to 0.20%, 40.29%, 45.40% and 14.11%, respectively. Of the 8,779,526 Class A Ordinary Shares held by NHXC Holdings in the Company, 3,985,797 Class A Ordinary Shares were restricted shares. For details of the restricted shares, please refer to the section headed "Statutory and General Information – E. Share Vesting Agreements with Mr. Zhu and Dr. Lu" in Appendix IV in this Prospectus.

4. The Qiming Entities include Qiming Venture Partners V, L.P. and Qiming Managing Directors Fund V, L.P.. Qiming Corporate GP V, Ltd. was the general partner of Qiming Managing Directors Fund V, L.P. and Qiming GP V, L.P., and in turn, Qiming GP V, L.P. was the general partner of Qiming Venture Partners V, L.P.. Ms. Nisa Bernice Wing-Yu Leung, one of our non-executive Directors, holds a one-third interest in Qiming Corporate GP V, Ltd.. Qiming Venture Partners V, L.P. held 846,781 Series A-2 Preferred Shares, 13,524,927 Series B Preferred Shares and 1,723,397 Series C Preferred Shares at the time, whereas Qiming Managing Directors Fund V, L.P. held 29,376 Series A-2 Preferred Shares, 419,643 Series B Preferred Shares and 53,471 Series C Preferred Shares at the time.

5. 8,777,530 Class A Ordinary Shares, 1,039,007 Series A-1 Preferred Shares, 855,277 Series A-2 Preferred Shares, 258,206 Series B Preferred Shares and 592,289 Series C Preferred Shares were indirectly held at the time by Mr. Naxin Yao, one of our non-executive Directors, through Bright Gain Group Limited. Bright Gain Group Limited was held at the time as to 100% by Mr. Naxin Yao.

6. This includes all our other Series A Investors, Series B Investors, Series C Investors and other early investors, who are Independent Third Parties. For additional information, please refer to the subsections in this section headed "Pre-IPO Investments – (2) Capitalization of the Company" and "Pre-IPO Investments – (5) Information about our Shareholders".

7. Figures above have not been adjusted per the Share Subdivision.

REASONS FOR THE LISTING

Our Board is of the view that the net proceeds of approximately HK$1,754.1 million from the Global Offering, after deducting the underwriting commissions and other estimated offering expenses payable by us, and assuming the initial Offer Price of HK$24.68 per Share, being the mid-point of the indicative Offer Price range set forth on the cover page of this Prospectus, and assuming the Over-allotment Option is not exercised, will provide us with the necessary funding for us to further develop the cancer screening market in China and increase market penetration of our pipeline products as disclosed in the section headed "Business – Our Strategies" in this Prospectus.

PRE-IPO INVESTMENTS

(1) Overview

Our Company underwent several rounds of Pre-IPO Investments as described above in "Major Corporate Development, Shareholding Changes and Reorganization of Our Group – Our Company" in this section.

The determination for the consideration for each round of the Pre-IPO Investments was based on arm's length negotiations between our Company and the relevant Pre-IPO Investors after taking into account the timing of the investments and the status of our business and operating entities at the relevant time.

In connection with the Pre-IPO Investments, the Pre-IPO Investors entered into the relevant share subscription agreements at the time of their respective investments.

(2) Capitalization of the Company

The below table is a summary of the capitalization of the Company:

	As of the Latest Practicable Date[1]									As of the Listing Date[2]	
Shareholders	Class A Ordinary Shares	Class B Ordinary Shares	Series A-1 Preferred Shares	Series A-2 Preferred Shares	Series B Preferred Shares	Series C Preferred Shares	Series D Preferred Shares	Series E Preferred Shares	Aggregate ownership percentage	Aggregate number of shares	Ownership percentage
Dr. Chen[3]	–	46,004,536	–	–	–	–	–	–	13.48%	46,004,536	11.01%
NHXC Holdings[4]	17,559,052	–	–	–	–	–	–	–	5.14%	17,559,052	4.20%
Christopher Keyin Chen[3]	–	2,000,000	–	–	–	–	–	–	0.59%	2,000,000	0.48%
NHYJ Holdings[5]	–	15,092,940	–	–	–	–	–	–	4.42%	15,092,940	3.61%
Everstrong Trust[6]	13,053,070	–	–	–	–	–	–	–	3.82%	13,053,070	3.12%
MST Development Limited[7]	17,555,060	–	2,078,014	1,710,554	516,412	1,184,578	–	–	6.75%	23,044,618	5.51%
NHH Ever Thriving Ventures Trust[8]	10,064,926	–	–	–	–	–	–	–	2.95%	10,064,926	2.41%
Dr. Lu[9]	479,166	–	–	–	–	–	–	–	0.14%	479,166	0.11%
SeeSi Universal Limited	4,787,744	–	–	–	–	–	–	–	1.40%	4,787,744	1.15%
Acorn Campus China Fund I, LP	9,575,488	–	–	–	–	–	–	–	2.81%	9,575,488	2.29%
High Diamond Limited[10]	–	–	12,468,082	978,030	3,098,734	8,292,052	–	–	7.28%	24,836,898	5.94%
Good Rise Holdings Limited[10]	–	–	12,468,084	978,030	3,098,734	–	–	–	4.85%	16,544,848	3.96%
SBCVC V PH Company Limited	–	–	10,390,070	815,114	2,582,322	7,107,474	1,664,032	–	6.61%	22,559,012	5.40%
ShanghaiMed, Inc.	–	–	7,065,380	–	–	–	–	–	2.07%	7,065,380	1.69%
Qiming Venture Partners V, L.P.[11]	597,762	–	–	1,693,562	27,049,854	3,446,794	2,017,446	–	10.20%	34,805,418	8.33%
Qiming Managing Directors Fund V, L.P.[11]	18,546	–	–	58,752	839,286	106,942	62,594	–	0.32%	1,086,120	0.26%
Sino Felicity Limited	–	–	–	–	–	35,537,366	732,174	–	10.63%	36,269,540	8.68%
Misland Capital Limited	–	–	–	–	–	3,553,736	–	–	1.04%	3,553,736	0.85%
Ocxprouro Limited	–	–	–	–	–	5,922,894	–	–	1.74%	5,922,894	1.42%
Acorn Pacific Ventures Fund I, LP[12]	–	–	–	–	–	2,369,158	–	–	0.69%	2,369,158	0.57%
Acorn Pacific Opportunities Fund, LP[12]	–	–	–	–	–	2,369,158	–	–	0.69%	2,369,158	0.57%

	As of the Latest Practicable Date[1]									As of the Listing Date[2]	
Shareholders	Class A Ordinary Shares	Class B Ordinary Shares	Series A-1 Preferred Shares	Series A-2 Preferred Shares	Series B Preferred Shares	Series C Preferred Shares	Series D Preferred Shares	Series E Preferred Shares	Aggregate ownership percentage	Aggregate number of shares	Ownership percentage
G LTP LLC[13]	–	–	–	–	–	3,014,754	177,868	–	0.94%	3,192,622	0.76%
G HSP LLC[13]	–	–	–	–	–	1,350,420	79,674	–	0.42%	1,430,094	0.34%
G ERP LLC[13]	–	–	–	–	–	544,906	32,148	–	0.17%	577,054	0.14%
G JBD LLC[13]	–	–	–	–	–	1,012,814	59,756	–	0.31%	1,072,570	0.26%
Global VC Plus Fund, L.P.[14]	–	–	–	–	–	1,184,578	–	–	0.35%	1,184,578	0.28%
Sunny Essence Limited[14]	–	–	–	–	–	1,184,578	166,404	–	0.40%	1,350,982	0.32%
Majuven Fund 2 L.P.	–	–	–	–	–	592,290	–	–	0.17%	592,290	0.14%
Omniscience Holdings Ltd.	–	–	–	–	–	–	8,320,160	–	2.44%	8,320,160	1.99%
Emerging Markets Healthcare Partners LLC[15]	–	–	–	–	–	–	2,080,040	–	0.61%	2,080,040	0.50%
Worldwide Healthcare Partners LLC[15]	–	–	–	–	–	–	1,248,024	–	0.37%	1,248,024	0.30%
Rock Springs Capital Master Fund LP[16]	1,602,400	–	–	–	–	–	–	7,210,806	2.58%	8,813,206	2.11%
Four Pines Master Fund LP[16]	246,524	–	–	–	–	–	–	1,109,354	0.40%	1,355,878	0.32%
LAV Biosciences Fund V, L.P.	1,232,616	–	–	–	–	–	–	3,050,726	1.25%	4,283,342	1.02%
Worldwide Healthcare Trust PLC[17]	821,744	–	–	–	–	–	–	2,033,816	0.84%	2,855,560	0.68%
OrbiMed New Horizons Master Fund, L.P.[17]	410,872	–	–	–	–	–	–	1,016,908	0.42%	1,427,780	0.34%
High Gallant Investment Limited	–	–	–	–	–	–	–	1,109,354	0.32%	1,109,354	0.27%
Cormorant Private Healthcare Fund II, LP[18]	–	–	–	–	–	–	–	878,164	0.26%	878,164	0.21%
Cormorant Global Healthcare Master Fund, LP[18]	–	–	–	–	–	–	–	231,190	0.07%	231,190	0.06%
Octagon Investments Master Fund LP	306,596	–	–	–	–	–	–	–	0.09%	306,596	0.07%
Investors taking part in the Global Offering	–	–	–	–	–	–	–	–	–	76,598,000	18.33
Total	78,311,566	63,097,476	44,469,630	6,234,042	37,185,342	78,774,492	16,640,320	16,640,318	100.0%[19]	417,951,186	100.0%[19]

Notes:

1. Based on the assumption that each of the Preferred Shares, Class B Ordinary Shares and Class A Ordinary Shares will be converted into Shares on a one-to-one basis by way of re-designation to Shares upon the Global Offering becoming unconditional.

2. Calculated after taking into account the Shares to be issued pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the Pre-IPO Share Incentive Plan.

3. As of the Latest Practicable Date, Dr. Chen directly held 36,004,536 Class B Ordinary Shares as beneficial owner, and also held 10,000,000 Class B Ordinary Shares as trustee of the Yiyou Chen Grantor Retained Annuity Trust, of which certain of his family members are beneficiaries. Christopher Keyin Chen, who directly held 2,000,000 Class B Ordinary Shares as of the Latest Practicable Date, is the son of Dr. Chen and is above 18 years of age.

4. As of the Latest Practicable Date, NHXC Holdings is held by Dr. Chen, MST Development Limited (holding on trust for the benefit of Mr. Naxin Yao, one of our non-executive Directors, and certain of his family members), Dr. Lu, a trust set up by Dr. Lu and an adviser of the Group as to 0.20%, 40.29%, 23.18%, 22.22% and 14.11%, respectively.

5. As of the Latest Practicable Date, the entire share capital of NHYJ Holdings is wholly-owned by NH Trinity Limited and ultimately owned by Trident Trust Company (HK) Limited as the trustee of the Evergreens Trust, which is a discretionary trust set up by Mr. Zhu, our CEO and one of our executive Directors, on August 28, 2020 for the benefit of himself and his family members, and for which Mr. Zhu is settlor and power holder. Trident Trust Company (HK) Limited is an Independent Third Party.

6. As of the Latest Practicable Date, NHXT Holdings Ltd. directly held 13,053,070 Class A Ordinary Shares. NHXT Holdings Ltd. is owned and managed by Trident Trust Company (HK) Limited, the trustee of Everstrong Trust, which is a trust set up by the Company on August 28, 2020 to facilitate the administration of the Pre-IPO Share Incentive Plan, for the benefit of Mr. Zhu and certain of his family members. Mr. Zhu and Dr. Lu together are the first power holders of Everstrong Trust. For details of the Pre-IPO Share Incentive Plan, please see the section headed "Statutory and General Information – D. Pre-IPO Share Incentive Plan" in Appendix IV in this Prospectus. Trident Trust Company (HK) Limited is an Independent Third Party.

7. As of the Latest Practicable Date, the relevant Class A Ordinary Shares and Preferred Shares were held by MST Development Limited. The entire share capital of MST Development Limited is wholly-owned by Bancasa Holding Limited, and ultimately owned by Trident Trust Company (HK) Limited as the trustee of the Peace Mind Trust, a discretionary trust set up by Mr. Naxin Yao, one of our non-executive Directors, on August 28, 2020 for the benefit of himself and certain of his family members, and for which Mr. Naxin Yao is a settlor and power holder. Trident Trust Company (HK) Limited is an Independent Third Party.

8. As of the Latest Practicable Date, Ever Thriving Ventures Limited directly held 10,064,926 Class A Ordinary Shares. Ever Thriving Ventures Limited is owned and managed by Trident Trust Company (HK) Limited, the trustee of NHH Ever Thriving Ventures Trust, which is a trust set up by the Company on August 28, 2020 to facilitate the administration of the Pre-IPO Share Incentive Plan, for the benefit of select participants under the Pre-IPO Share Incentive Plan. The Trustee is obligated to exercise its voting rights in the Shares in favour of the Board's recommendations. For details of the Pre-IPO Share Incentive Plan, please see the section headed "Statutory and General Information – D. Pre-IPO Share Incentive Plan" in Appendix IV in this Prospectus. Trident Trust Company (HK) Limited is an Independent Third Party.

9. On September 21, 2020, 239,583 share options (before the Share Subdivision) granted to Dr. Lu on October 10, 2018 and vested under the Pre-IPO Share Incentive Plan were exercised by Dr. Lu. As a result, on the same day, the Company allotted and issued 239,583 Class A Ordinary Shares (before the Share Subdivision) to Dr. Lu, at an exercise price of US$0.3314 per Share.

10. As of the Latest Practicable Date, the relevant Preferred Shares were indirectly held by Legend Capital Co., Ltd. (君聯資本管理股份有限公司) through its interest in controlled corporations, namely High Diamond Limited and Good Rise Holdings Limited.

11. As of the Latest Practicable Date, the relevant shares were indirectly held by Qiming Corporate GP V, Ltd. through its interest in controlled corporations, namely Qiming Venture Partners V, L.P. and Qiming Managing Directors Fund V, L.P.. Ms. Nisa Bernice Wing-Yu Leung, a non-executive Director of our Company, holds one-third shareholding in Qiming Corporate GP V, Ltd..

12. As of the Latest Practicable Date, the relevant Series C Preferred Shares were managed under the same fund, namely Acorn Pacific Ventures.

13. As of the Latest Practicable Date, G LTP LLC, G HSP LLC, G ERP LLC and G JBD LLC are limited liability companies established in connection with a university in the U.S..

14. As of the Latest Practicable Date, the relevant Preferred Shares were managed by Yimei Capital.

15. As of the Latest Practicable Date, the relevant Preferred Shares were indirectly held by Samuel D. Isaly, through his interest in controlled corporations, namely Emerging Markets Healthcare Partners LLC and Worldwide Healthcare Partners LLC.

16. As of the Latest Practicable Date, the relevant Class A Ordinary Shares and Preferred Shares were ultimately controlled by the same group of individuals who are Independent Third Parties, through their interest in controlled corporations, namely Rock Springs General Partner LLC and Four Pines General Partner LLC, which in turn are the general partners of Rock Springs Capital Master Fund and Four Pines Master Fund LP, respectively.

17. As of the Latest Practicable Date, OrbiMed Capital LLC and OrbiMed Advisors LLC, the portfolio manager and investment manager of Worldwide Healthcare Trust PLC and OrbiMed New Horizons Master Fund, L.P., respectively, exercised voting and investment power through a management committee comprised of Carl L. Gordon, Sven H. Borho, and Jonathan T. Silverstein.

18. As of the Latest Practicable Date, the relevant Preferred Shares were managed by Cormorant Asset Management, LP.

19. The percentage figures included in this table have been subject to rounding adjustments. Therefore, figure shown as total may not be an arithmetic aggregation of the figures above.

20. Figures above have been adjusted as after the Share Subdivision.

(3) Principal terms of the Pre-IPO Investments and Pre-IPO Investors' rights

The below table summarizes the principal terms of the Pre-IPO Investments:

	Series A-1	Series A-2	Series B	Series C	Series D	Series E
Cost per Preferred Share paid	Approximately US$0.250[(1)] and US$0.246	Approximately US$0.250 and US$0.246	Approximately US$0.250 and US$0.246	Approximately US$1.69	Approximately US$2.40	Approximately US$3.61
Date of the agreement	July 26, 2018 and July 2, 2019	July 26, 2018 and July 2, 2019	July 26, 2018 and July 2, 2019	April 15, 2019	March 31, 2020	July 1, 2020
Funds raised by the Group (approximation)	US$5,528,913	US$776,273	US$4,634,609	US$66,500,000	US$20,000,001	US$29,999,998
Corresponding valuation of the Company (approximation)	US$23.6 million[(3)]	US$23.6 million[(3)]	US$23.6 million[(3)]	US$252.9 million[(4)(5)]	US$400.0 million[(4)(6)]	US$630.0 million[(4)(7)]
Date on which investment was fully settled	January 3, 2020[(8)]	January 3, 2020[(8)]	January 3, 2020[(8)]	May 23, 2019	May 15, 2020	July 9, 2020
Discount to the Offer Price[(9)]	96.1%	96.1%	96.1%	73.5%	62.3%	43.3%
Lock-up Period	Subject to certain exceptions, the Pre-IPO Investors have agreed that, if so required by the Company or the managing underwriter(s), it will not for a period of time specified by the Company or the managing underwriter(s) (such period not to exceed one hundred eighty (180) days from the date of such final prospectus or pricing date of such offering) dispose of the Shares without the prior written consent from the Company or such underwriters.					
Use of Proceeds from the Pre-IPO Investments	The proceeds received from the sale and issuance of the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares and Series E Preferred Shares shall be used for the purpose of research and development, and general working capital of the Company. As of the Latest Practicable Date, approximately 74% of the net proceeds from the Pre-IPO Investments had been utilized by our Group.					
Strategic benefits 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.					

Notes:

1. Save for pursuant to the series A and series B share purchase agreement dated July 26, 2018, whereby our Company issued a total of 8,779,526 Class A Ordinary Shares to NHXC Holdings at a purchase price of US$0.0001 per share.

2. The cost per Preferred Share paid pursuant to the series A and series B financing was determined based on the consideration paid by NHJK Holding to acquire shares from certain of the then-existing shareholders of Hangzhou Nuohui, as part of the Reorganization which commenced in July 2018. Certain of the then-existing shareholders of Hangzhou Nuohui simultaneously applied such consideration to subscribe for Series A Preferred Shares and Series B Preferred Shares in our Company in July 2018 and 2019, as a further part of the Reorganization. The cost per Preferred Share paid pursuant to the series A and series B financing do not reflect the relevant investors' valuation of our Company at the time, but instead reflect their valuation of Hangzhou Nuohui at the time of the Reorganization.

3. The valuation for our series A-1, series A-2 and series B financing is calculated on the basis of (x) the gross consideration received by the Company in the corresponding round of share subscription (other than that received from Good Rise Holdings Limited), divided by (y) the number of Preferred Shares of the corresponding series issued (other than those issued to Good Rise Holdings Limited on January 3, 2020) as a percentage of the enlarged total issued share capital of the Company upon the issue of shares pursuant to the share purchase agreement dated July 26, 2018. Please refer to the paragraph headed "Major Corporate Development, Shareholding Changes and Reorganization of Our Group – Our Company – (ii) Series A and Series B Financing" in this section for details.

4. The valuation for our series C, series D and series E financing is calculated on the basis of (x) the gross amount of the funds raised by the Company in the corresponding round of Pre-IPO Investments, divided by (y) the number of Preferred Shares of the corresponding series issued as a percentage of the sum of the then enlarged total issued share capital of the Company and the maximum number of Shares underlying the options which may be granted under the Pre-IPO Share Incentive Plan.

5. The valuation of the Company increased significantly during the period between our series A-1/A-2/B financing and series C financing, primarily due to (i) ColoClear being the first cancer screening test that was designated as breakthrough approval channel for innovative medical devices of NMPA; and (ii) the initiation of large-scale prospective registrational clinical trial for ColoClear IVD.

6. The valuation of the Company increased significantly during the period between our series C financing and series D financing, primarily due to (i) the successful completion of the registrational clinical trial for ColoClear IVD and submission of the formal application to NMPA for ColoClear IVD to be classified as a Class-III medical device; (ii) the entering into of a collaboration agreement with Prenetics to launch ColoClear in Hong Kong and Southeast Asia; and (iii) positive R&D progress on our product pipeline including for UU Tube and CerviClear.

7. The valuation of the Company increased significantly during the period between our series D financing and series E financing, primarily due to (i) positive development in the regulatory approval process for ColoClear and the increased likelihood of ColoClear obtaining the registration certificate from NMPA as the first and only molecular cancer screening test in China (based on the search conducted by Frost & Sullivan on NMPA website with the key word "screening" among both domestic and imported medical devices and its search among molecular cancer tests approved by NMPA, Frost & Sullivan confirmed that the Company's ColoClear IVD is the only one approved with cancer screening in the "Intended Use" label); and (ii) the initiation of the registrational trial for UU Tube.

8. Pursuant to the onshore series A financing in Hangzhou Nuohui which was settled in April 2016, Beijing Junlian Yikang Equity Investment Partnership (Limited Partnership) (北京君聯益康股權投資合夥企業(有限合夥)) subscribed for additional registered share capital of Hangzhou Nuohui. Subsequently, as part of the Reorganization, Beijing Junlian Yikang Equity Investment Partnership (Limited Partnership) (北京君聯益康股權投資合夥企業(有限合夥)) transferred for consideration all its equity interests in Hangzhou Nuohui to NHJK Holding on July 2, 2019, as described in the subsection headed "Reorganization – (3) Consolidation of Shareholding in Hangzhou Nuohui" in this section. On the same day, Good Rise Holdings Limited, an affiliate of Beijing Junlian Yikang Equity Investment Partnership (Limited Partnership) (北京君聯益康股權投資合夥企業(有限合夥)), applied such consideration received to subscribe for Series A Preferred Shares and Series B Preferred Shares in our Company, which was settled in January 2020.

9. The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK$24.68 per Share, being the mid-point of the indicative Offer Price range of HK$22.70 to HK$26.66, assuming the conversion of each of the Preferred Shares, Class B Ordinary Shares and Class A Ordinary Shares into Shares on a one-to-one basis has completed prior to Listing.

With regard to the significant increase in the Company's valuation upon Listing as compared to the pre-IPO valuation at the time of the series E financing, this was primarily due to (i) the official release of important data results from our large-scale, multi-centre registrational clinical trial for ColoClear IVD in September 2020 at the Chinese Society of Clinical Oncology annual meeting and (ii) NMPA approval of ColoClear, which is the first molecular cancer screening test approved by NMPA.

(4) Special Rights of the Pre-IPO Investors

Our Company, the Founder Parties (including Dr. Chen in his capacity as trustee of the Yiyou Chen Grantor Retained Annuity Trust), NHXC Holdings, SeeSi Universal Limited, Acorn Campus China Fund I, LP, Christopher Keyin Chen and the Pre-IPO Investors entered into a fourth amended and restated shareholders agreement on July 1, 2020 (the "**Shareholders Agreement**"), pursuant to which certain shareholder rights were agreed among the parties.

Pursuant to the Shareholders Agreement, the Pre-IPO Investors were granted certain special rights, including but not limited to (i) the right to have access to financial information and inspect the properties, books of account and records of the Company; (ii) the right to appoint and remove Directors; (iii) the right of first refusal; (iv) the co-sale right; (v) protective provisions according to which certain acts of the Company require the prior written approval of a majority of the Pre-IPO Investors; and (vi) redemption rights. The Founder Parties (including Dr. Chen in his capacity as trustee of the Yiyou Chen Grantor Retained Annuity Trust), in addition to High Diamond Limited, Qiming Venture Partners V. L.P., Qiming Managing Directors Fund V, L.P. and Sino Felicity Limited, were also granted the right to appoint Directors.

All such shareholder rights granted under the Shareholders Agreement will be qualified by the Company's compliance with all applicable rules and regulations and terminated upon the completion of a qualified public offering automatically as provided under the Shareholders Agreement. The redemption rights under the Shareholders Agreement have been suspended from the day that is immediately prior to the date of the Company's submission of our application for the listing of our Shares on the Stock Exchange (the "**Submission**") and will be terminated upon Listing, provided in the event where the Company fails to consummate the Global Offering or does not complete a public offering within 24 months after the Submission, such redemption rights shall automatically be reinstated until and unless the Company makes another Submission.

(5) Information about our Shareholders

The background information of the holders of Class A Ordinary Shares and Class B Ordinary Shares (other than those affiliated with the Founder Parties, other Directors or the Pre-IPO Share Incentive Plan) as well as our Pre-IPO Investors is set out below.

Our Pre-IPO Investors include Sophisticated Investors, namely Qiming Venture Partners V, L.P. and Qiming Managing Directors Fund V, L.P..

SeeSi Universal Limited

SeeSi Universal Limited is an investment holding company incorporated in the BVI and is wholly-owned by Mr. Fang James (方傑), the chairman and legal representative of AUPU Home Style Corporation Limited (stock code: 603551).

Acorn Campus China Fund I, LP

Acorn Campus China Fund I, LP is an exempted limited partnership registered in the Cayman Islands, whose general partner is Acorn Campus Asia Management II, LLC which is affiliated with Acorn Campus Ventures. Acorn Campus Ventures is a venture fund that invests in early-to-growth stage technology companies in Greater China and Silicon Valley. The portfolio companies of Acorn Campus Ventures include InnoLight Technology Corporation (stock code: 300308), Siargo, Inc., Crown Bioscience, Inc. and Optovue Corporation.

High Diamond Limited and Good Rise Holdings Limited

High Diamond Limited is a limited company incorporated in Hong Kong which is wholly-owned by LC Healthcare Fund I, L.P.. Good Rise Holdings Limited is a limited company incorporated in the BVI and wholly-owned by Tianjin Junlian Zhihui Business Management Partnership (Limited Partnership) (天津君聯致輝商業管理合夥企業(有限合夥)), which in turn is held as to 99.99% by Beijing Junlian Yikang Equity Investment Partnership (Limited Partnership) (北京君聯益康股權投資合夥企業(有限合夥)). Both LC Healthcare Fund I, L.P. and Beijing Junlian Yikang Equity Investment Partnership (Limited Partnership) (北京君聯益康股權投資合夥企業(有限合夥)) are limited partnership funds managed by Legend Capital Co., Ltd. (君聯資本管理股份有限公司) and its affiliates (collectively, "**Legend Capital**"). Legend Capital is a leading growth equity investor with offices in Beijing, Shanghai, Shenzhen and Hong Kong, focusing on high-quality growth opportunities in China, such as TMT, consumer and healthcare sectors. The portfolio companies of LC Healthcare Fund I, L.P. and Beijing Junlian Yikang Equity Investment Partnership (Limited Partnership) (北京君聯益康股權投資合夥企業(有限合夥)) in the healthcare sector include Innovent Biologics, Inc. (stock code: 1801) and WuXi AppTec Co., Ltd. (stock code: 2359).

SBCVC V PH Company Limited

SBCVC V PH Company Limited is a limited company incorporated in Hong Kong, and an indirect subsidiary of SBCVC Fund V, L.P., a Cayman exempted limited partnership. SBCVC Fund V, L.P. is one of the USD funds of SB China Venture Capital. Established in 2000, SB China Venture Capital is a leading venture capital and private equity firm that manages both USD and RMB funds. Its investment focuses on high-tech, high growth companies in TMT, clean technology, healthcare, consumer/retail, and advanced manufacturing sectors, investing across all stages of companies.

ShanghaiMed Inc.

ShanghaiMed Inc. is incorporated in the BVI and is a wholly owned subsidiary of Time Intelligent Finance Limited, which is beneficially owned by a family trust established by Mr. Lee Ligang Zhang (張黎剛), the founder, chairman and chief executive officer of iKang Healthcare Group, Inc. (former stock ticker: KANG).

Qiming Venture Partners V, L.P. and Qiming Managing Directors Fund V, L.P.

Qiming Venture Partners V, L.P. and Qiming Managing Directors Fund V, L.P. are Sophisticated Investors which have made meaningful investment in the Company more than six months before the Listing Date for the purpose of paragraph 3.2(g) of Guidance Letter HKEX-GL92-18 issued by the Stock Exchange. They are venture capital funds registered as exempted limited partnerships in the Cayman Islands, focusing on investments in companies in the media and internet, information technology, consumer and retail, healthcare and clean technology sectors across China. Qiming GP V, L.P. is the general partner of Qiming Venture Partners V, L.P, whereas Qiming Corporate GP V, Ltd. is the general partner of both Qiming GP V, L.P. and Qiming Managing Directors Fund V, L.P. (collectively and together with their affiliates, "**Qiming Venture Partners**"). Ms. Nisa Bernice Wing-Yu Leung, a non-executive Director of our Company, holds one-third shareholding in Qiming Corporate GP V, Ltd.. Qiming Venture Partners is a leading China venture capital firm with over US$5 billion of assets under management based on public filings as at March 2020, and its portfolio companies include some of today's most influential brands in their respective sectors, such as Xiaomi Corporation (stock code: 1810), Meituan Dianping (stock code: 3690), Beijing Roborock Technology Co., Ltd. (stock code: 688169), Bilibili Inc. (stock ticker: BILI), Venus Medtech (Hangzhou) Inc. (stock code: 2500), Hangzhou Tigermed Consulting Co., Ltd. (stock code: 300347 (SZSE), 3347 (HKSE)), Zai Lab Limited (stock ticker/code: ZLAB (NASDAQ), 9688 (HKSE)), Shanghai Sanyou Medical Co., Ltd. (stock code: 688085) and Amoy Diagnostics Co., Ltd. (stock code: 300685).

Sino Felicity Limited

Sino Felicity Limited is an investment holding company incorporated in the BVI, and an indirect wholly-owned subsidiary of VMS Holdings Limited (collectively, "**VMS Group**"), which is majority-owned by Ms. Mak Siu Hang Viola (麥少嫻). The principal activities of VMS Holdings Limited and its affiliates are making private investments in diversified businesses.

Misland Capital Limited

Misland Capital Limited is an investment firm incorporated in England and Wales, and is a single family office that is owned by and manages a portfolio of investments, across several sectors, for the Green Family of Bermuda.

Ocxprouro Limited

Ocxprouro Limited is a limited company incorporated in the BVI, and is wholly owned by Sherpa Healthcare Fund I, L.P.. Sherpa Healthcare Fund I, GP, Ltd. is the general partner of Sherpa Healthcare Fund I, L.P.. Together with its affiliates, Sherpa Healthcare Fund I, GP, Ltd. (collectively, "**Sherpa Healthcare**") are fund sponsors specializing in investments in the healthcare sector, including biotech, pharmaceuticals, medical devices, equipment and diagnostics, healthcare services and healthcare-related information technology and mobile technology companies, all having a nexus to greater China.

Acorn Pacific Ventures Fund I, LP and Acorn Pacific Opportunities Fund, LP

Acorn Pacific Ventures Fund I, LP and Acorn Pacific Opportunities Fund, LP are limited partnerships formed pursuant to the laws of Delaware. Acorn Pacific Ventures Fund I GP, LLC is the general partner of Acorn Pacific Ventures Fund I, LP, and Acorn Pacific Ventures Fund II GP, LLC is the general partner of Acorn Pacific Opportunities Fund, LP (collectively, "**Acorn Pacific Ventures**"). Acorn Pacific Ventures invests primarily in software, biotechnology and electronics, focusing on companies with strategic advantages in emerging technologies and pan-pacific supply chains. Acorn Pacific Ventures' investments include companies such as Crown Bioscience, Eureka Therapeutics, NGINX, Osaro, Datometry and Plastiq.

G LTP LLC, G HSP LLC, G ERP LLC and G JBD LLC

G ERP LLC, G HSP LLC, G LTP LLC, G JDB LLC are North Carolina single-member limited liability companies. G LTP LLC and G HSP LLC were established to invest in assets exclusively to benefit a university in the U.S. and its affiliates (the "**University**"). G ERP LLC was established to invest the assets of a contributory qualified defined benefit plan sponsored and administered by the University. G JBD LLC was established to invest the assets of a charitable trust of which the University is a named beneficiary.

Global VC Plus Fund, L.P. and Sunny Essence Limited

Global VC Plus Fund, L.P., an exempted limited partnership in the Cayman Islands, and Sunny Essence Limited, an investment holding company incorporated in the Republic of Seychelles, are both managed by Yimei Capital. Yimei Capital engages in primary and direct investments, covering healthcare, consumer, education, TMT and advanced manufacturing. Portfolio companies held under Yimei Capital include GDS Holdings Limited (萬國數據控股有限公司) (stock ticker/code: GDS (NASDAQ), 9698 (HKSE)), Wuxi Lead Intelligent Equipment Co., Ltd. (無錫先導智能裝備股份有限公司) (stock code: 300450), Leyan Information Technology Company Limited (樂言信息科技有限公司) and Beijing E-Business Co., Ltd. (北京易酒批電子商務有限公司).

Majuven Fund 2 L.P.

Majuven Fund 2 L.P. is an exempted limited partnership in the Cayman Islands, and managed by Majuven Pte. Ltd., a fund management company registered with the monetary authority of Singapore. Majuven Fund 2 L.P. is a diversified early to early-growth stage venture capital fund investing in technology, fintech, consumer-tech, biotech and digital healthcare. The general partners are prominent individuals with decades of successful track record in corporate life, entrepreneurship and as angel investors.

Omniscience Holdings Ltd.

Omniscience Holdings Ltd. is exempted company with limited liability incorporated in the Cayman Islands. Omniscience Partners, L.P. is the sole shareholder of Omniscience Holdings Ltd., and Omniscience GP Ltd. is the general partner of Omniscience Partners, L.P. ("**Omniscience Partners**"). Omniscience Holdings Ltd. is an investment holding company whose primary purpose is to engage in equity investment.

Emerging Markets Healthcare Partners LLC and Worldwide Healthcare Partners LLC

Emerging Markets Healthcare Partners LLC and Worldwide Healthcare Partners LLC are each hedge funds formed pursuant to the laws of Delaware, U.S.. The majority holder of both funds is Samuel D. Isaly, and their investment adviser is Exome Asset Management LLC, which is based in New York City, U.S.. The portfolio companies held by Emerging Markets Healthcare Partners LLC and Worldwide Healthcare Partners LLC are healthcare specific, and include, but are not limited to, pharmaceutical, biotechnology, medical devices, healthcare equipment and life sciences companies.

Rock Springs Capital Master Fund LP and Four Pines Master Fund LP

Rock Springs Capital Master Fund LP and Four Pines Master Fund LP are registered as exempted limited partnerships in the Cayman Islands. The general partner of Rock Springs Capital Master Fund LP is Rock Springs General Partner LLC, whereas the general partner of Four Pines Master Fund LP is Four Pines General Partner LLC. Both general partners are owned and controlled by the same group of individuals. The investment strategy of Rock Springs Capital Master Fund LP focuses primarily on investing in companies in the healthcare industry, including medical technologies, pharmaceuticals, biotechnology, life sciences, healthcare services and related industries, and healthcare-related securities. The investment strategy of Four Pines Master Fund LP focuses primarily on investing in companies in the healthcare industry and, in particular, in companies which are innovative in discovering and developing therapeutic solutions. Rock Springs Capital Management LP ("**Rock Springs**") is the investment advisor for both Rock Springs Capital Master Fund LP and Four Pines Master Fund LP. The portfolio companies of Rock Springs include companies listed on the Stock Exchange such as Ocumension Therapeutics (stock code: 1477), Innovent Biologics, Inc. (stock code: 1801) and Everest Medicines Limited (stock code: 1952). Rock Springs has discretionary assets under management of approximately US$3.5 billion based on public filings as at March 2020.

LAV Biosciences Fund V, L.P.

LAV Biosciences Fund V, L.P. is a Cayman exempted limited partnership. The sole shareholder of the ultimate general partner of LAV Biosciences Fund V, L.P. is Mr. Yi Shi (施毅), who is the founder and a managing partner of Lilly Asia Ventures, a leading Asia-based life science investment firm with portfolios covering all major sectors of the biomedical and healthcare industry including biopharmaceuticals, medical devices, diagnostics and healthcare services.

Worldwide Healthcare Trust PLC and OrbiMed New Horizons Master Fund, L.P.

Worldwide Healthcare Trust PLC is a publicly-listed trust incorporated under the laws of England and Wales, whose portfolio is managed by OrbiMed Capital LLC. OrbiMed New Horizons Master Fund, L.P. is an exempted limited partnership incorporated in the Cayman Islands, with OrbiMed Advisors LLC acting as the investment manager. OrbiMed Capital LLC and OrbiMed Advisors LLC (together, "**OrbiMed**") exercise voting and investment power through a management committee comprised of Carl L. Gordon, Sven H. Borho, and Jonathan T. Silverstein. OrbiMed invests globally in the healthcare sector with investments ranging from early stage private companies to large multinational corporations.

High Gallant Investment Limited

High Gallant Investment Limited is a private limited company incorporated in the BVI, and an affiliated investment entity of CR-CP Life Science Fund, L.P. ("**CR-CP Fund**"). CR-CP Fund is incorporated in the Cayman Islands, and is mandated to invest in leading life science companies that develop innovative drugs and therapies, medical technology and smart healthcare technology. CR-CP Fund acts through its general partner, CR-CP Life Science Fund Management Limited, a 50-50 joint venture between China Resources Group ("**CR**") and Charoen Pokphand Group ("**CP**"). CR is a large group of companies under China Resources Company Limited, which is controlled by the government of the PRC. CP is a large group of companies controlled by Charoen Pokphand Group Company Limited, a company organized and existing under the laws of the Kingdom of Thailand, which operates across many industries ranging from traditional industries such as agriculture to technology-driven forefront industries such as e-commerce/digital. CR-CP Fund's investments in the China life sciences sector include Sirnaomics, Inc., CF Pharmtech, Inc., Transcenta Holding Limited, Legend Biotech, JW Therapeutics and Genor Biopharma.

Cormorant Private Healthcare Fund II, LP and Cormorant Global Healthcare Master Fund, LP

Cormorant Private Healthcare Fund II, LP is registered as a limited partnership incorporated under the laws of Delaware, U.S., and Cormorant Global Healthcare Master Fund, LP is registered as a Cayman exempted limited partnership. They are managed by Cormorant Asset Management, LP, an investment adviser registered with the U.S. Securities and Exchange Commission, focusing on investments in publicly traded, crossover round, and early stage companies in the biotech, healthcare, and life science research industries. The portfolio companies of Cormorant Asset Management, LP ("**Cormorant**") include privately held and publicly traded companies focusing on therapeutic drug discovery and development, and includes companies listed on the Stock Exchange such as Ocumension Therapeutics (stock code: 1477), Innovent Biologics, Inc. (stock code: 1801) and Hansoh Pharmaceutical Group Company Limited (stock code: 3692). Cormorant has discretionary assets under management of approximately US$3.3 billion based on public filings as at November 2020.

Octagon Investments Master Fund LP

Octagon Investments Master Fund LP is an exempted limited partnership formed under the laws of the Cayman Islands and operating as a private investment fund. Octagon Capital Advisors LP ("**Octagon Capital**"), a Delaware limited partnership and an investment adviser registered with the U.S. Securities and Exchange Commission, serves as the investment manager to Octagon Investments Master Fund LP. Founded in 2019, Octagon Capital is a multi-stage investment manager dedicated to evidence-based investing in public and private healthcare companies. Octagon Capital strives to build concentrated, long-term investments and work with its portfolio management teams as partners. Octagon Capital manages capital on behalf of global institutions such as university endowments, non-profit foundations, family offices, pension funds and established asset managers.

(6) Public Float

Upon completion of the Share Subdivision and the Global Offering (assuming the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the Pre-IPO Share Incentive Plan), the following shareholders, (i) Dr. Chen, one of our executive Directors and chairman of the Board; (ii) Mr. Zhu, our CEO and one of our executive Directors, through Trident Trust Company (HK) Limited which indirectly holds Shares on trust through NH Trinity Limited and NHYJ Holdings for the benefit of Mr. Zhu and certain of his family members; (iii) Mr. Naxin Yao, one of our non-executive Directors, through Trident Trust Company (HK) Limited, which indirectly holds Shares through Bancasa Holding Limited and MST Development Limited, the latter of which holds Shares in NHXC Holdings, each on trust for the benefit of Mr. Naxin Yao and certain of his family members; and (iv) Qiming Corporate GP V, Ltd., an entity held as to one-third by Ms. Nisa Bernice Wing-Yu Leung, one of our non-executive Directors, through its direct and indirect interest in Qiming Managing Directors Fund V, L.P. and Qiming Venture Partners Fund V, L.P., respectively, will hold (directly or indirectly) approximately 11.01%, 3.61%, 9.71% and 8.59% of the total issued Shares, respectively, and such Shares will not count towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Global Offering.

Upon completion of the Share Subdivision and the Global Offering (assuming the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the Pre-IPO Share Incentive Plan), an aggregate of 13,053,070 Shares (as adjusted after the Share Subdivision) underlying share options granted to Mr. Zhu and exercised pursuant to the Pre-IPO Share Incentive Plan are held by NHXT Holdings Ltd. for the benefit of Mr. Zhu and certain of his family members, representing 3.12% of the total issued Shares, and such Shares will also not count towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Global Offering.

Save as disclosed above, to the best of the Directors' knowledge, none of the other Shareholders of the Company is a core connected person of our Company. As a result, over 25% of the Company's total issued Shares with a market capitalization of at least HK$375 million will be held by the public upon completion of the Share Subdivision and the Global Offering as required under Rule 8.08(1)(a) and Rule 18A.07 of the Listing Rules.

Other than those granted under the Pre-IPO Share Incentive Plan, there are no options or warrants outstanding. The principal terms of the Pre-IPO Share Incentive Plan are set out in the section headed "Statutory and General Information – D. Pre-IPO Share Incentive Plan" in Appendix IV to this Prospectus.

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 in January 2012 and updated in March 2017 by the Stock Exchange, the Guidance Letter HKEX-GL43-12 issued in October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange and the Guidance Letter HKEX-GL44-12 issued in October 2012 and updated in March 2017 by the Stock Exchange.

PRC REGULATORY REQUIREMENTS

M&A Rules

According to the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the "**M&A Rules**") jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the STA, the CSRC, SAIC and the State Administration of Foreign Exchange, or SAFE, on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, a foreign investor is required to obtain necessary approvals from MOFCOM or the department of commerce at the provincial level when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign invested

enterprise. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

Our PRC Legal Advisor is of the opinion that prior CSRC approval for the Global Offering is not required because we did not acquire any equity interests or assets of a PRC domestic company owned by our controlling shareholders or beneficial owners who are PRC companies or individuals, as defined under the M&A Rules. However, there is uncertainty as to how the M&A Rules will be interpreted or implemented and we cannot assure you that relevant PRC governmental authorities, including the CSRC, would reach the same conclusion as our PRC Legal Advisor.

SAFE Circular 37

According to the SAFE Circular 37, PRC residents shall register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, or a special purpose vehicle, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. SAFE Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of or any significant changes with respect to the special purpose vehicle. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiary may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiary. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions.

As advised by our PRC Legal Advisor, one of our Founders, Mr. Zhu who is a PRC resident and indirectly hold shares in the Company has completed the registration under SAFE Circular 37 on June 25, 2018.

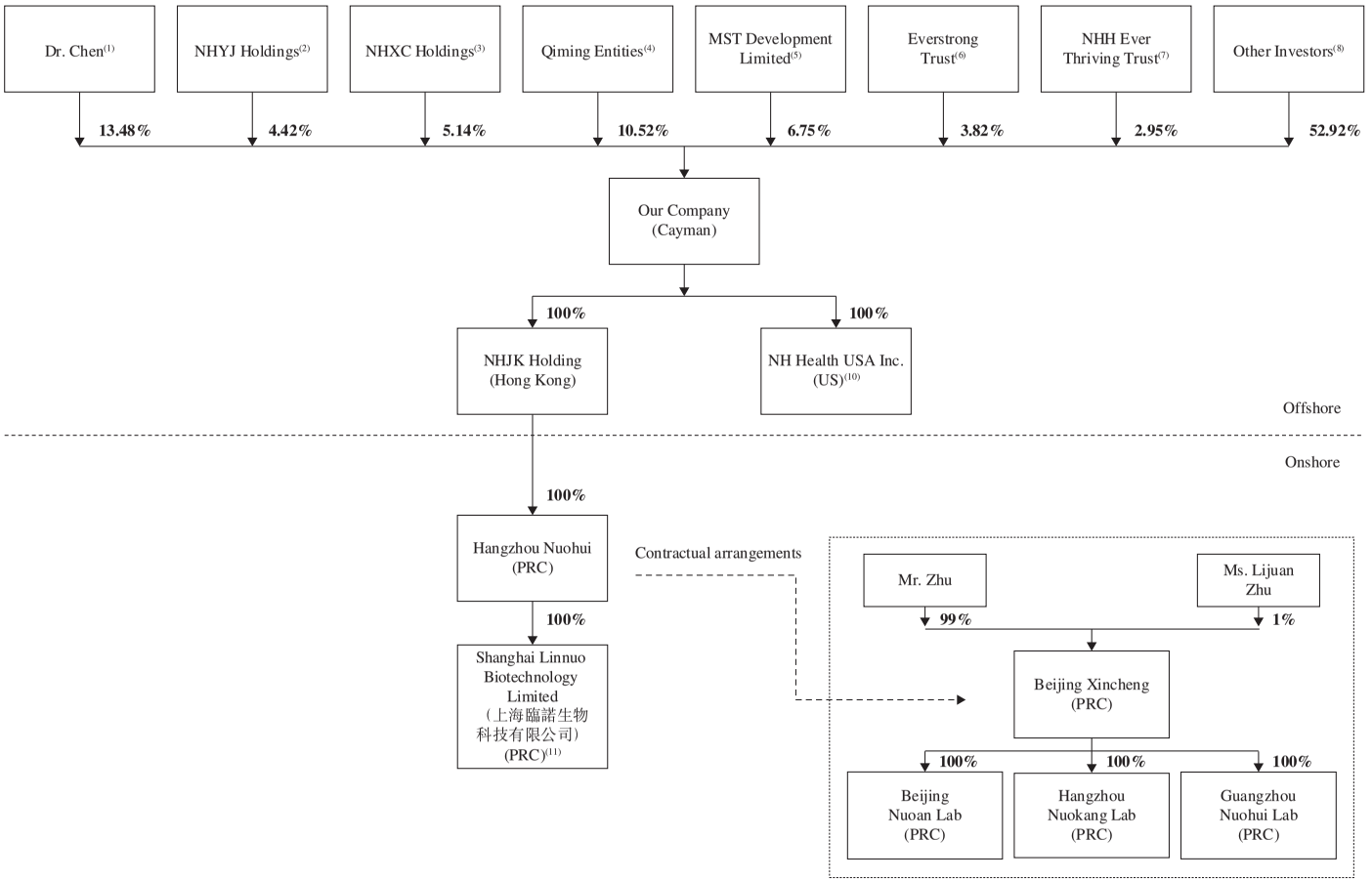
PRE-IPO SHARE INCENTIVE PLAN

Our Company adopted the Pre-IPO Share Incentive Plan on October 10, 2018, which was further amended and approved on August 17, 2020, in order to attract and retain certain officers, employees and other eligible persons. Pursuant to the Pre-IPO Share Incentive Plan, the maximum number of Shares underlying the awards which may be granted shall not exceed 31,686,768 (as adjusted after the Share Subdivision). As of the Latest Practicable Date, (i) options to subscribe for an aggregate of 28,113,326 Class A Ordinary Shares (as adjusted after the Share Subdivision) had been granted to Directors, senior management and employees of the Group, of which (1) options to subscribe for 20,023,720 Class A Ordinary Shares (as adjusted after the Share Subdivision) had been exercised; (2) options to subscribe for 11,750 Class A Ordinary Shares (as adjusted after the Share Subdivision) had terminated following the resignation of certain employees and were capable of being re-allocated to other grantees; and (3) options to subscribe for 8,077,856 Class A Ordinary Shares (as adjusted after the Share Subdivision) were outstanding and held by grantees; and (ii) 3,573,442 Class A Ordinary Shares (as adjusted after the Share Subdivision) representing Shares underlying ungranted awards under the Pre-IPO Share Incentive Plan had been allotted and issued to Ever Thriving Ventures Limited to be held on trust for the benefit of eligible participants.

For details, please refer to the subsection headed "Major Corporate Development, Shareholding Changes and Reorganization of Our Group – Our Company – (vi) Issue of Shares to the Trustee of the Pre-IPO Share Incentive Plan" in this section and the section headed "Statutory and General Information – D. Pre-IPO Share Incentive Plan" in Appendix IV to this Prospectus.

OUR CORPORATE AND SHAREHOLDING STRUCTURE

The following diagram illustrates the corporate and shareholding structure of our Group immediately prior to the completion of the Global Offering:



Notes:

As of the Latest Practicable Date:

1. 36,004,536 Class B Ordinary Shares are held by Dr. Chen, one of our executive Directors and chairman of the Board. Further, 10,000,000 Class B Ordinary Shares are held by Dr. Chen as trustee of the Yiyou Chen Grantor Retained Annuity Trust, of which certain of his family members are beneficiaries. As such, Dr. Chen holds in aggregate 46,004,536 Class B Ordinary Shares (representing approximately 13.48% of the Company's shareholding prior to Listing). For additional information, please refer to the subsection in this section headed "Pre-IPO Investments – (2) Capitalization of the Company" and the section headed "Substantial Shareholders" in this Prospectus.

2. The entire share capital of NHYJ Holdings is wholly-owned by NH Trinity Limited and ultimately owned by Trident Trust Company (HK) Limited as the trustee of the Evergreens Trust, which is a discretionary trust set up by Mr. Zhu, our CEO and one of our executive Directors, on August 28, 2020 for the benefit of himself and certain of his family members, and for which Mr. Zhu is the settlor and power holder. Trident Trust Company (HK) Limited is an Independent Third Party. 15,092,940 Class B Ordinary Shares held by NHYJ Holdings were acknowledged as restricted shares. For details of the restricted shares, please refer to the section headed "Statutory and General Information – E. Share Vesting Agreements with Mr. Zhu and Dr. Lu" in Appendix IV in this Prospectus.

3. NHXC Holdings is held by Dr. Chen, MST Development Limited (on trust for Mr. Naxin Yao, one of our non-executive Directors, and certain of his family members), Dr. Lu, a trust set up by Dr. Lu and an adviser of the Group as to 0.20%, 40.29%, 23.18%, 22.22% and 14.11%, respectively. Of the 17,559,052 Class A Ordinary Shares held by NHXC Holdings in the Company, 7,971,594 Class A Ordinary Shares were acknowledged as restricted shares. For details of the restricted shares, please refer to the section headed "Statutory and General Information – E. Share Vesting Agreements with Mr. Zhu and Dr. Lu" in Appendix IV in this Prospectus.

4. The Qiming Entities include Qiming Venture Partners V, L.P. and Qiming Managing Directors Fund V, L.P.. Qiming Corporate GP V, Ltd. is the general partner of Qiming Managing Directors Fund V, L.P. and Qiming GP V, L.P., and in turn, Qiming GP V, L.P. is the general partner of Qiming Venture Partners V, L.P.. Ms. Nisa Bernice Wing-Yu Leung, one of our non-executive Directors, holds a one-third interest in Qiming Corporate GP V, Ltd.. Qiming Venture Partners V, L.P. held 597,762 Class A Ordinary Shares, 1,693,562 Series A-2 Preferred Shares, 27,049,854 Series B Preferred Shares, 3,446,794 Series C Preferred Shares and 2,017,446 Series D Preferred Shares. Qiming Managing Directors Fund V, L.P. held 18,546 Class A Ordinary Shares, 58,752 Series A-2 Preferred Shares, 839,286 Series B Preferred Shares, 106,942 Series C Preferred Shares and 62,594 Series D Preferred Shares.

5. The entire share capital of MST Development Limited is wholly-owned by Bancasa Holding Limited and ultimately owned by Trident Trust Company (HK) Limited, as the trustee of the Peace Mind Trust, which is a discretionary trust set up by Mr. Naxin Yao, one of our non-executive Directors, on August 28, 2020 for the benefit of himself and certain of his family members, and for which Mr. Naxin Yao is a settlor and power holder. Trident Trust Company (HK) Limited is an Independent Third Party.

6. NHXT Holdings Ltd. is owned and managed by Trident Trust Company (HK) Limited, the trustee of Everstrong Trust, which is a trust set up by the Company on August 28, 2020 to facilitate the administration of the Pre-IPO Share Incentive Plan, for the benefit of Mr. Zhu and his family members. Mr. Zhu and Dr. Lu together are the first power holders of Everstrong Trust. For details of the Pre-IPO Share Incentive Plan, please see the section headed "Statutory and General Information – D. Pre-IPO Share Incentive Plan" in Appendix IV in this Prospectus. Trident Trust Company (HK) Limited is an Independent Third Party.

7. Ever Thriving Ventures Limited is owned and managed by Trident Trust Company (HK) Limited, the trustee of NHH Ever Thriving Ventures Trust, which is a trust set up by the Company on August 28, 2020 to facilitate the administration of the Pre-IPO Share Incentive Plan, for the benefit of selected participants under the Pre-IPO Share Incentive Plan. The Trustee is obligated to exercise its voting rights in the Shares in favour of the Board's recommendations. For details of the Pre-IPO Share Incentive Plan, please see the section headed "Statutory and General Information – D. Pre-IPO Share Incentive Plan" in Appendix IV in this Prospectus. Trident Trust Company (HK) Limited is an Independent Third Party.

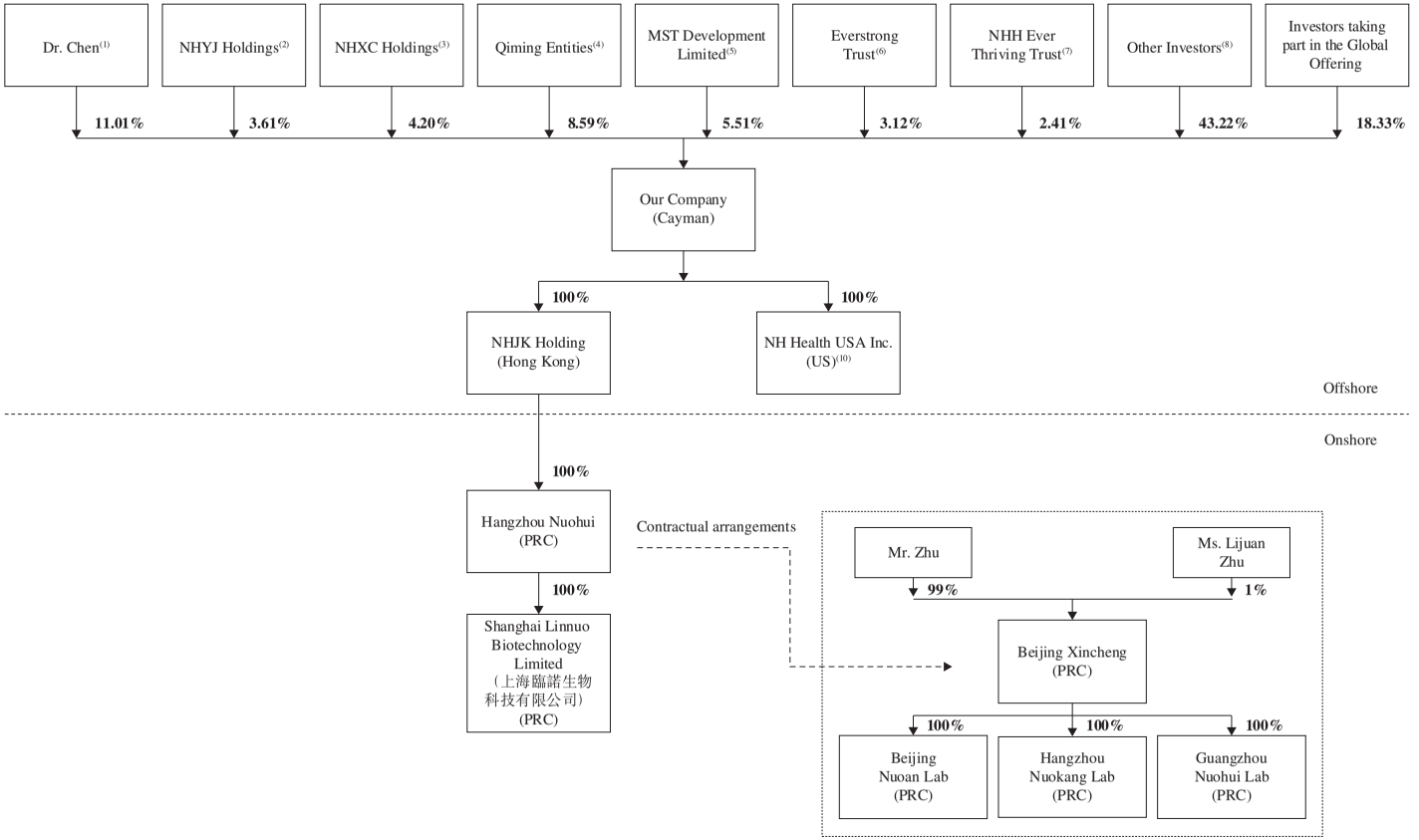
8. This includes all our other Pre-IPO Investors and other early investors, who are Independent Third Parties. For additional information, please refer to the subsections in this section headed "Pre-IPO Investments – (2) Capitalization of the Company" and "Pre-IPO Investments – (5) Information about our Shareholders" in this Prospectus.

9. Figures above have been adjusted as after the Share Subdivision.

10. NH Health USA Inc. was established by the Company and registered with the California Secretary of State on June 5, 2019.

11. Shanghai Linnuo Biotechnology Limited (上海臨諾生物科技有限公司) was incorporated by Hangzhou Nuohui in the PRC on December 11, 2020.

The following diagram illustrates the corporate and shareholding structure of our Group immediately upon completion of the Global Offering (assuming all the Preferred Shares, Class B Ordinary Shares and Class A Ordinary Shares have been converted to ordinary shares on a one-to-one basis, that Over-allotment Option is not exercised and no additional Shares are issued pursuant to the Pre-IPO Share Incentive Plan):



Please refer to the notes underneath the corporate and shareholding structure chart of our Group under "Our Corporate and Shareholding Structure" in this section.

OVERVIEW

Our mission is to advance the innovation and accelerate the adoption of cancer screening technologies in China.

Founded in November 2015, we are the pioneer in China's colorectal cancer screening market with ColoClear, our proprietary, non-invasive, multi-target, FIT-DNA test, being the first and only molecular cancer screening test in China approved by NMPA, according to Frost & Sullivan.[(Note 1)] ColoClear targets a 120 million high-risk colorectal cancer population in China[(Note 2)], and enables users to collect stool sample at home and avoid invasive procedures while delivering high testing sensitivity and specificity. In our registrational trial with 5,881 enrolled subjects, ColoClear has demonstrated clinical results of a sensitivity of 95.5% for colorectal cancer and 63.5% for advanced adenoma, an overall specificity of 87.1%, NPV of 99.6% for colorectal cancer, and PPV of 46.2% for colorectal cancer and advanced adenoma collectively. We believe that our proprietary technologies, clinical performance, regulatory and operational expertise, and solid relationships with KOLs serve as high entry barriers and differentiate us from our peers. We may not be able to fully capture the target populations of our products. As of the Latest Practicable Date, we had not commercialized ColoClear IVD. Whether ColoClear can fully capture the 120 million high-risk colorectal cancer population in China depends on various factors, such as the commercialization of ColoClear IVD as a standalone medical device, inclusion of ColoClear under national public medical insurance program and continuous policy support from the PRC government. See "Risk Factors – Risks Relating to Commercialization and Distribution of our Products – The sizes of the markets for our current and future products have not been established with precision, and may be smaller than we estimate, and we may not be able to fully capture the target populations of our products."

Note 1: Based on the search conducted by Frost & Sullivan on NMPA website with the key word "screening" among both domestic and imported medical devices and its search among molecular cancer tests approved by NMPA, Frost & Sullivan confirmed that the Company's ColoClear IVD is the only one approved with cancer screening in the "Intended Use" label.

Note 2: According to the China Anti-Cancer Association, high-risk population of colorectal cancer refers to the population that has (i) history of positive FOBT result, or (ii) family history of colorectal cancer, or (iii) at least two of the relevant symptoms (i.e. chronic diarrhea, constipation, mucous stool, chronic appendicitis, gall bladder disease, chronic psychological stress). The 120 million high-risk colorectal cancer population in China is derived from the 633 million population recommended to have regular colorectal cancer screening in China in 2019, with reasonable assumptions made by Frost & Sullivan based on the relevant literatures it has reviewed and its interviews with persons recommended for colorectal cancer screening and relevant experts. With its proprietary know-how, Frost & Sullivan has considered major factors, such as the number of investigated population, percentage of high-risk population reported, geographic area and time scope, to estimate the percentage of high-risk colorectal cancer population among population recommended to have regular colorectal cancer screening for further model build-up. See "Industry Overview – Colorectal Cancer and Colorectal Cancer Screening Market – Colorectal Cancer Screening Market."

We operate in a largely untapped and fast-growing colorectal cancer screening market in China. Colorectal cancer is one of the most deadly cancer types in China, both by incidence and mortality rates. However, it is not only curable if diagnosed at early cancer stage, but also preventable if discovered at precancerous stage. In line with the PRC government's initiatives to promote cancer screening and lower expenditures on China's healthcare system, the colorectal cancer screening market in China is expected to grow significantly with the availability of more effective screening solutions and increased awareness of cancer screening. According to Frost & Sullivan, the colorectal cancer screening market in China has grown from RMB2.5 billion in 2015 to RMB3.0 billion in 2019, and is expected to further grow to RMB19.8 billion in 2030, representing a CAGR of 18.7% from 2019 to 2030. On the other hand, the colorectal cancer screening market in China remains largely untapped with a penetration rate of 16.4% in 2019, compared with 60.1% in the U.S., according to Frost & Sullivan.

To capitalize on this market opportunity and to address the unmet cancer screening demands in China, we were founded in 2015 by our experienced founders to focus on the design, development and commercialization of cancer screening tests. Our Chief Executive Officer, Mr. Yeqing Zhu, has more than 20 years of senior management experience in Fortune 500 multinational companies and currently serves as a council member of the Cancer Foundation of China. Our Chief Scientific Officer, Dr. Yiyou Chen, has more than 20 years of research and development experience in the oncology space, is the inventor of six patents in the U.S. and over 20 patent applications globally, and has authored multiple papers published in peer-reviewed medical journals. Our Chief Technology Officer, Dr. Ning Lu, has over a decade of IVD development experience at multiple global companies, including Roche Diagnostics and Quest Diagnostics, and led the development of eight IVD products. Under their leadership, we have strategically developed a robust pipeline for cancer screening tests with a focus on vast market demand, clinical utility and technology compatibility.

Our two home-based colorectal cancer screening tests, ColoClear and Pupu Tube, synergistically address target populations with various risk levels. Pupu Tube, our proprietary, non-invasive, stool-based FIT test, is the first and only self-conducted FIT screening product approved by NMPA in China.*(Note)* Pupu Tube targets mass market in China with a 633 million population in 2019 recommended for colorectal cancer screening to increase colorectal cancer screening awareness and identify high-risk population. In addition, we have two late-stage product candidates for gastric and cervical cancer screening respectively. We are developing our UU Tube, a stool-based self-conducted screening test for gastric cancer. We completed the registrational trial of UU Tube in November 2020 and submitted registration application to NMPA in the same month of 2020. We are also developing our CerviClear, a non-invasive urine-based home-use screening test for cervical cancer. We expect to initiate the registrational trial for CerviClear by as early as the last quarter of 2021.

The following chart summarizes the development status of our products and major product candidates as of the Latest Practicable Date:

Product	Indication	Sample Type	Technology	Global Rights	Development Stage				
					Early Stage Development[3]	Late Stage Development[4]	Registrational Trial	NMPA Submission	NMPA Approval
ColoClear®[1]	Colorectal cancer	Stool	FIT-DNA	✓	→				
Pupu Tube®[2]	Colorectal cancer	Stool	FIT	✓	→				
UU Tube™	Gastric cancer	Stool	Immuno-based	✓	→				
CerviClear™	Cervical cancer	Urine	qPCR	✓	→				

1 *Prospective registrational trial (n=5,881) achieved colorectal cancer sensitivity of 95.5% and specificity of 87.1%, and advanced adenoma sensitivity of 63.5%; NMPA approval (Class III medical device) obtained in November 2020*

2 *NMPA approval (Class II medical device) obtained in March 2018 and CE Mark obtained in June 2018*

3 *Early stage development refers to technical feasibility, product optimization and finalization of product prototype, and pilot production*

4 *Late stage development refers to efficacy testing and large scale manufacturing and completion of a proof-of-concept clinical study, and is ready for registrational trial*

ColoClear IVD constitutes our Core Product for purposes of this Prospectus

Note: Based on the search conducted by Frost & Sullivan on NMPA website with the key word "便隱血(Fecal occult blood)" among both domestic and imported medical devices and its search among FIT screening products approved by NMPA, Frost & Sullivan confirmed that Pupu Tube is the first and only FIT screening product approved with "self-conducted by non-professionals (可由非專業人士自用)" label in the product instruction book in China.

As we build our pipeline, we have established an integrated molecular cancer screening platform with comprehensive research and development, clinical development, testing operations and commercialization capabilities.

- *Research and development*. Our research and development capabilities are proven by our proprietary technologies and patents. We have built a proprietary and extensive database of Asian-specific colorectal cancer methylation profiles and self-developed our clinically-validated risk assessment algorithm for ColoClear. Our multi-parameter risk assessment algorithm is the first and only one for cancer screening in China.[(Note)] Our proprietary DNA extraction technology enables us to purify evaluable DNA from highly complex stool samples and achieve a success rate of approximately 99.4%, based on our operational data collected between October 2019 and September 2020. Our proprietary DNA sample stabilization technology preserves DNA and hemoglobin under room temperature for an extended period of up to seven days. As of the Latest Practicable Date, we have built a portfolio of 71 patents and patent applications globally to protect our proprietary technologies and know-how. For details on our intellectual property rights, see "— Intellectual Property Rights."

- *Clinical development*. As the pioneer in China's colorectal cancer screening market, we have established our brand and strong relationships with KOLs, leading physicians and hospitals in China through clinical trials, academic conferences and research and development collaborations. Our registrational trial of ColoClear, which enrolled 5,881 colorectal cancer high-risk participants across eight Class III Grade A hospitals, is the first and only large scale prospective clinical trial for colorectal cancer screening in China according to Frost & Sullivan. In the trial, ColoClear has achieved a sensitivity of 95.5% for colorectal cancer and 63.5% for advanced adenoma, an overall specificity of 87.1%, NPV of 99.6% for colorectal cancer, and PPV of 46.2% for colorectal cancer and advanced adenoma collectively. Such clinical results are recognized as outstanding based on publicly available data. Currently ColoClear IVD has been approved by NMPA, and we expect such approval will definitively confirm and endorse its clinical utility, and promote and enhance awareness among KOLs and physicians, which will significantly accelerate its potential clinical adoption and applications.

Note: Based on the search conducted by Frost & Sullivan on NMPA website with the key word "軟件(Software)" and "檢測分析(detection and analysis)" among both domestic and imported medical devices approved by NMPA, Frost & Sullivan confirmed that our multi-parameter risk assessment algorithm is the first and only one approved for cancer screening in China.

- *Testing operations*. We have built our molecular laboratory testing facilities in Beijing and Hangzhou, and our Guangzhou molecular laboratory testing facility is expected to be in full operation in the first quarter of 2021. These three facilities will enable direct sample collection and processing from users across China. As of the Latest Practicable Date, we have processed over 179,070 samples. Our laboratory facilities are equipped with advanced CRM systems which efficiently record the purchase history and end-user information to support our user-oriented testing process. The CRM systems track each individual sample in real-time, and automatically deliver test reports to end-users individually and electronically, for example, through text messages or WeChat notifications, while ensuring protection of each individual end-user's personal privacy information. Our outstanding operational expertise has been proven by our median turnaround time of five business days for ColoClear. Together with automation of sample processing and sophisticated IT system, our laboratory facilities have achieved high operational efficiency and economies of scale, which allow us to significantly reduce unit operational costs.

- *Commercialization*. We market our tests through multiple channels across China, including hospital, health checkup center, insurance company, pharmacy and online channels to unlock the growth potential of the largely untapped cancer screening market in China and maximize the commercial value of our two complementary colorectal cancer screening tests with their convenient home-use features. We collaborate with health checkup centers in China which use our products as part of their health checkup services, such as iKang. We also partner with insurance companies to market our products. As of the Latest Practicable Date, we had partnered with 36 insurance companies. We also utilize online and offline channels to market our products directly to end users, including online healthcare platforms, such as DoctorWork and Ping An Good Doctor, and retail pharmacy chains.

To accomplish our mission, we plan to increase the market penetration of ColoClear and Pupu Tube to reinforce our market-leading position in China's colorectal cancer screening market. At the same time, we plan to further cultivate the cancer screening market in China by increasing physician and user awareness and by developing other clinically validated cancer screening solutions addressing significant unmet medical needs. We will prudently make investments in technological innovation to expand our research and development capabilities and such investment is key to our future success. As we advance our pipeline products to further expand our coverage within the cancer screening market, we will continue to enhance our operating capabilities to better serve our customers and to improve our profitability. We will also consider strategic partnerships and acquisition opportunities in the cancer screening field to expand our market footprint beyond China and maximize the global value of our products.

OUR STRENGTHS

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

First and only NMPA-approved colorectal cancer screening test addressing an untapped 120 million colorectal cancer high risk population in China

We are the pioneer in China's colorectal cancer screening market. ColoClear, our proprietary, non-invasive, multi-target, FIT-DNA test, is the first and only molecular cancer screening test approved by NMPA, according to Frost & Sullivan. ColoClear has demonstrated clinical results of a sensitivity of 95.5% for colorectal cancer and 63.5% for advanced adenoma, an overall specificity of 87.1%, NPV of 99.6% for colorectal cancer, and PPV of 46.2% for colorectal cancer and advanced adenoma collectively, in our registrational trial with 5,881 enrolled subjects.

Colorectal cancer is one of the few cancer types for which regular screening is recommended because it brings substantial economics benefits and improves survival rate. Colorectal cancer is not only curable if detected at early cancer stage but also preventable if discovered at precancerous stage. Colorectal cancer is a slow growing cancer with a relatively long tumor development cycle and a well-defined precancerous stage, therefore it can be cured with appropriate treatments if detected at early stage. It is also widely accepted that colorectal cancer is one of the most preventable cancers, because screening of asymptomatic individuals can identify precancerous adenoma which can be removed through surgery before they become cancerous.

Despite its curable and preventable nature, colorectal cancer features high incidence and high mortality in China due to insufficient and ineffective cancer screening solutions, and leads to heavy healthcare burden. According to Frost & Sullivan, colorectal cancer is ranked the third among all cancer types by incidence rate in China, growing at a CAGR of 3.2% from 2015 to 2019. It is also the fifth leading cause of cancer deaths in China with a mortality rate of approximately 15.1 cases per 100,000 population. It is expected that large-scale screening at early cancer or precancerous stage which allows early intervention would significantly reduce incidence and mortality rates as well as the treatment cost of colorectal cancer. According to Frost & Sullivan, as a result of the high penetration rate of colorectal cancer screening of 60.1% in the U.S. in 2019, the mortality to incidence ratio in the U.S. in 2019 was 0.37 as compared to 0.48 in China. This has created huge demands for colorectal cancer screening solutions.

Chinese Medical Association recommends regular colorectal cancer screening for people aged between 40 and 74. Frost & Sullivan estimates that colorectal cancer screening has a target population recommended for colorectal cancer screening of approximately 633 million in China in 2019, out of which approximately 120 million is high-risk population. In China, it is a nationwide target to enhance cancer screening and increase cancer survival rate. According to the *Healthy China 2030*, a national agenda published by the PRC government in October 2016, the PRC government aims to increase the overall 5-year cancer survival rate to at least 43.3% by 2022 and at least 46.6% by 2030, and to increase the cancer screening rate to at least 55% by 2022 in high risk areas for certain key types of cancers, including colorectal cancer, gastric cancer and cervical cancer, among others. Colorectal cancer represents a critical component in achieving this target as it is one of the few cancer types that can be detected early. In line with the PRC government's initiatives to increase cancer early detection rate and lower expenditures on China's healthcare system, as more effective solutions become available and the awareness of cancer screening increases, the colorectal cancer screening market in China is expected to grow significantly. According to Frost & Sullivan, the colorectal cancer screening market in China has grown from RMB2.5 billion in 2015 to RMB3.0 billion in 2019, and is expected to further grow to RMB19.8 billion in 2030, representing a CAGR of 18.7% from 2019 to 2030.

We believe we are uniquely positioned to capture this tremendous opportunity. In 2019, the colorectal cancer screening market in China remained largely untapped with a penetration rate of 16.4%, compared with 60.1% in the U.S., according to Frost & Sullivan. The low penetration of colorectal cancer screening in China is mainly due to the limitations of traditional screening solutions, such as FOBT/FIT tests which have low sensitivity, and colonoscopy which is invasive with potential side effects and insufficient supply. According to Frost & Sullivan, only 677 colonoscopy procedures were conducted in China per 100,000 population in 2019, as compared to 14,569 procedures per 100,000 population in the U.S. With the first and only molecular cancer screening test approved by NMPA, we will enjoy first mover advantages in the colorectal cancer screening market in China. Our ColoClear addresses the limitations of traditional colorectal cancer screening solutions and enables users to collect sample at home and avoid invasive procedures while delivering high testing sensitivity and specificity.

ColoClear's high entry barriers underpinned by proprietary technologies, clinical performance, regulatory approval and highly scalable laboratory operations

ColoClear embodies high technological, performance, regulatory and operational barriers of entry for our competitors, which we believe, together with our strong relationships with KOLs and hospitals, will further solidify our leadership position in the colorectal cancer screening market in China.

- ***Technological barrier***

Since our inception, we have developed a robust portfolio of proprietary technologies and patents, which represent a high technological barrier to entry for ColoClear's potential competitors. With over five years of dedicated efforts, we have built a proprietary and extensive database of Asian-specific colorectal cancer methylation profiles with over 100,000 clinical stool samples, which enables us to successfully design the methylation specific PCR probe in ColoClear. We have also self-developed our clinically-validated risk assessment algorithm (Class II) to interpret the FIT-DNA data from ColoClear. The testing process applied by ColoClear is currently the first algorithm-driven cancer screening test approved by NMPA, which utilizes our proprietary bioinformatics analysis based on our in-house identified multi-target and multi-omics biomarkers. Our risk assessment algorithm is the first and only one for cancer screening in China that incorporates four parameters, being KRAS gene mutation, BMP3 and NDRG4 gene methylation as well as hemoglobin protein. It is tailored and optimized to work exclusively with our primers, reagents and the overall ColoClear testing process, which cannot be replicated by our competitors without conducting a large prospective clinical trial. Due to the fact that our clinically validated risk assessment algorithm, whose parameters are not publicly available and strictly confidential, is developed based on, and works exclusively with ColoClear IVD, any potential competitor who tries to develop its own IVD reagent, or replicate our ColoClear IVD, will not only have to develop its own risk assessment algorithm, but also have to validate such algorithm through a large-scale prospective clinical trial as required by NMPA. With our proprietary DNA extraction technologies (Class I), we are able to purify evaluable DNA from highly-complex stool samples and a success rate of approximately 99.4%, based on our operational data collected between October 2019 and September 2020. Our DNA extraction and targeting expertise is also demonstrated by our proven track record in processing complex samples such as stool and urine. We have also self-developed our proprietary DNA sample stabilization technology which is the best-in-class sample preservation technology approved by NMPA that preserves DNA and hemoglobin under room temperature for an extended period of up to seven days. It enables stool sample collection across China and delivery to our central testing laboratories through regular logistics providers, substantially improving our cost efficiency. In addition, ColoClear is protected by four patents and five patent applications in China and globally that cover the integrated sample collection and testing as well as the innovative product design.

- ***Performance barrier***

We have completed the registrational trial of ColoClear with 5,881 enrolled subjects, which is the first and only large-scale prospective clinical trial for colorectal cancer screening in China according to Frost & Sullivan. In the trial, ColoClear has achieved a sensitivity of 95.5% for colorectal cancer and 63.5% for advanced adenoma, an overall specificity of 87.1%, NPV of 99.6% for colorectal cancer, and PPV of 46.2% for colorectal cancer and advanced adenoma collectively. ColoClear is currently the only cancer screening test in China with the ability to detect precancerous lesions, such as advanced adenoma, according to Frost & Sullivan. We believe ColoClear has essentially reached the top range for screening performance, and it sets a high benchmark for future competitors to demonstrate superiority or non-inferiority with statistical significance.

- ***Regulatory barrier***

We have invested six years in the research and development of ColoClear starting from 2015 to advance it from the concept stage to the final stage of NMPA registration. ColoClear is the first cancer screening test that was designated as breakthrough approval channel for innovative medical devices of NMPA according to Frost & Sullivan and has had close regulatory guidance throughout its development process as well as expedited regulatory review and approval process. As of the Latest Practicable Date, there was no other colorectal cancer screening candidate in the market or which carried out a prospective clinical trial in China according to Frost & Sullivan. Future applicants for NMPA approval of colorectal cancer screening tests may be required to conduct a head-to-head comparison trial to ColoClear, and therefore may have to adopt a much longer development path with limited regulatory guidance and thereby invest more resources, which is consistent with the common practice in NMPA approval process for similar products according to Frost & Sullivan.

- ***Operational barrier***

We operate our PCR laboratory testing facilities in Beijing and Hangzhou with an aggregate testing capacity of 1,500,000 tests per year. We have completed construction of our laboratory testing facilities in Guangzhou with an additional 500,000 testing capacity per year which is expected to be in full operation in the first quarter of 2021. Our three testing facilities enable direct sample collection from end-users across China in a timely manner, which allows our laboratory facilities to be clinically validated by a large volume of samples. As of the Latest Practicable Date, we have processed over 179,070 samples. Our laboratory facilities are equipped with advanced CRM systems which reinforce our user-oriented testing process and track customer data in real-time. Our Beijing and Hangzhou laboratories have obtained NCCL EQA Certificates. Our comprehensive quality control measures and extensive know-how in all stages of our testing process ensure the high-quality, consistency and timeliness of our testing results. Our outstanding operational expertise has been proven by our median turnaround time of five business days for ColoClear. Together with automation of sample processing and sophisticated IT system, our laboratory facilities have achieved high operational efficiency and economies of scale, which allows us to significantly reduce unit operational costs and represents a high operational barrier to entry for future market entrants.

- ***Relationship with KOLs, physicians and hospitals***

As the pioneer in China's colorectal cancer screening market, we have established our brand and strong relationships with KOLs, leading physicians and hospitals in China through clinical trials, academic conferences and research and development collaborations. We collaborate with national and regional KOLs to promote and raise awareness of colorectal cancer screening among physicians and users through sponsoring medical summits, conferences and seminars. Our technologies and products are widely regarded and cited among the scientific and clinical community. For example, we have collaborated with KOLs and leading research institutes on clinical trials and research studies, including Zhejiang University School of Medicine's Second Affiliated Hospital (浙江大學醫學院附屬第二醫院), Nanjing Medical University Affiliated Hospital (南京醫科大學附屬醫院), and Fudan University Shanghai Cancer Center (復旦大學附屬腫瘤醫院). In addition, we cooperate with KOLs to establish and promote colorectal cancer screening guidelines in China. FIT-DNA test exemplified by ColoClear was recommended for colorectal cancer screening by the Expert Consensus on Colorectal Cancer Early Screening in China (《中國結直腸癌早診早治專家共識》) published by Chinese Medical Association in June 2020 which was co-authored by over 55 experts. We believe our well-established brand and extensive connections among the colorectal cancer academic community have enhanced our brand awareness and created high entry barrier for potential competitors.

Established multi-pronged commercialization approach to maximize the market potential of our complementary ColoClear and Pupu Tube

The colorectal cancer screening market in China remains largely untapped with a penetration rate of 16.4% in 2019, compared with 60.1% in the U.S., according to Frost & Sullivan. To maximize the market potential and capture this tremendous opportunity, we have strategically developed two complementary home-based colorectal cancer screening products and established a multi-pronged commercialization channel.

Complementary colorectal cancer screening products

Our two self-developed products, ColoClear and Pupu Tube, synergistically address target population with various risk levels to capture the entire colorectal cancer screening market. Pupu Tube targets mass market with a 633 million population in 2019 in China that generally falls in the age groups for which regular colorectal cancer screenings are recommended and requires testing product with convenience and low cost. ColoClear targets a 120 million population in 2019 with high risk of colorectal cancer in China that demands test results with higher sensitivity.

Pupu Tube is a proprietary non-invasive stool-based FIT colorectal cancer screening product to detect hemoglobin biomarkers associated with colorectal cancer. It is the first and only self-conducted FIT screening product approved by NMPA for colorectal cancer screening in China.

Both ColoClear and Pupu Tube are designed as non-invasive and home-based tests, which aim to provide better user experience and thereby substantially improve compliance rate, and at the same time deliver high sensitivity results. ColoClear enables users to collect samples at home and mail to our laboratories, with testing results turnaround in five business days upon our receipt of the samples. Pupu Tube integrates sample collection, dilution and FIT test all in one device, allowing convenient home use and testing results readout in a few minutes. According to a survey jointly conducted by National Cancer Centre (國家癌症中心), National Cancer Clinical Medical Research Centre (國家腫瘤臨床醫學研究中心) and Chinese Academy of Medical Sciences (中國醫學科學院), the compliance rate of FIT test using Pupu Tube increased by 33.7 percentage points when compared to that of colonoscopy, whereas low compliance has been a long bottleneck in colorectal cancer screening due to the limitations of traditional screening solutions. We believe Pupu Tube will gradually replace the traditional hospital-use FIT/FOBT tests by virtue of its convenience and high sensitivity. It is expected to be widely adopted by mass market with its affordable price to enhance awareness of colorectal cancer screening. Pupu Tube enables early identification of high risk population and facilitates user acquisition for ColoClear. For example, there are currently approximately 3 million users for Pupu Tube, out of which around 10% are identified as high risk population of colorectal cancer that are target users for ColoClear.

Multi-pronged commercialization channel

The complementary nature of our two colorectal cancer screening products and their convenient home-use features have enabled us to quickly gain access to a large number of end-users and capture market shares through multiple channels across China, including hospitals, health checkup centers, insurance companies and direct-to-user channels.

- *Hospitals.* We focus on clinical utility and academic promotion to market our colorectal cancer screening products to physicians and hospitals. We have conducted clinical studies for colorectal cancer screening tests with over 40 scientific institutions in China, which have greatly promoted awareness of our products among KOLs. Our products covered approximately 316 hospitals by September 30, 2020 as compared to 16 hospitals by the end of 2018. As ColoClear was approved by NMPA, it will significantly promote our brand name and enhance awareness among KOLs and physicians, which will significantly help us expand our coverage among hospitals. Wide adoption by hospitals and physicians and patient education by physicians can also improve awareness of our products among customers and therefore further promote our brand name among mass market. As of the Latest Practicable Date, we had collaborated with CSOs having over 1,000 sales forces to further promote our products among physicians and expand our hospital coverage.
- *Health checkup centers.* We collaborate with the largest health checkup center chains in China, such as iKang. iKang promotes our colorectal cancer screening products to its customers as part of the health checkup package. We believe collaboration with leading health checkup centers on a national scale will enormously promote market acceptance of our colorectal cancer screening products.

- *Insurance companies.* As colorectal cancer is one of the most preventable cancers and could bring significant cost savings if detected at early stage, we see significant synergies in partnering with insurance companies to provide affordable and convenient home-testing options for their insured members. As of the Latest Practicable Date, we had partnered with 36 insurance companies.
- *Direct-to-users.* We also utilize online and offline channels to market our products directly to end users. For example, we collaborate with online healthcare platforms, such as DoctorWork and Ping An Good Doctor. Users can purchase our products directly on these online platforms, which provide us access to their large health-conscious customer base and additional user groups in remote areas. Our home-use design with great convenience has made our products perfectly suitable for online sales. We also offer our products to end-users through retail pharmacy chain. As of the Latest Practicable Date, our Pupu Tube had been sold in approximately 300 pharmacies in China.

We believe that our tailored product offerings will create synergies, which, together with our multi-pronged commercialization approach, will further strengthen our leading position and capture the growth opportunities in the colorectal cancer screening market in China.

Synergistic pipeline with late stage candidates focusing on high-incidence cancer types in China

We have been strategically developing our cancer screening pipeline with a focus on products with vast market demand, clinical validation and technology compatibility. Our product pipeline addresses clearly defined medical needs for screening of cancers with high incidence and mortality rates which have shown unmet market demands and significant growth potential. Our product candidates are designed for convenient home use with clinically-validated high-quality results to enhance compliance. Our pipeline products are based on the same technological platform that developed our commercialized products so that we can leverage our existing proprietary technologies to expedite the research and development process and enhance product development efficiency.

We are developing our UU Tube, a stool-based self-conducted screening test for gastric cancer. We completed the registrational trial for UU Tube in November 2020 and submitted registration application to NMPA in the same month of 2020. Gastric cancer has the second highest incidence in China with 455.8 thousand diagnosed cases in 2019 and the third highest mortality in China with 327.8 thousand death cases in 2019. Due to its high incidence and mortality rates, there are significant demands for gastric cancer screening device and huge growth potential for gastric cancer screening market. According to Frost & Sullivan, the gastric cancer screening market in China is expected to grow to RMB15.7 billion in 2030 from RMB2.1 billion in 2019, representing a CAGR of 20.3%.

Leveraging our expertise in sample stabilization and multiplex qPCR diagnostic technology, we are developing our CerviClear, a non-invasive urine-based home-use screening test for cervical cancer. We expect to initiate the registrational trial for CerviClear by as early as the last quarter of 2021. As of the Latest Practicable Date, there was no approved home-use urine-based cervical cancer screening test in China, according to Frost & Sullivan. Cervical cancer is one of the only two Grade-A cancer types recommended for screening by the USPSTF. Cervical cancer has the eighth highest incidence in China with 117.1 thousand diagnosed cases in 2019 and had 48.9 thousand death cases in 2019. Due to its high incidence, there are huge market demands for cervical cancer screening tests and cervical cancer screening market is expected to grow rapidly. According to Frost & Sullivan, the cervical cancer screening market in China is expected to grow to RMB13.3 billion in 2030 from RMB1.9 billion in 2019, representing a CAGR of 19.3%.

We believe we are able to replicate our success in ColoClear and Pupu Tube to our other pipeline products, by leveraging our proprietary technologies, solid clinical and regulatory experience and multi-pronged commercialization channels. We apply our leading technologies in ColoClear and Pupu Tube to the development of our pipeline products, which significantly reduce the time and costs on research and development. We have also built extensive experience in cancer screening clinical trials and regulatory affairs in China, which we believe will accelerate our development and registration for our product candidates. Our multi-channel commercialization infrastructure and close relationships with KOLs and physicians across China will facilitate the commercialization of future products from our pipeline. Our laboratory and manufacturing facilities could also support the commercialization of our product candidates by virtue of the same technological platform shared by our commercialized products and future products.

Experienced management team with proven track record supported by strong investors

We have assembled an experienced management team who has solid scientific background as well as the skills and experience necessary to drive our growth. We believe our success to a large extent is driven by our management's leadership with global vision as well as local expertise in research and development, clinical trials, regulatory affairs, manufacture and commercialization of cancer screening products. We benefit from our management team's scientific skills to develop world-class products and build enormous database, and their commercial skills to establish our multi-pronged commercialization channels. Our Chief Executive Officer, Mr. Yeqing Zhu, has more than 20 years of management experience in Fortune 500 multinational companies. Mr. Zhu was a managing director of GE (China) Co., Ltd.. Mr. Zhu serves as a council member of the Cancer Foundation of China. Our Chief Scientific Officer, Dr. Yiyou Chen, has more than 20 years of research and development experience in the oncology space. Dr. Chen was the co-founder and chief scientific officer of Crown Bioscience and director at the Percans Oncology group, and one of the founding members of the BayHelix Group. Dr. Chen is the inventor of six patents in the U.S. and over 20 patent applications globally, and has authored multiple papers published in peer-reviewed medical journals. Our Chief Technology Officer, Dr. Ning Lu, has over a decade IVD development experience at multiple global companies, including Roche Diagnostics and Quest

Diagnostics, and led the development of eight IVD products, five of which have been approved in the U.S. or the EU. Our Chief Financial Officer, Mr. Yu Gao, has over 13 years of experience in healthcare industry and proven track record in equity investment, investment banking and management consulting. Mr. Gao was a vice president at FountainVest Partners and worked at Bank of America Merrill Lynch and ZS Associates. For details of our senior management team, see "Directors and Senior Management."

We are backed by well-known global institutional investors and biotech-focused investment funds. Our shareholders include Legend Capital, VMS Group, SB China Venture Capital, Qiming Venture Partners, Rock Springs, Omniscience Partners, Sherpa Healthcare, Lilly Asia Ventures, OrbiMed, CR-CP Fund, Cormorant, and Octagon Capital.

OUR STRATEGIES

We plan to execute the following strategies to achieve our vision and mission.

Further develop the cancer screening market in China

In 2019, the penetration rate of colorectal cancer, cervical cancer and gastric cancer screening in China was 16.4%, 42.1% and 21.6%, respectively, according to Frost & Sullivan. Given the low penetration rate in China for cancer screening and PRC government's initiatives to increase cancer early detection rate according to the *Healthy China 2030*, we believe it is critical to further promote awareness of cancer screening and increase compliance. According to Frost & Sullivan, with the improvement in macroeconomic conditions, cancer clinical care has experienced from focusing on only late stage treatment to early detection targeting high-risk population, and further to cancer screening among mass population. We plan to further advance the cancer screening market in China by increasing physician and user awareness and developing other effective cancer screening solutions.

We believe one of the key steps for promoting cancer screening awareness is through hospitals and physicians. We will leverage our strong relationship with KOLs to continue and enhance our efforts in physician education in China. These efforts include sponsoring academic conferences, updating physicians on the latest developments in cancer screening industry, and collaboration with them to increase awareness of cancer screening among mass population. We also plan to directly promote mass market awareness on cancer screening in China through expanded sales of Pupu Tube. Pupu Tube's affordable price and user-friendly features enable colorectal cancer screening among mass population. We will further promote the awareness of comprehensive colorectal cancer screening products such as ColoClear once high risk population is identified by Pupu Tube. We will also further our partnership with multiple anti-cancer associations in China, such as Cancer Foundation of China, to join their anti-cancer campaigns and other charity events to further improve cancer screening awareness.

Increase market penetration of ColoClear and Pupu Tube in China

We plan to further increase the market penetration of ColoClear and Pupu Tube to reinforce our market-leading position in China's colorectal cancer screening market. We will leverage on our multi-pronged commercialization channels to promote ColoClear. We will take advantage of our leading position as the first and only NMPA approved molecular cancer screening test to further promote our brand name and enhance awareness not only among KOLs and physicians but also among end-users to further capture the enormous growth potential in the colorectal cancer screening market in China. We plan to strengthen our collaboration with leading CSOs in China to further promote our products among physicians and hospitals, by leveraging their sales and marketing expertise and their extensive coverage on hospitals.

In addition, for both our ColoClear and Pupu Tube, we plan to advance our academic promotion and engagement with physicians and hospitals to increase sales at our covered hospitals as well as to expand our coverage into new physicians and hospitals in China. We also plan to enhance our collaborations with health checkup centers, insurance companies, online healthcare platforms, pharmacies and other authorized agents to market ColoClear and Pupu Tube. To support our marketing efforts, we plan to recruit more talents and expand our commercialization team.

Expand our research and development capabilities and develop our pipeline products

We have been developing the best-in-class screening solution tailored for specific cancer such as ColoClear for the screening of colorectal cancer in China. We will prudently make investments in technological innovation to expand our research and development capabilities and such investment is a key to our future success. To support our research and development efforts, we plan to recruit additional experts to strengthen our internal research and development team, and complement our in-house research and development capabilities through collaborations with reputable domestic and international academic and medical institutions.

In addition to colorectal cancer, we plan to develop screening tests for other types of cancers which are curable or preventable at lower treatment costs if detected at early stages. We plan to advance our pipeline products, in particular the late stage candidates UU Tube for gastric cancer screening and CerviClear for cervical cancer screening, to further expand our coverage within the cancer screening market. We submitted registration application for UU Tube to NMPA in November 2020 and plan to initiate the registrational clinical trial of CerviClear in 2021. Leveraging our multi-omics biomarker technology platform and expertise, including our NGS and proteomics technologies and infrastructure, we will further expand our proprietary data base and enhance our biomarker discovery capability and NGS platform for our future cancer screening product development.

We will leverage our proprietary technologies and know-how, as well as our collaboration with KOLs, to develop new products with significant unmet medical needs. We believe the continued diversification of our product portfolio will help strengthen our market-leading position and generate significant operational efficiency that will drive our profitability.

Improve profitability and support future growth by enhancing our manufacturing and laboratory testing facilities

We have built manufacturing facilities in Hangzhou with an annual capacity of 4 million Pupu Tubes and 500,000 ColoClear. Our manufacturing facilities are GMP certified in China. The facilities have produced all Pupu Tube for its clinical development and commercialization and all ColoClear to support its clinical development. We also have laboratory testing facilities in Beijing and Hangzhou with an aggregate capacity of 1,500,000 tests per year. We have completed construction of our laboratory testing facilities in Guangzhou which are expected to be in full operation in the first quarter of 2021. We plan to enhance our manufacturing and laboratory testing facilities by further investment in automation to enhance manufacturing and testing efficiency and improve our profitability. It will also shorten testing turnaround time to improve customer satisfaction for our tests. We also plan to expand our manufacturing and laboratory testing capacity to support our rapid growth.

Selectively pursue geographic expansion, strategic partnerships and acquisition opportunities

We hold global rights of our products and product candidates through patent registration and protection over proprietary technologies. We plan to enter into partnership arrangements to expand our market coverage and maximize the global value of our products. For example, we have entered into collaboration with Prenetics to launch ColoClear in Hong Kong and selected markets in Southeast Asia. Prenetics has its own laboratory facilities in Hong Kong to conduct testing service of ColoClear utilizing ColoClear IVD and shall be responsible for testing service, marketing and potential clinical trials of ColoClear if so required by competent authorities in Hong Kong and other Southeast Asia markets. We have been working with Prenetics to translate user manuals of ColoClear from simplified Chinese into traditional Chinese catering to the specific language needs in Hong Kong for more user-friendly experience. We have also agreed to provide trainings to enable Prenetics to perform ColoClear tests in their laboratories based in Hong Kong.

We also plan to complement our organic growth with prudent investment, acquisition or partnership. Particularly, we plan to opportunistically acquire product candidates which have significant market potential or cutting-edge technologies, complement our existing product portfolio or have synergies with our existing research and development, manufacturing and commercialization infrastructure. We will adopt a market-driven approach in assessing potential acquisition targets. To pursue such opportunities, we will explore suitable investment and partnership arrangements, including establishing strategic alliances, joint ventures and in-licensing relationships. We believe that our extensive industry knowledge and research and development expertise will not only empower us to promptly identify and capture potential targets to enrich our product portfolio, but also make us a more desirable acquiror or partner than our competitors. Furthermore, we believe that our strong business execution capabilities will enable us to integrate the acquired products and/or business or assets seamlessly into our existing platform. As of the Latest Practicable Date, we have not identified any specific investment or acquisition targets.

OUR PRODUCT AND PRODUCT PIPELINE

We are the pioneer in China's colorectal cancer screening market. We focus on the screening of colorectal cancer, and has expanded our product pipeline into other types of cancer. Our colorectal cancer screening portfolio comprises two self-developed and complementary tests, ColoClear and Pupu Tube. ColoClear, a FIT-DNA colorectal cancer screening test, relies on the ColoClear in vitro diagnostic kit ("**ColoClear IVD**") which is our proprietary reagents used in the testing process of ColoClear approved by NMPA as a Class III medical device and constitutes our Core Product for purposes of this Prospectus. In addition, we have two major product candidates, including UU Tube, a clinical stage product candidate for gastric cancer screening which has completed registrational trial, and CerviClear, a late development stage product candidate for cervical cancer screening. Our product candidates are subject to approval by relevant authorities regulating medical devices, such as NMPA, before commercialization in relevant jurisdictions. For details, see "Regulations". We believe that as of the date of this Prospectus, we had not received any material comments, objection or concerns raised by the relevant regulatory authorities with respect to our Core Product that we are not able to address in a timely manner. We believe we are on track to file for approval related to our product candidates as described in "– Our Product and Product Pipeline" in this section. Our products and tests utilize FIT-DNA, FIT, immuno-based or qPCR technologies to analyze human stool or urine samples and therefore process human tissues and specimen, which are considered as human genetic resources.

The following chart summarizes the development status of our major products and product candidates as of the Latest Practicable Date:

Product	Indication	Sample Type	Technology	Global Rights	Development Stage				
					Early Stage Development[3]	Late Stage Development[4]	Registrational Trial	NMPA Submission	NMPA Approval
ColoClear®[1]	Colorectal cancer	Stool	FIT-DNA	✓	→	→	→	→	→
Pupu Tube®[2]	Colorectal cancer	Stool	FIT	✓	→	→	→	→	→
UU Tube™	Gastric cancer	Stool	Immuno-based	✓	→	→	→		
CerviClear™	Cervical cancer	Urine	qPCR	✓	→				

ColoClear IVD constitutes our Core Product for purposes of this Prospectus

1 *Prospective registrational trial (n=5,881) achieved colorectal cancer sensitivity of 95.5% and specificity of 87.1%, and advanced adenoma sensitivity of 63.5%; NMPA approval (Class III medical device) obtained in November 2020*

2 *NMPA approval (Class II medical device) obtained in March 2018 and CE Mark obtained in June 2018*

3 *Early stage development refers to technical feasibility, product optimization and finalization of product prototype, and pilot production*

4 *Late stage development refers to efficacy testing and large scale manufacturing and completion of a proof-of-concept clinical study, and is ready for registrational trial*

ColoClear

ColoClear is a proprietary non-invasive stool-based FIT-DNA test that utilizes a multi-target approach to detect DNA and hemoglobin biomarkers associated with colorectal cancer and precancerous adenoma. Its non-invasive nature provides convenience to individuals who are unable or unwilling to undergo colonoscopy. It combines gene mutation, gene methylation and hemoglobin results in the laboratory analysis through a proprietary database and algorithm to provide a single positive or negative reportable result. A positive result may indicate the presence of colorectal cancer or advanced adenoma, which should be followed by diagnostic colonoscopy. Colorectal cancer screening is recommended for population, especially urban population, aged between 40 and 74, with a total population of 633 million in 2019 in China according to Frost & Sullivan. ColoClear targets a 120 million population with high risk of colorectal cancer in China in 2019 to deliver test results with high sensitivity and enables early intervention. Colorectal cancer screening, in particular FIT-DNA technology exemplified by ColoClear, was recommended every year or every three years by multiple screening guidelines in China, including the Expert Consensus on Colorectal Cancer Early Screening in China (《中國結直腸癌早診早治專家共識》) published by Chinese Medical Association in June 2020, the Expert Consensus Opinion on Early Stage Colorectal Cancer Screening Process in China (《中國早期結直腸癌篩查流程專家共識意見》) published by 11 research institutions and associations in October 2019, the Standard of Medical Examination for Cancer Prevention Experts Consensus (《防癌體檢規範專家共識》) published by the Beijing Health Management Association in November 2018, the Expert Consensus on Colorectal Cancer Early Screening Strategies in China (《中國結直腸腫瘤早診篩查策略專家共識》) published by the China Anti-Cancer Association in October 2018, and an updated recommendation statement for colorectal cancer screening issued by the USPSTF in June 2016. In addition, an expert group of National Cancer Center published the China Guideline for the Screening, Early Detection and Early Treatment of Colorectal Cancer (《中國結直腸癌篩查與早診早治指南》) in January 2021 which recommended FIT-DNA test for colorectal cancer screening.

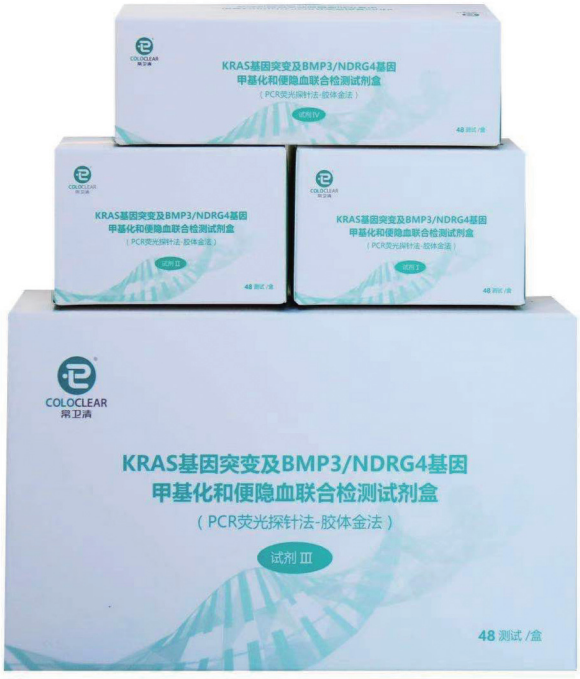
ColoClear consists of (i) ColoClear IVD, (ii) our risk assessment algorithm, (iii) ColoClear sample collection kit and (iv) DNA extraction and purification technologies. Only ColoClear sample collection kit is directly used by end-users while the other three components are strictly used in our laboratories as of the date of this Prospectus. Users collect a stool sample at home using our sample collection kit and then send it to one of our laboratories. In our laboratories, we utilize ColoClear IVD, our Core Product for purposes of this Prospectus, along with our risk assessment algorithm to analyze the stool sample and determine a test result. ColoClear is the first and only molecular cancer screening test approved by NMPA, according to Frost & Sullivan. In May 2018, ColoClear IVD was designated as breakthrough approval channel for innovative medical devices by NMPA. We completed a two-year registrational trial for ColoClear IVD in December 2019 and submitted application for IVD registration as Class III medical device in January 2020, which was approved by NMPA with issuance of the registration certificate for Class III medical device in November 2020. Our risk assessment algorithm was registered with NMPA as Class II medical device in November 2020. ColoClear sample collection kit was registered with NMPA as Class I medical device in

December 2016. DNA extraction and purification technologies were registered with NMPA as Class I medical device in August 2020. All NMPA certificates have a validity period that lasts for five years, and each component of ColoClear is currently qualified for re-certification upon renewal of the respective certificate. For details of regulation requirement on NMPA approval of medical devices and renewal of registration certificates, please see "Regulations – Regulation of Medical Devices – Registration and Filing of Medical Devices."

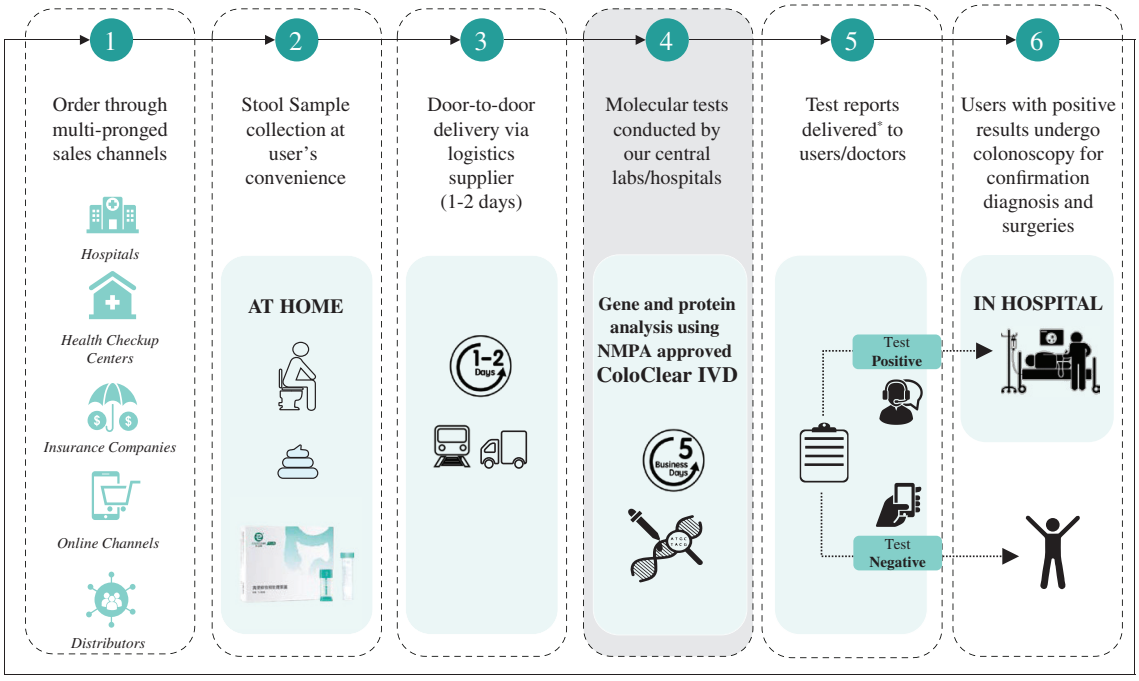
Testing Process

ColoClear is a colorectal cancer screening test which allows users to collect stool sample at home. The ColoClear sample collection kit consists of a sampling case, a sampling spoon and a sampling rod, which are used to collect stool samples, and two sampling tubes to store the samples. The sampling process generally takes a few minutes. Only around 5 grams of sample is needed for the test, which eases the requirement for logistics. The following chart illustrates the product design of ColoClear sample collection kit:

The following chart illustrates the product design of ColoClear IVD, which contains four types of our proprietary reagents and a critical component used in the testing process of ColoClear, for FIT and to detect gene mutations in KRAS gene and CpG methylation in the BMP3 and NDRG4 genes:



Stool samples collected by our users will be picked up by our partnered logistic service providers including SF Express and JD Express upon request from our end-users and delivered to our laboratories for testing, generally within a few days when shipped from major PRC cities. Stool samples are analyzed at our laboratories using a multi-target FIT-DNA analytics through detection of multiple DNA mutational markers, DNA methylation and hemoglobin. ColoClear utilizes our proprietary bioinformatics analysis based on our in-house identified multi-target and multi-omics biomarkers. By combining these DNA markers and hemoglobin assay, ColoClear produces a multi-marker result to be analyzed by our proprietary algorithm and translated into a single composite score using a logistic-regression formula, which is used to determine whether the test result is positive or negative. The primary ColoClear testing equipment is the PCR equipment, i.e., Applied Biosystems™ 7500 Real-Time PCR System. For details on the technologies involved in our ColoClear test, see "– Technology." Generally we are able to deliver test report within five business days after receiving the sample. For end-users who purchase ColoClear from hospitals or health checkup centers, test results are sent to hospitals or health checkup centers who will then deliver the results to end-users. For end-users who purchase ColoClear from other channels, test results are delivered to them electronically. If the test result is positive, we will recommend users to seek further examination and, if necessary, treatment. The following flow chart illustrates the aforementioned process of ColoClear test:

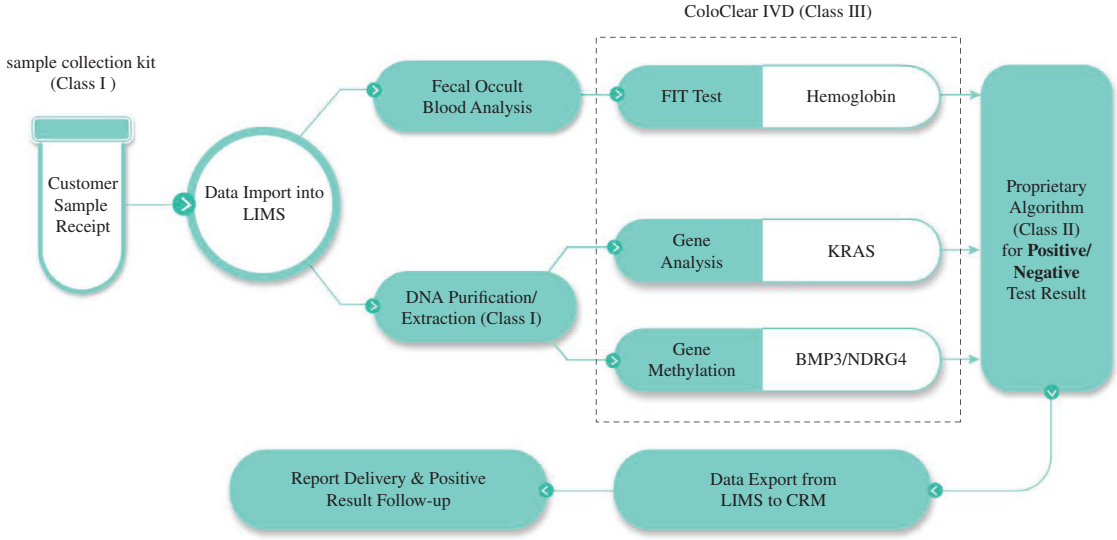


FIT-DNA test (ColoClear) is recommended by colorectal cancer screening guideline to be conducted every one or three years

* *Generally we are able to deliver test report within five business days after receiving the sample*

After NMPA approval for ColoClear IVD, we plan to directly market our ColoClear IVD to hospitals and other medical institutions. If we sell our ColoClear IVD as a standalone medical device to hospitals without conducting the testing process in our laboratories in the future, sample transportation, testing process and delivering test reports to end-users will be handled by the hospitals.

The following flow chart illustrates the testing process of ColoClear in our central laboratory:



Development History

The research and development efforts for ColoClear started since our inception in 2015, and we started to provide ColoClear test as LDT service since December 2016 after we completed the early stage development process, including finalizing all the reagents, standard operating procedures, quality control standards, as well as clinical performance data with our exploratory clinical trials. Set forth below is a detailed timeline of the R&D progress for ColoClear:

- Since inception in 2015: started research and development of ColoClear
- December 2016: started to provide ColoClear test as LDT service
- December 2017: submitted application for registrational trial of ColoClear IVD and for breakthrough approval channel for innovative medical device
- May 2018: admitted into the breakthrough approval channel for innovative medical devices by NMPA, which was the first designation for cancer screening medical device
- Since May 2018: after being admitted into the breakthrough approval channel, we continued communication with NMPA on trial design and reached an agreement on the trial design of the large scale, prospective, multi-center study, first of such trial conducted by a Chinese biotech company for a IVD product.
- October 2018: formal clinical trial enrolment for ColoClear IVD started, with a total of 5,881 participants enrolled by September 2019
- December 2019: completed registrational trial of ColoClear IVD
- January 2020: submitted formal application to NMPA for ColoClear IVD to be registered as a Class III medical device
- November 2020: completed the registrational trial and obtained NMPA approval

Before ColoClear IVD was approved by NMPA, we provided ColoClear tests as laboratory developed tests ("**LDT**"), which used the same reagents as our ColoClear IVD exclusively in our laboratories since December 2016. Among other things, samples received through our LDT services have allowed us to gather real world clinical data to examine the robustness of our Standard Operating Procedure and risk assessment algorithm and expanded our database, which enables us to optimize our technologies and process underlying the ColoClear IVD to enhance the performance of ColoClear and research and development of our other cancer screening tests. After we received NMPA registration certificate for ColoClear IVD, we ceased our LDT services as the ColoClear test is no longer considered as LDT service, but as medical service in terms of regulatory designation. Our Directors are of the view that

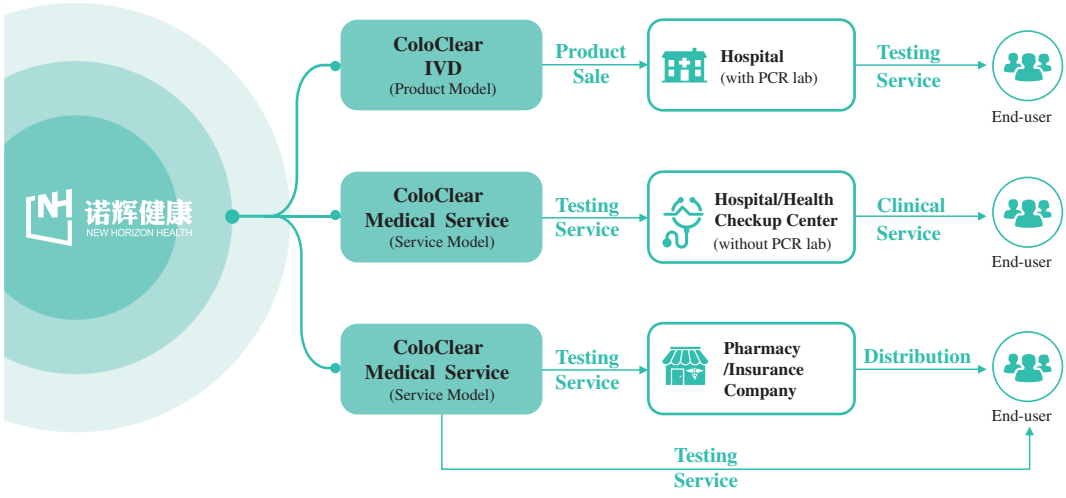
the cessation of our LDT service did not have any adverse impact on the ColoClear IVD, as we did not cease our ColoClear testing service. We have been providing the same ColoClear testing services in our own laboratories before and after obtaining NMPA registration certificate of ColoClear IVD. The change from LDT service to medical service is the change of regulatory designation but our business model with respect to ColoClear testing service did not change. After we received NMPA registration certificate for ColoClear IVD, we have been providing the same ColoClear tests under the regulatory designation of medical services, using NMPA-approved ColoClear IVD based on the same underlying technology and testing process as were used before obtaining NMPA registration certificate. Upon approval of NMPA of ColoClear IVD, NMPA regulates the production, sales, quality standards (such as GLP/GCP) of the medical device (including ColoClear IVD and other components used during the ColoClear test). NHC will continue to monitor the testing service quality of ColoClear (including the staff qualification, laboratory environment, equipment, safety of the testing process conducted in our laboratories). Although there is no rule or guidance from NMPA specifically requiring the components used during LDT services to be registered, considering the limited acceptance of LDT services by most hospitals and medical professionals in China, which would limit the market prospects of ColoClear, we decided to seek NMPA approval of ColoClear IVD since our inception in 2015, and only provided ColoClear tests as LDT services as a temporary alternative before we obtained NMPA approval of ColoClear IVD.

Under applicable PRC laws, it is not fully clear whether LDTs are required to be registered with NMPA as medical devices. Governmental consultations were conducted with the NHC, Zhejiang NMPA and Zhejiang NHC by us and our PRC Legal Advisor, which were also repeated by the Joint Sponsors in preparation for our listing application. Key topics of consultation included (1) any concerns of potential non-compliance by us under current applicable regulations; (2) the authorities' current interpretation of the requirements under the applicable regulations; and (3) any potential risk of penalty.

Through these consultations, the NHC and NMPA separately stated that (1) there are no explicit laws or regulations specifically governing LDT services under the current PRC legal regime; and (2) historical LDT services provided by us will not be penalized by the NHC and NMPA stated that it does not regulate the LDT service directly. The Company therefore understood from such consultations that there are no definite legal ground suggesting that the Company will be penalized for historically providing LDT services. As advised by our PRC Legal Advisor, in view of the relatively prevailing market practice along with the communication with competent government authorities, and the issuance of NMPA registration certificate for ColoClear IVD, the risk of our Group being penalized by NMPA and the NHC for the provision of LDT is remote and therefore the historical LDTs are not expected to adversely affect our Group's business operations or the Core Product. As of the Latest Practicable Date, we have not been notified of any penalties imposed for our provision of LDT. See "Risk Factors – Risks Relating to Extensive Government Regulations – We may be adversely affected by the uncertainties and changes in the regulation of cancer screening industry in the PRC, and any lack of requisite approvals, permits, registrations or filings in relation to our business may have a material adverse effect on our business, results of operations and prospects".

Since NMPA registration certificate enables us to commercialize ColoClear IVD as a standalone medical device which provides flexibility to our commercialization strategies, we plan to sell ColoClear IVD to hospitals and other medical institutions in China. We plan to commercialize ColoClear IVD as early as the first quarter of 2021. In addition to the sale of ColoClear IVD as a standalone medical device, we are also able to continue to provide the same testing services in our own laboratories as medical services, using NMPA-approved ColoClear IVD based on the same underlying technology and testing process as were used before obtaining NMPA registration certificate. The sales of ColoClear IVD as a standalone medical device will be an additional source of income for us, in addition to our ongoing provision of ColoClear test services. As ColoClear IVD was approved by NMPA, we expect such approval will significantly promote our brand name and enhance awareness among KOLs and physicians, which will significantly help us expand our coverage among hospitals and other medical institutions in China. As of the Latest Practicable Date, ColoClear IVD has not been commercialized yet as a standalone product.

After NMPA approval of ColoClear IVD, we will adopt two main business models: the "service model" where we continue to provide the same ColoClear testing service as medical service, and the "product model" where we sell ColoClear IVD as a standalone medical device without providing testing service to hospitals with PCR laboratories who can conduct tests using ColoClear IVD themselves. The following chart illustrates our two main business models:



The following table illustrates the main differences between LDT service pre-NMPA approval and ColoClear IVD post-NMPA approval:

	ColoClear test as LDT service	ColoClear IVD
Service/product nature	Testing service	Medical device (Class III)
	ColoClear test was provided as LDT service pre-NMPA approval exclusively in our laboratories.	ColoClear IVD is a set of reagents and a critical component used during the testing process of ColoClear tests provided as medical services.
Core Product eligibility	Not eligible	ColoClear IVD constitutes Core Product.
Governing authority	NHC monitors the testing service of ColoClear (including the staff qualification, laboratory environment, equipment, safety of the testing process conducted in our laboratories)	NMPA regulates the registration, production, sales, quality standards (such as GLP/GCP) of the medical device (including ColoClear IVD)
NMPA approval	Not required	Required
	The ColoClear components used during the LDT service also do not require NMPA approval	ColoClear IVD received NMPA registration certificate of Class III medical device in November 2020.
Registrational trial	Not required	Required
GMP	Not required	Required for its manufacturing process with more stringent requirements for batch record, data reporting format, data storage, and regulatory inspections
Commercialization	ColoClear test was provided as LDT service pre-NMPA IVD approval	After obtaining NMPA approval, ColoClear IVD will be commercialized and sold as a standalone product
	no sale of ColoClear IVD as a standalone product	

	ColoClear test as LDT service	ColoClear IVD
	ColoClear test was provided as a whole service package without separately selling the sample collection kit, reagent or other parts of the service	ColoClear IVD can be sold as a standalone product without sample collection kits. Hospitals do not need to purchase ColoClear IVD together with sample collection kits as users are able to collect stool samples on-site at hospitals using the kits provided by the hospitals. Our sample collection kit enables users to collect stool sample at home by non-professional and, more importantly, it stabilizes stool samples for up to 7 days under room temperature, which is critical for preserving the stool samples and sending stool samples from users back to our laboratories for testing.
Marketing approach	Driven by end-users' demands, we provided ColoClear tests for individuals directly or through various channels, such as hospitals, health checkup centers, insurance companies, pharmacies and online channels with promotion conducted mostly in health checkup centers and direct-to-consumer channels and relatively limited or restricted access to hospitals. There was limited recognition and restricted usage for LDT services among medical communities.	After obtaining NMPA approval, we will continue to provide the same ColoClear test, in the regulatory designation of medical service instead of LDT service. In addition, we plan to sell ColoClear IVD as a standalone product to hospitals and other medical institutions in China, which will be the main target customers for ColoClear IVD. We plan to carry out more academic promotion activities to increase market penetration in hospitals and other medical institutions, as we expect broad recognition and potentially widespread adoption by medical professionals.

	ColoClear test as LDT service	ColoClear IVD
Target customers	ColoClear LDT service was provided to address the demands for non-invasive colorectal cancer screening from end-users through various channels, including, among others, hospitals and we did not regard hospitals as the main direct target customers, as hospitals purchased our LDT services mostly at the requests of their patients.	Since NMPA approval of ColorClear IVD allows us to directly sell ColoClear IVD to hospitals, the primary target customers of ColoClear IVD will be hospitals and other medical institutions, in particular, those with PCR laboratories that have the capacity to carry out the testing process at their own laboratories while we continue to offer ColoClear tests as medical services in our proprietary laboratories.
Testing process	Testing process was conducted in our central testing laboratories only.	Testing process can be conducted at any PCR laboratory utilizing ColoClear IVD.
Logistics	We handle the stool sample transportation from end users to our laboratories for testing.	If we sell our ColoClear IVD to hospitals and other medical institutions with testing facilities without providing the testing service in our laboratories, ColoClear IVD will be delivered to hospitals and medical institutions and both stool sample transportation and testing process will be handled by the hospitals and such other medical institutions. Medical professionals on site will be trained to conduct ColoClear tests by themselves.
Public medical insurance reimbursement coverage	Not eligible to be included in the public medical insurance reimbursement list	Potentially eligible to be included in the public medical insurance reimbursement list

We plan to primarily market ColoClear IVD to hospitals with PCR laboratories which can conduct the test at their own laboratories. Public hospitals represent a majority of the hospitals in China with relatively much smaller presence of private hospitals and non-public medical institutions. In order to commercialize ColoClear IVD in public hospitals in China, first, a public hospital needs to introduce a new medical service type to be included in its medical service catalogue for the colorectal cancer screening test it will provide utilizing ColoClear IVD, and apply for price determination of such medical service with the local HSA. The HSA will issue a Pricing Guidance for the medical service of colorectal cancer screening test, and such Pricing Guidance is a pre-requisite for the public hospitals to provide such medical service and for any newly approved IVD product to enter into the public healthcare system. The determination of the price of medical service by various local HSAs can take long, especially for medical services utilizing innovative medical devices, such as ColoClear IVD, which do not have prior references for pricing. After local HSA issues the Pricing Guidance, public hospitals can purchase medical device, such as ColoClear IVD, to be used for its medical service by tendering process. As of the Latest Practicable Date, no Pricing Guidance had been issued with respect to the medical service of colorectal cancer screening test utilizing ColoClear IVD. We are not aware of the status of the price determination process of the various local HSAs as this process is not publicly disclosed. Therefore we cannot predict the future pricing level or gross profit margin for ColoClear IVD to be commercialized. We may not be able to achieve the expected sales volumes required to generate a profit from ColoClear IVD. Given the uncertainty of the pricing level or gross profit margin of ColoClear IVD to be commercialized, we cannot predict the impact of future commercialization of ColoClear IVD on our overall profit margin.

The Pricing Guidance to be issued by local HSAs do not have any impact on sales channels other than the public hospitals. Such Pricing Guidance is not a pre-condition for us to negotiate price of ColoClear IVD with potential customers other than the public hospitals. Pricing of ColoClear IVD to be sold to private hospitals or other non-public medical institutions is based on arm's length business negotiations on a case by case basis between us and private hospitals or non-public medical institutions. As of the Latest Practicable Date, we had not entered into any binding agreement with private hospitals or other non-public medical institutions on pricing of ColoClear IVD. We anticipate that the price of ColoClear IVD may be lower than that of ColoClear test provided as medical service, subject to the Pricing Guidance and determination of purchase price by the hospitals and other medical institutions.

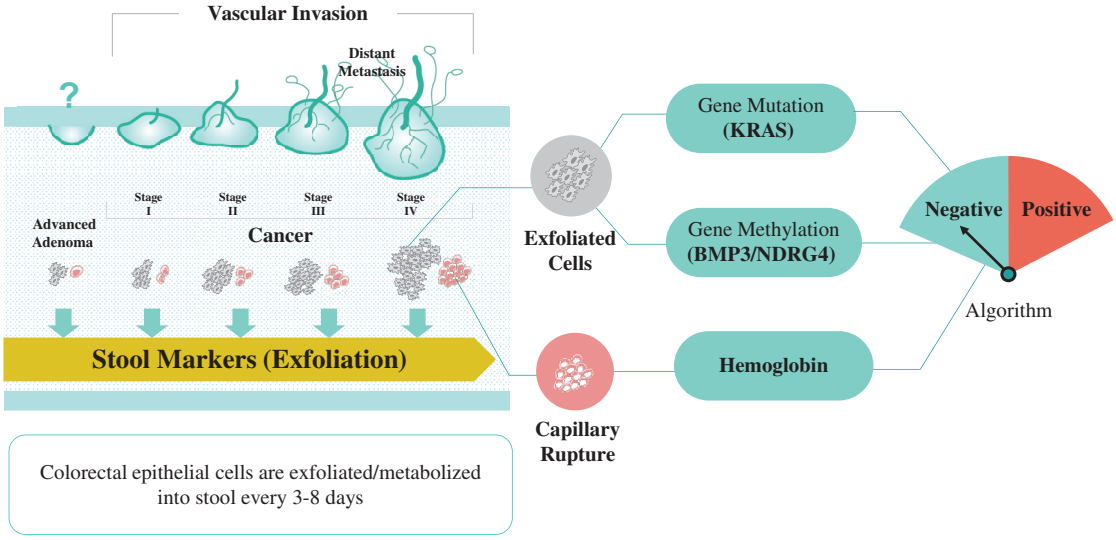
Currently, we provide ColoClear test as medical service at a retail price of approximately RMB1,996. We expect the pricing level of our ongoing ColoClear test provided as medical service to remain relatively stable. The gross profit margin of ColoClear test provided as medical service is highly correlated with test volumes we can provide to customers and utilization of our laboratories, as most of the costs for ColoClear are fixed in nature, such as staff costs, rental costs, and depreciation and amortization. Future gross profit margin of ColoClear test provided as medical service may be higher or lower than the gross profit margin of ColoClear historically provided as LDT service. See "Risk Factors – Risks Relating to Commercialization and Distribution of Our Products – Fluctuation, in particular downward change, in pricing and profit margin of our products may have a material adverse effect on our business and results of operations."

In addition, currently neither ColoClear test or ColoClear IVD are covered by the national public medical insurance in China and we may plan to obtain public medical insurance coverage in China. Future PRC regulations and medical insurance plans may exert significant influence over our pricing policies. In particular, inclusion of ColoClear test or ColoClear IVD on the public medical insurance reimbursement list may significantly lower the prices of ColoClear test or ColoClear IVD, which could affect our profitability. As of the Latest Practicable Date, we had not yet initiated any formal discussion with the regulatory authorities in China for inclusion of ColoClear test or ColoClear IVD on the public medical insurance reimbursement list. See "Risk Factors – Risks Relating to Commercialization and Distribution of Our Products – Our sales may be affected by the level of medical insurance reimbursement patients receive for using our products."

Technology

Changes in DNA methylation and the occurrence of mutations alter gene expression and other mechanisms for cell cycle regulation and differentiation. As a result, the affected cells continue to proliferate, often resulting in malignancies associated with colorectal cancer and precancerous adenoma. Hemoglobin is the protein complex responsible for transporting oxygen in red blood cells. During the progression of cancer, the probability of bleeding into the colon increases. The presence of hemoglobin released from red blood cells can be detected in the stool. ColoClear utilizes a multi-target FIT-DNA analytics through detection of multiple DNA mutational markers, DNA methylation and hemoglobin, which effectively improves the sensitivity as compared to single-target analytics. The following chart illustrates the process of stool-based FIT-DNA testing methodology:

ColoClear Testing Methodology



Multi-target stool-based DNA testing (FIT-DNA) is an emerging screening strategy that combines a FIT with testing for altered DNA biomarkers in cells shed into the stool. Colorectal cancer cells and advanced adenoma exfoliate abundantly into the colorectal lumen. Colorectal epithelial cells are exfoliated or metabolized into stool every 3-8 days. With sensitive technologies like the stool FIT-DNA testing, DNA extracted from stool can be assayed, thus providing gene signals of colorectal cancer and advanced adenoma.

ColoClear detects seven specific gene mutations in KRAS gene in DNA extracted from stool samples using a combination of TaqMan probes and the ARMS method. The ARMS primers are designed to detect mutant alleles, which are amplified by PCR. Meanwhile, with TaqMan probes examining amplified mutant alleles, together with highly specific, hot-start Taq polymerase and the PCR process, ColoClear is capable of specifically identifying single base mutations. Furthermore, multiplex PCR is run to analyze the endogenous reference gene and evaluate the purified DNA.

ColoClear also detects CpG methylation in the BMP3 and NDRG4 genes. Designed for covering CpG sites near the BMP3 and NDRG4 gene promoters, TaqMan primers and probes specifically bind to methylated, chemically inactive sequences to generate signals during PCR, whereas these primers and probes cannot bind to unmethylated sequences that have undergone chemical reactions. Furthermore, ColoClear analyzes the endogenous reference gene in the purified DNA (the above-mentioned three genes are labeled with distinct fluorescent signals and placed in tunnels that can be detected at different wavelengths), and evaluates the purified DNA.

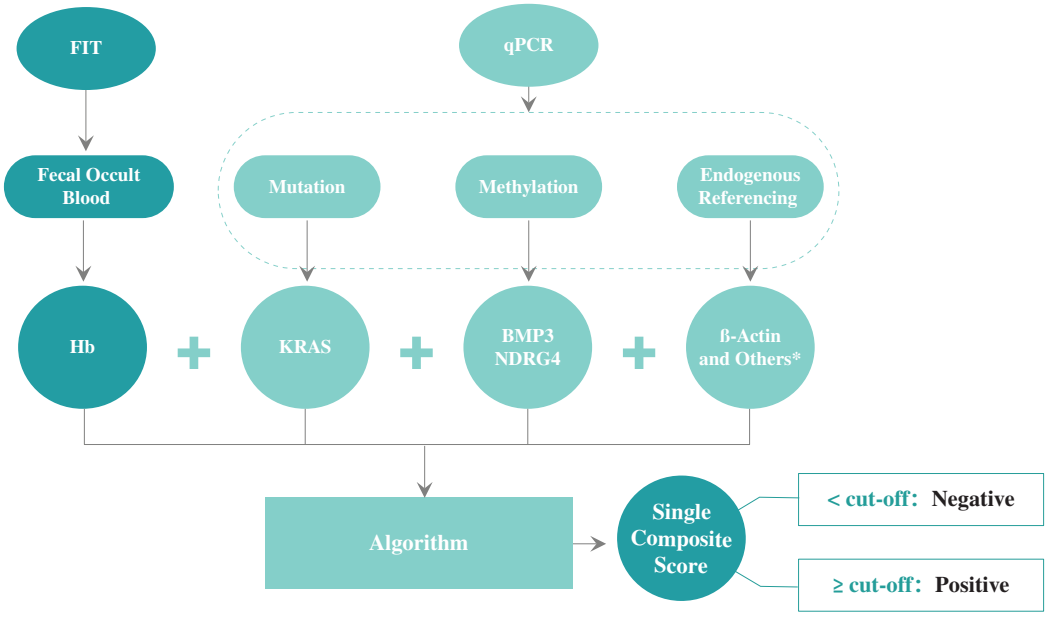
Our proprietary DNA sample stabilization technology preserves DNA and hemoglobin under room temperature for an extended period of up to seven days, which enables stool sample collection across China and delivery to our central testing laboratories through regular logistics providers. With our proprietary DNA extraction technologies, we are able to purify evaluable DNA from highly complex stool samples with a success rate of approximately 99.4%, based on our operational data collected between October 2019 and September 2020.

The FIT test employs a double antibody sandwich technique, which uses a membrane test strip pre-coated with anti-hemoglobin antibodies on the test line region and goat anti-mouse polyclonal antibodies on the control line region.

With over five years of dedicated efforts, we have built a proprietary and extensive database of Asian-specific colorectal cancer methylation profiles with over 100,000 clinical stool samples, which enables us to successfully design the methylation specific PCR probe in ColoClear. We have also developed our advanced risk assessment algorithm for cancer screening to interpret the FIT-DNA data from ColoClear. By combining the DNA markers and hemoglobin assay, ColoClear produces a multi-marker result to be analyzed by our proprietary algorithm and translated into a single positive or negative reportable result, thereby effectively detecting colorectal cancer and precancerous adenomas. For each sample to be analyzed, the values of the parameters are entered into the logistic-regression formula to compute a single composite score, which is then used to determine whether the test result is positive or negative.

The following chart illustrates the testing technology of ColoClear:

ColoClear Testing Technology



* *Other endogenous reference genes for monitoring testing process*

Competitive Advantages

As the first and only molecular cancer screening test approved by NMPA, ColoClear embodies high technological, performance and regulatory barriers of entry for our competitors, which we believe, together with our testing and production facilities as well as our strong relationships with KOLs and hospitals, will further solidify our leading position in the colorectal cancer screening market in China:

- *Advanced and proprietary technology and know-how:* ColoClear utilizes advanced technologies including DNA extraction, sample stabilization and methylation, which are protected by a portfolio of four registered patents and five patent applications globally as of the Latest Practicable Date. Specifically, our proprietary DNA extraction technologies, DNA sample stabilization technology, database of Asian colorectal cancer methylation profiles and advanced risk assessment algorithm have set strong entry barriers for competitors.

- *Clinical performance* – Leveraging our advanced and proprietary technology and know-how, ColoClear, in the registrational clinical trial, has achieved a sensitivity of 95.5% for colorectal cancer and 63.5% for advanced adenoma, an overall specificity of 87.1%, NPV of 99.6% for colorectal cancer, and PPV of 46.2% for colorectal cancer and advanced adenoma collectively. Moreover, ColoClear is currently the only cancer screening test in China with the ability to detect precancerous lesions, such as advanced adenoma. Based on the actual clinical performance of ColoClear in the prospective registrational trial and using the epidemiological data in China from Frost & Sullivan, Frost & Sullivan estimates that, by adding ColoClear to routine screening, there is a potential to detect most colorectal cancer patients at the localized stage when 5-year survival rate is much higher than detected at later stages, therefore approximately 75% of deaths caused by colorectal cancer could be averted.

- *NMPA breakthrough designation* – ColoClear is the first cancer screening test that was designated as breakthrough approval channel for innovative medical devices of NMPA according to Frost & Sullivan and has had close regulatory guidance throughout its development process as well as expedited regulatory review and approval process. ColoClear is the first and only molecular cancer screening test approved by NMPA, according to Frost & Sullivan. As of the Latest Practicable Date, there was no other colorectal cancer screening candidate in the market or carried out prospective clinical trial in China according to Frost & Sullivan.

- *Operational advantage* – Our multi-location testing facilities enable direct sample collection from end-users across China in a timely manner, which allows our laboratory facilities to process a large volume of samples with commercial scale. As of the Latest Practicable Date, we have processed over 179,070 stool samples. Our laboratory facilities are equipped with advanced CRM systems which reinforce our user-oriented testing process and track customer data in real-time. Our comprehensive quality control measures and extensive know-how in all stages of our testing process ensure the high-quality, consistency and timeliness of our testing results.

- *Convenience* – ColoClear is a non-invasive, home-based screening test which is easy to use for customers. It allows our users to collect stool samples at home. The sampling process generally takes less than five minutes. Then, our logistic service providers will pick up the stool samples and deliver to our laboratories for testing. Test results will be delivered to the users generally within five business days after we receive the sample. Users are not required to be tested at the hospitals or checkup centers.

Market Opportunity and Competition

Colorectal cancer screening tests have huge market potential in China, given China has the highest colorectal cancer incidence in the world and colorectal cancer is one of the most curable and preventable cancers if detected early, which makes colorectal cancer screening tests in high demands. Colorectal cancer ranked the third in terms of incidence among all cancers in China and is the fifth leading cause of cancer death in China, according to Frost & Sullivan. Despite its relatively high mortality rate, colorectal cancer is widely accepted by medical communities as one of the most curable and preventable cancers if detected early. This is because colorectal cancer progresses less rapidly compared to other types of cancer, and it offers a precious time window for effective colorectal cancer screening, early detection as well as intervention. Patients who are diagnosed early in the progression of the disease (i.e. with precancerous lesions or polyps or early-stage cancer) are more likely to have a complete recovery and incur less medical expenses.

Considering the diet habit in China and the lower average age of colorectal cancer patients, China Anti-Cancer Association recommends regular colorectal cancer screening for population, especially urban population, aged between 40 and 74, which are considered as the recommended populations for colorectal cancer screening, according to Frost & Sullivan. Total recommended population for colorectal cancer screening increased from 592 million in 2015 to 633 million in 2019 at a CAGR of 1.7%, and is expected to further increase to 758 million in 2030 at a CAGR of 1.7%. Despite of the mass population recommended for colorectal cancer screening, the penetration rate among such population is low in China, with 16.4% in 2019, as compared to 60.1% in the United States. The low penetration rate in China was primarily due to low awareness, lack of effective screening methods, low compliance and insufficient capacity of colonoscopy, which is still the main cancer screening solution for colorectal cancer in China.

The colorectal cancer screening market in China is expected to experience accelerated growth mainly due to aging population, development of public awareness of colorectal cancer, increasing government support, prospective socioeconomic advantages and significant technology advancements. The colorectal cancer screening market in China increased from RMB2.5 billion in 2015 to RMB3.0 billion in 2019 at a CAGR of 4.8%, and is expected to further increase to RMB19.8 billion in 2030 at a CAGR of 18.7% from 2019 to 2030. Currently there are several colorectal cancer screening tests approved in China applying various screening technologies. While colonoscopy and FOBT/FIT technologies are relatively mature in China and many tests utilizing such technologies have been approved by NMPA, as of the date of the Prospectus, ColoClear is the first and only colorectal cancer screening test that carried out large scale prospective clinical study, and is the first and only colorectal cancer molecular screening test approved by NMPA, according to Frost & Sullivan. Moreover, according to Frost & Sullivan, ColoClear is currently the only screening test in China with the ability to detect precancerous lesions such as advanced adenoma. As of the Latest Practicable Date, there had been no other cancer screening test in China using FIT-DNA technology for any cancer indications which planned to initiate clinical trial or was under clinical trial according to Frost & Sullivan based on public information. For details of the comparison of different colorectal cancer screening tests approved by NMPA in China, see "Industry Overview – Colorectal Cancer And Colorectal Cancer Screening Market – Colorectal Cancer Screening Market."

Summary of Clinical Trial Results

We have completed a large-scale, prospective, multi-center, head-to-head registrational trial in China to evaluate the performance of ColoClear. The trial was completed in eight centers, with Zhejiang University School of Medicine's Second Affiliated Hospital (浙江大學醫學院附屬第二醫院) as the principal research institution. This is the first prospective registrational clinical trial for colorectal cancer screening in China, according to Frost & Sullivan. In conclusion, the comprehensive trial data demonstrated a high sensitivity and a high specificity for detecting colorectal cancer and advanced adenoma.

A total of 5,881 subjects were enrolled in the trial among whom 4,758 are evaluable. All subjects were between the age of 40 and 74, including approximately 90% subjects in the prospective cohort and the remainder subjects in the retrospective cohort. For prospective cohort, subjects shall meet at least one of the following risk factors:

- History of positive FOBT result; or
- Family history of colorectal cancer; or
- At least two of the following symptoms: chronic diarrhea/constipation; mucous stool; chronic appendicitis/gall bladder disease; chronic psychological stress.

For retrospective cohort, subjects shall meet all of the following inclusion criteria:

- Confirmed colorectal cancer patient; and
- No prior radiochemical therapy; and
- Sample collection before surgery or treatment.

To evaluate the performance of a clinical test, sensitivity and specificity are often used: sensitivity refers to the likelihood of a clinical test to correctly identify the individuals who truly have the disease, and a high sensitivity reduces the instances of false negative (i.e. individuals with the disease are tested negative by the test); whereas specificity refers to the likelihood of a clinical test to correctly identify the individuals who do not have the disease, and a high specificity reduces the instances of false positive (i.e. individuals without the disease are tested positive by the test).

ColoClear has demonstrated an overall sensitivity of 95.5% for colorectal cancer in the prospective registrational trial, and more specifically it has achieved a sensitivity of 96.8%, 97.5%, 96.2%, 96.4%, and 86.3% for Stage 1, Stage 2, Stage 3, Stage 4, and unknown stage colorectal cancer respectively. It is worth highlighting its high sensitivity in early stages (i.e. Stage 1 and Stage 2), as well as its consistent performance across different stages, of colorectal cancers.

ColoClear has demonstrated a sensitivity of 63.5% for advanced adenoma in the prospective registrational trial, which is the first molecular cancer screening test in China to demonstrate clinical utility in the detection of precancerous lesions.

If detected at early stages (i.e. Stage 1 and Stage 2), colorectal cancer is more likely to be cured; and if detected at the stage of precancerous lesions such as advanced adenoma, colorectal cancer can be prevented. ColoClear therefore offers non-invasive and home-based tool to prevent and cure colorectal cancer in China for the first time, offering tremendous clinical utility and social value.

	Advanced Adenoma	Colorectal Cancer				
		Stage 1	Stage 2	Stage 3	Stage 4	Unknown
Sensitivity	63.5%	96.8%	97.5%	96.2%	96.4%	86.3%
Specificity				87.1%		

In clinical practice, physicians are mostly unaware of a patient's cancer status when test results are returned, therefore metrics such as Positive Prediction Value ("**PPV**") and Negative Prediction Value ("**NPV**") are more clinically relevant for cancer screening tests: PPV refers to the percentage of participants with a positive test result who truly have the disease, and NPV refers to the percentage of participants with a negative test result who truly do not have the disease. These metrics are more relevant in population-based screening approaches, as they take into considerations of the prevalence of the disease, and are validated by the prospective trial. The mathematical relationships among NPV, PPV, sensitivity and specificity can be illustrated by the following formulas:

NPV = 1 – {(1 – Sensitivity) x Prevalence Rate / [(1 – Sensitivity) x Prevalence Rate + Specificity x (1 – Prevalence Rate)]}

PPV = Sensitivity x Prevalence Rate / [Sensitivity x Prevalence Rate + (1 – Specificity) x (1 – Prevalence Rate)]

ColoClear is designed to be a "rule-out' test that helps eliminate the possibility of colorecal cancer risk for the screening population. ColoClear has demonstrated a NPV of 99.6% for colorectal cancer in the prospective registrational trial – in other words, for any individual who is tested negative by ColoClear, the likelihood of actually having colorectal cancer is only 0.4%. ColoClear has demonstrated a PPV of 46.2% for advanced adenoma and colorectal cancer collectively – in other words, 46.2% of the individuals who are tested positive by ColoClear truly have advanced adenoma or colorectal cancer, and therefore will enjoy significant survival benefits from colonoscopy procedures. In comparison, FOBT/FIT based colorectal cancer tests have demonstrated a PPV of less than 7.8%, according to Frost & Sullivan. Cologuard, an FDA-approved FIT-DNA colorectal cancer screening product offered by Exact Sciences Corporation, has a PPV of 3.72% for colorectal cancer and 19.86% for advanced adenoma among average-risk colorectal cancer population in the U.S., according to FDA's approval of Cologuard.

	Advanced Adenoma	Colorectal Cancer
NPV	95.9%	99.6%
PPV	46.2%	

Post-approval Studies

We will further develop ColoClear through post-approval studies including both studies recommended by NMPA and our voluntary clinical studies. In its recent approval of ColoClear IVD in November 2020, NMPA recommended to conduct post-approval studies to collect clinical use data of ColoClear IVD at more than ten clinical institutions after the commercialization of ColoClear IVD, and results of colonoscopy and/or pathology or follow-up results of colorectal cancer-related diseases, and further evaluate the long-term clinical performance of ColoClear IVD and monitor incidence of adverse events. Currently NMPA-recommended studies are still at the early planning stage and we plan to request a follow-up meeting with NMPA to discuss our draft study plan. We can initiate the post-approval studies only after the study plan is agreed and approved by NMPA.

Separately, we voluntarily plan to undertake two clinical studies, one on family members of colorectal cancer patients and the other one on the post-surgery colorectal cancer patient population for market education purposes. With respect to the clinical study on family members of the colorectal cancer patients, we plan to conduct a large-scale trial where enrolled colorectal cancer patients and immediate family members of colorectal cancer patients including their spouses and first-generation children will go through colorectal cancer screening tests using both ColoClear and Pupu Tube for us to analyze the incidence rate of colorectal cancer, high risk factors and screening compliance among such immediate family members of the confirmed colorectal cancer patients. This clinical study is designed to be a multi-center study and its clinical study plan is not finalized yet. With respect to the clinical study on the post-surgery colorectal cancer patient population, we plan to participate in a clinical research project, which intends to evaluate the potential clinical value of ColoClear IVD in post-surgery colorectal cancer patients who are undergoing routine clinical follow-ups. This clinical research project is designed to be a single center study and it is currently still in the planning stage.

WE MAY NOT BE ABLE TO ULTIMATELY MARKET COLOCLEAR SUCCESSFULLY.

Pupu Tube

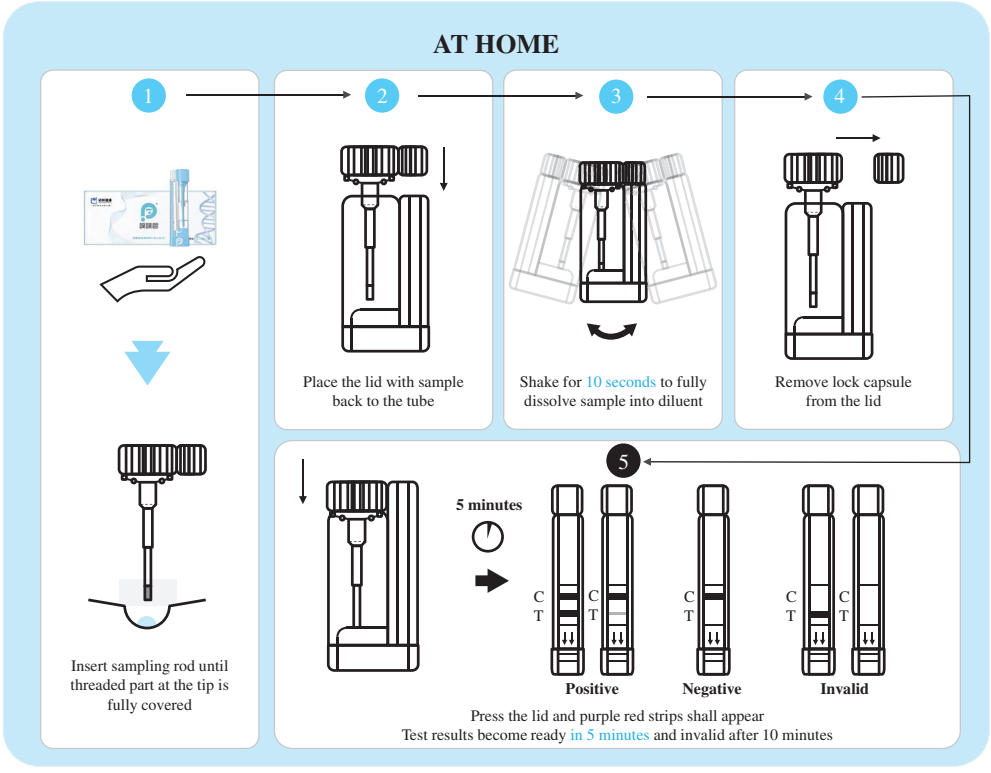
Pupu Tube is a proprietary non-invasive stool-based FIT colorectal cancer screening product to detect hemoglobin biomarkers associated with colorectal cancer. It is an integrated device for sample collection, dilution, and FIT test. Based on fecal occult blood testing, Pupu Tube provides a simple and convenient method to detect colorectal cancer at home. According to Frost & Sullivan, Pupu Tube is the first and only self-conducted FIT screening product for colorectal cancer approved by NMPA. Pupu Tube is designed to target the mass market in China that generally falls in the age groups for which regular colorectal cancer screening is recommended and to identify the high colorectal cancer risk population that would require further screening with a higher sensitivity, such as ColoClear, or treatment. We obtained NMPA registration certificate of Class II medical device for Pupu Tube in March 2018 and commercialized Pupu Tube since then. We have also obtained CE Mark for Pupu Tube in June 2018.

Product Design

Pupu Tube is a non-invasive self-conducted screening product consisting of a sampling rod to collect stool samples, a solution chamber to dissolve the sample and a test strip to show the result. The following chart illustrates the product design:

Technology

We started our research on Pupu Tube in September 2016. Pupu Tube utilizes a FIT double-antibody sandwich technique to detect hemoglobin in the stool. During testing, the liquid specimen enters the sample slot. If the specimen contains hemoglobin, the hemoglobin would bind to the anti-hemoglobin antibodies with colloidal gold labels to form antigen-antibody complexes. As the antibodies react with hemoglobin, Pupu Tube analyzes the amount of hemoglobin contained in the stool, and thereby is able to detect colorectal cancer. Users can complete the FIT test at home and read the test result within a few minutes. Major steps of the testing process include gold marking solution dosing, gold labeling and ultrasonic welding. Major equipment we use in the testing process include high-speed refrigerated centrifuge, ultrasonic welding machine and colloidal gold labeling machine. The following flow chart illustrates the diagnostic process of Pupu Tube:



Competitive Advantages

As the first and only self-conducted FIT test product for colorectal cancer screening approved by NMPA, Pupu Tube has the following advantages:

- *Convenience:* Pupu Tube integrates sample collection, dilution and FIT test all in one device with easy-to-use procedures, allowing convenient home use and testing results readout in five minutes. According to a survey jointly conducted by National Cancer Centre (國家癌症中心), National Cancer Clinical Medical Research Centre (國家腫瘤臨床醫學研究中心) and Chinese Academy of Medical Sciences (中國醫學科學院), the compliance rate of FIT test using Pupu Tube increased by 33.7 percentage points when compared to that of colonoscopy whereas low compliance has been a long bottleneck in colorectal cancer screening due to the limitations of traditional screening solutions.
- *Affordable prices:* Pupu Tube targets the entry level of colorectal cancer screening market with affordable retail price, which is approximately RMB100.
- *Performance:* Pupu Tube is able to deliver reliable performance with a concordance rate of 98.35% compared to other standard hospital-use FIT tests, which typically have a colorectal cancer sensitivity of approximately 70%.

Market Opportunity and Competition

As of the Latest Practicable Date, Pupu Tube is the first and only self-conducted FIT screening product approved by NMPA for colorectal cancer screening in China. ColoClear and Pupu Tube synergistically address target populations with various risk levels. Pupu Tube targets mass market in China with a 633 million population in 2019 recommended for colorectal cancer screening to increase colorectal cancer screening awareness and identify high-risk population, while ColoClear targets a 120 million population in 2019 with high risk of colorectal cancer in China to deliver highly accurate test results and enable early intervention. As of the Latest Practicable Date, there were more than 80 colorectal cancer screening products using FOBT/FIT technology approved by NMPA while Pupu Tube is the first FIT screening product approved to be self-conducted by NMPA. For more information on the opportunity and competitive landscape in the colorectal cancer screening market, see "Industry Overview – Colorectal Cancer Screening Market" and "– ColoClear – Market Opportunity and Competition."

Summary of Clinical Trial Results

We have completed a multi-center registrational trial in China to evaluate the performance of Pupu Tube. The clinical trial was completed in two centers, with the Third People's Hospital of Hubei Province (湖北省第三人民醫院) as the principal research institution. In conclusion, the comprehensive trial results demonstrated an equivalence in performance of Pupu Tube as to another approved and commercialized product with similar functions.

Pupu Tube is evaluated based on the comparison of clinical application performance with a similar product that has been approved for commercialization. The results of both were statistically analyzed to verify the clinical equivalence of Pupu Tube and the other similar product. This trial was completed in August 2017. Samples were collected from a total of 242 subjects during the trial. Samples are selected based on the following criteria:

- The number of positive samples is no less than 40% of the total subjects tested; and
- All samples were collected from patients of the hospitals.

The following table summarizes the clinical trial results:

Test	Results
Positive concordance rate	96.70%
Negative concordance rate	99.34%
Total concordance rate	98.35%
95% confidence interval of total concordance rate	95.8% ~ 99.5%

UU Tube

UU Tube is our stool-based self-conducted screening product for gastric cancer by detecting H. pylori, the pathogenic bacteria which is the major causative agent for gastric cancer. We completed the registrational trial for UU Tube in November 2020. We submitted the application to NMPA to register UU Tube as Class III medical device in November 2020.

Product Design

UU Tube consists of a sampling rod to collect stool samples, a chamber to analyze the sample and a test strip to show the result. The following chart illustrates the product design:

Technology

UU Tube utilizes a double-antibody sandwich technique to detect H.pylori in the stool. According to the Kyoto Global Consensus Meeting in 2015, H.pylori is reported to be an important causative agent of gastric cancer. Infection with H. pylori causes chronic inflammation and significantly increases the risk of developing duodenal and gastric ulcer disease and gastric cancer. The H.pylori antigen test strip employs a double antibody sandwich technique, which uses latex particles as labels to qualitatively detect H. pylori in human stool samples. The membrane test strip is pre-fixed with mouse anti-H.pylori antibodies. During testing, the liquid specimen enters the sample slot. If the specimen contains H.pylori antigen, the H.pylori antigen would be captured by the pre-fixed mouse anti-H.pylori antibodies to form a red colored line in the test line region, indicating a positive result. Users can complete the test at home and read the test result within a few minutes.

Competitive Advantages

As an innovative H. pylori detection product in China, UU Tube is designed with sample collection and testing integrated functions and easy-to-use procedures allowing convenient home use and testing results readout in five minutes. It is a self-conducted and non-invasive screening test which is supported by clinical trial results. The detection of H. pylori antigen in the stool indicates an active infection by the pathogen, the main etiological agent for the development of gastric cancer. The stool antigen test is widely adopted in the U.S. and across the globe, however, it requires a trained laboratory technician to perform the test. In China, the current main testing methodology is the $^{13}C/^{14}C$ breath test, which is the gold standard of gastric cancer screening and detects the metabolite emitted by the pathogen. However, the test can only be performed in a specialized clinical laboratory or hospital and also requires the capability to handle the hazardous radio isotope. For further details of major H. pylori tests for gastric cancer screening, please see "Industry Overview – Gastric Cancer and Gastric Cancer Screening Market – Overview – H. Pylori Screening Technologies and Tests." Compared with the stool antigen test and the breath test, UU Tube offers the same clinical utility at a lower cost and higher user convenience with no fasting requirement, no need of travel time to and from the hospital, and no hazardous radioisotope. Furthermore, UU Tube shares the same manufacturing line as Pupu Tube, which is already automated with the use of robotic arms. Therefore the manufacturing of UU Tube is expected to be cost effective.

Market Opportunity and Competition

Gastric cancer has the second highest incidence in China with 455.8 thousand in 2019 and the third highest mortality in China with 327.8 thousand in 2019. Recommended populations for gastric cancer screening in China include adults above 40 years old. Populations recommended for gastric cancer screening in China increased from 644.8 million in 2015 to 690.1 million in 2019 at a CAGR of 1.7%, and is expected to further increase to 808.4 million in 2030 at a CAGR of 1.4%. Driven by the increasing number of target population of gastric cancer in China, the size of the gastric cancer screening market in China is expected to continue to grow. The gastric cancer screening market in China increased from RMB1.0 billion in 2015 to RMB2.1 billion in 2019 at a CAGR of 21.2%, and is expected to further increase to RMB15.7 billion in 2030 at a CAGR of 20.3%, according to Frost & Sullivan. For details, see "Industry Overview – Gastric Cancer and Gastric Cancer Screening Market."

Summary of Clinical Trial Results

We completed the registrational trial of UU Tube in November 2020 and submitted registration application to NMPA in the same month of 2020. The trial was conducted in three certified clinical research centers with Beijing University Shougang Hospital (北京大學首鋼醫院) as the lead research institution. The study enrolled over 1,000 individuals who fit the pre-specified enrollment criteria, which included patients with various stomach diseases, patients who were previously treated with antibiotics, as well as patients with no stomach problems as control group. Each study subject was required to submit a stool sample for analysis with UU Tube and an approved H. pylori antigen detection method, and a portion of the study subjects were also required to undergo a urea breath test. The clinical performance of UU Tube was evaluated based on its concordance rate with the approved H. pylori stool antigen detection method, as well as the urea breath test. The comparison results were subject to stringent statistical analysis and verification by an independent expert before the final registration application was submitted to NMPA in November 2020 for manufacture and marketing approval. Final clinical data could vary from the clinical results we submitted to NMPA based on further input from NMPA. The application including the clinical results is currently under confidential review by NMPA. NMPA might request from time to time additional revisions to the data submitted to it based on detailed review of each individual data point.

The following table summarizes the clinical results, which included 1,131 valid samples:

Test	**Results**
Positive percentage agreement between UU Tube and the comparator (an NMPA-approved stool antigen test)	98.8%
Negative percentage agreement between UU Tube and the comparator	99.5%
Overall percentage agreement between UU Tube and the comparator	99.2%

An NMPA-approved stool antigen test is used as the comparator in the clinical trial to be the standard for assessing clinical utility of UU Tube. According to the clinical trial data of UU Tube, the positive percentage agreement ("**PPA**"), negative percentage agreement ("**NPA**") and overall percentage agreement ("**OPA**") between UU Tube and the comparator is 98.8%, 99.5% and 99.2%, respectively. PPA refers to the percentage of the samples that were tested positive by UU Tube out of the samples that were also tested positive by the comparator. The 98.8% PPA means 98.8% of the times that UU Tube and the comparator had the same positive test results. NPA refers to the percentage of the samples that were tested negative by UU Tube out of the samples that were also tested negative by the comparator. The 99.5% NPA means 99.5% of the times that UU Tube and the comparator had the same negative test results. OPA refers to the overall agreement between UU Tube and the comparator combining samples tested positive and negative.

The following table summarizes the clinical results compared against the urea breath test, the gold standard for gastric cancer screening:

Test	Results
Sensitivity against the urea breath test	95.3%
Specificity against the urea breath test	99.2%
OPA between UU Tube and the urea breath test	97.4%

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET UU TUBE SUCCESSFULLY.

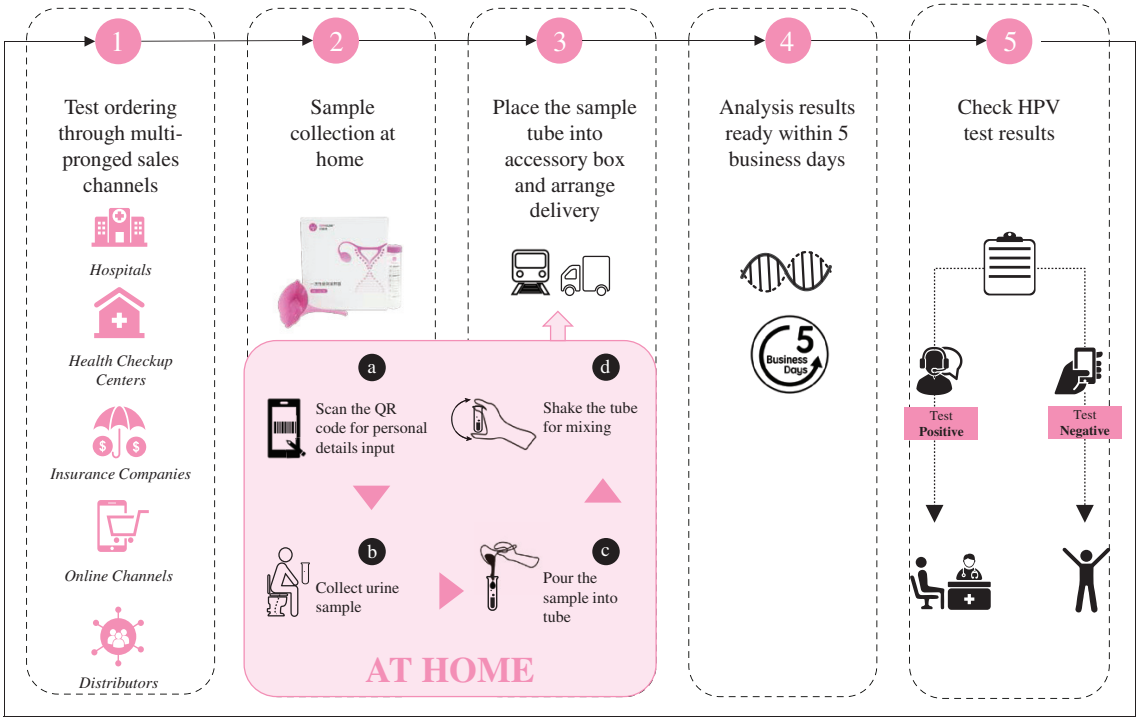
CerviClear

CerviClear is our non-invasive urine-based home-use screening test for cervical cancer. We expect to initiate the registrational trial for CerviClear in vitro diagnostic kit ("**CerviClear IVD**") by as early as the last quarter of 2021. We plan to submit application for the registration of CerviClear IVD as Class III medical device with NMPA after the registrational trial is completed. As of the Latest Practicable Date, there was no approved home-use urine-based cervical cancer screening test in China, according to Frost & Sullivan.

Testing Process

CerviClear is a home-based cervical cancer screening test, primarily including (i) a home-use sample collection kit, and (ii) testing services conducted at our laboratories to analyze the urine sample and deliver test results. The CerviClear sample collection kit contains a sampler and a sample tube and is easy to use for end-users. The following chart illustrates the product design of sample collection kit:

Similar to ColoClear, urine samples collected by our users will be picked up by our partnered logistic service providers upon requests from users and delivered to our laboratories for testing generally within a couple days when shipped from major PRC cities. Our CerviClear test utilizes single-tube multiplex PCR technique to simultaneously detect fourteen high-risk HPV gene fragments. For details on the technologies involved in our CerviClear test, see "– Technology" in this section. We expect to be able to deliver test results to the customers generally within five business days after receiving the sample. If the test comes with a positive result, we will recommend users to seek further examination and, if necessary, treatment. The following flow chart illustrates the testing process of CerviClear:



Technology

Leveraging our expertise in sample stabilization and multi-plex qPCR diagnostic technology, CerviClear is able to detect fourteen high-risk HPV genotypes in urine samples, and identify HPV genotypes 16 and 18, for the screening of cervical cancer. CerviClear employs a magnetic bead-based DNA extraction technology to extract HPV DNA and human β-actin DNA from urine samples. This urine-based DNA extraction technology is designed to perform DNA extraction from large volumes of urine, ensuring effective extraction of DNA. Furthermore, the magnetic bead-based, urine-based DNA extraction technology makes automated DNA extraction possible and thus allows for efficient processing of large amounts of samples. CerviClear utilizes single-tube multiplex PCR technique to simultaneously detect fourteen high-risk HPV genotypes through one multiplex qPCR, identify genotypes of HPV16 and HPV18, with human β-actin gene serving as an endogenous reference gene for monitoring the testing process. Using a highly sensitive, specific PCR technique to detect HPV DNA in urine samples, CerviClear is designed to address the limitation associated with urine samples, which typically contain lower HPV viral load than exfoliated cervical cell samples, thus ensuring high testing sensitivity.

Competitive Advantages

As an innovative cervical cancer screening test candidate in China, CerviClear is a non-invasive, home-based screening test which is easy to use for customers. It allows our users to collect urine samples at home. Our logistic service providers will pick up the samples and deliver to our laboratories for testing. Test results will be delivered to the users generally within five business days after receiving the sample. Users are not required to be tested at the hospitals or checkup centers, which protects users' privacy and encourages user compliance. Since CerviClear utilizes self-collected urine sample to detect cervical cancer and precancerous lesion, the test is expected to be widely accepted by the general population. In contrast, traditional cervical cancer screening methodology requires cervical swab, which is invasive and inconvenient. Although there are self-conducted pap tests approved by NMPA in China for cervical cancer screening, the inappropriate use of the swab by untrained users can be painful and even cause bleeding.

The home-use and non-invasive features of CerviClear offer more convenient user experience with similar clinical accuracy. It is expected to help increase the screening compliance rate and ultimately lower incidence rate of cervical cancer with a larger population willing to take the test for early detection of cervical cancer. Additionally, CerviClear is able to leverage the infrastructures already set up for ColoClear, which span from manufacturing capacity, logistics arrangement, sales channels and PCR equipment and the related testing process, thus making it highly synergistic and cost-effective. As of the Latest Practicable Date, there was no approved home-use urine-based cervical cancer screening test in China. We believe our CerviClear could potentially be the first-in-class urine-based cervical cancer screening test in China.

Market Opportunity and Competition

Cervical cancer is one of the only two Grade-A cancer types recommended for screening by the USPSTF. Cervical cancer has high incidence in China with 117.1 thousand cases in 2019 and the eighth highest mortality in China with 48.9 thousand deaths in 2019. Due to high incidence, high mortality, long tumor development cycle and heavy treatment burden, cervical cancer is also one of the cancers that are recommended for regular screening. Recommended populations for cervical cancer screening include women aged between 25 and 65, according to Chinese Preventive Medicine Association. Recommended populations increased from 408.3 million in 2015 to 415.3 million in 2019, and is expected to further increase to 425.4 million in 2030. Driven by the increasing number of target population of cervical cancer in China, the size of cervical cancer screening market in China is expected to continue to grow. The cervical cancer screening market in China increased from RMB1.2 billion in 2015 to RMB1.9 billion in 2019 at a CAGR of 13.2%, and is expected to further increase to RMB13.3 billion in 2030 at a CAGR of 19.3%.

As of the Latest Practicable Date, there was no approved home-use urine-based cervical cancer screening test in China. For details, see "Industry Overview – Cervical Cancer Screening Market".

Clinical Development of CerviClear

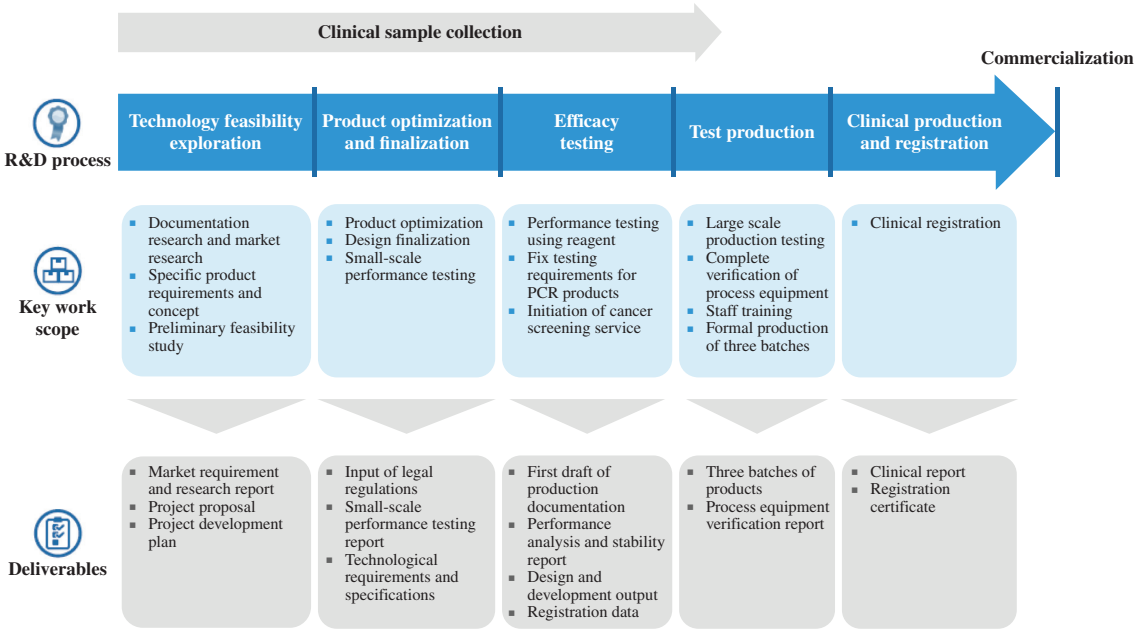
We expect to initiate the registrational trial for CerviClear by as early as the last quarter of 2021. CerviClear is currently undergoing the final stage of validation, scale-up manufacturing and quality control testing. The planned registrational study will be a large-scale, prospective, multi-center clinical trial and we are planning to enroll a total of around 30,000 female subjects who fit the cervical cancer screening criteria as defined by the cervical cancer screening guidelines in China. The study will also include a multi-year follow-up period in order to cumulate sufficient data to establish the clinical safety and efficacy of CerviClear.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET CERVICLEAR SUCCESSFULLY.

RESEARCH AND DEVELOPMENT

We focus on developing innovative technologies to enhance our existing pipeline and to develop new cancer screening tests. We believe that our success has depended and will continue to depend to a large extent on our ability to develop new or improved cancer screening products. Our research and development capabilities are proven by our portfolio of proprietary technologies and patents. See "– Intellectual Property Rights" in this section. We have started research and development for ColoClear test since 2015. With over five years of dedicated research and development efforts, we have built a proprietary and extensive database of Asian-specific colorectal cancer methylation pattern profiles and developed our clinically-validated risk assessment algorithm (Class I medical device) for ColoClear which is the first algorithm-driven cancer screening test approved by NMPA. Our multi-parameter risk assessment algorithm is the first and only one in China. It is tailored and optimized to work exclusively with our primers, reagents and the overall ColoClear testing process, therefore cannot be replicated by our competitors without conducting a large prospective clinical trial. Due to the fact that our clinically validated risk assessment algorithm, whose parameters are not publicly available and strictly confidential, is developed based on, and works exclusively with ColoClear IVD, any potential competitor who tries to develop its own IVD reagent, or replicate our ColoClear IVD, will not only have to develop its own risk assessment algorithm, but also have to validate such algorithm through a large-scale prospective clinical trial as required by NMPA. Our proprietary DNA extraction technology (Class I medical device) enables us to purify evaluable DNA from highly-complex stool samples and achieve a success rate of approximately 99.4%, based on our operational data collected between October 2019 and September 2020. Our proprietary DNA sample stabilization technology preserves DNA and hemoglobin under room temperature for up to seven days. As of the Latest Practicable Date, we have built a portfolio of 71 patents and patent applications globally to protect our proprietary technologies and know-how.

We are engaged in ongoing research and development activities to deliver clinically advanced new products, to enhance the effectiveness, ease of use, safety and reliability, and to expand the applications of our products. As of the Latest Practicable Date, we had two major cancer screening product candidates in the late stage of development, and three product candidates in the early stage of development. The following graph sets forth our research and development framework:



The time required from developing to commercializing a new product varies by product candidate and can be affected by various factors which may be beyond our control, such as clinical trial results and government policies and approvals. We incurred research and development costs of RMB14.8 million, RMB26.4 million, RMB17.3 million and RMB17.4 million in 2018, 2019 and the nine months ended September 30, 2019 and 2020, respectively.

We have a strong in-house research and development team of 34 members primarily based in Beijing and Hangzhou in China as of the Latest Practicable Date, over 50% of whom possessed a master or doctorate degree. The team is led by our Chief Scientific Officer, Dr. Yiyou Chen, and our Chief Technology Officer, Dr. Ning Lu. For details of the background of Dr. Chen and Dr. Lu, please see "Directors and Senior Management".

As of the Latest Practicable Date, our research and development team (other than our Chief Scientific Officer and Chief Technology Officer) is divided into two departments, namely research department and medical department. We appoint a project manager for each team, who organizes and monitors the progress of each project. The division of work and collaboration among teams enhances the efficiency of our research and development activities.

We have assembled a group of talents with extensive research and development and medical industry experience to carry out our research and development activities. Mr. Gang Liu is the director of our research department. Mr. Liu has more than 15 years of research and development experience in tumor molecular diagnosis. Prior to joining us in March 2017, Mr. Liu served as a manager of research and development in Peking Jabrehoo Med Tech Co., Ltd. Dr. Jun Liu is our Next-Generation Sequencing (NGS) director. Dr. Liu has more than seven years of senior R&D engineer experience in NGS. Prior to joining us in March 2020, Dr. Liu served as a senior R&D leader in Beijing Genomics Institute. Dr. Xiaotian Yu is the director of our medical department. Dr. Yu has more than five years of experience in medical affairs and has led four clinical trials of innovative Class III IVD products. Prior to joining us in June 2019, Dr. Yu served as the head of the clinical department of Dynamiker Biotechnology (Tianjin) Ltd.

We have entered into legally-binding confidentiality and non-compete agreements with our key employees and employees involved in our research and development activities, pursuant to which any intellectual property conceived and developed during their employment belongs to us and they waive all relevant rights or claims to such intellectual property.

In addition, when designing and developing our product candidates and technologies, our research and development teams also collaborate closely with our external consultants, who provide invaluable guidance to our teams in the development, positioning, applications and performance of our products and technologies. As of the Latest Practicable Date, we had five external consultants, all of whom are renowned scholars and researchers working at leading universities or research institutes in China.

Product Design and Pre-Clinical Development

We have established and strictly followed an internal protocol that governs the design and development of our tests.

Our product design and development process is summarized as below:

- *Design and development inputs*. The product team determines required inputs and prepares an input report, which lists the product candidate's function, performance, usability and safety requirements, applicable regulatory requirements and standards and other essential requirements for the design and development of the product candidate.
- *Design and development outputs*. The product team prepares the product design drawing file, procurement list and risk management measures, designs production process and testing process and keeps design history in file and records.

- *Validation of design and development*. The product team ensures the product's compliance with the prescribed application and other requirements, completes pre-clinical trial and evaluation and conducts clinical trial and evaluation if required. Specifically, prior to initiating clinical trial, the product team will conduct validation studies including bench tests.
- *Inspection of manufacturing suitability*. These procedures ensure that the design and development outputs are suitable for manufacturing before such outputs become final production specifications and that our production capability will suffice.
- *Verification of design and development*. We will initiate clinical trials and various registration-related work streams for the manufacturing of our products.

All the procedures of our design and development activities must strictly follow our design and development control policy and procedures. Our project team strictly follows each step of our internal protocol, and the design and development committee closely monitors and reviews key stages along the design and development process.

Collaborations

We have currently established research and development collaborations with more than 40 external institutions for scientific research. Pursuant to the collaboration agreements, we typically provide the funding for such academic research and are deeply involved in the major research and development activities and own all the intellectual property rights arising from the research. As part of the funding arrangement for the scientific research collaborations, we typically provide ColoClear for free, and pay the logistics fees for sample transportation. In 2018, we entered into a collaboration agreement with the Cancer Hospital Chinese Academy of Medical Sciences (中國醫學科學院腫瘤醫院) (the "**CHCAMS**") to participate in research and development projects organized by the CHCAMS in colorectal cancer screening. Under the collaboration agreement, we are responsible for providing ColoClear and Pupu Tube and the required testing results to support the study on the new technologies in colorectal cancer screening and intervention by the CHCAMS, and regularly reporting to the CHCAMS on the work progress and providing solutions if any problem arises during the collaboration. Any intellectual property developed during the course of collaboration shall be solely owned by the CHCAMS. The CHCAMS paid us a one-time service fee in recognition of our collaboration to support the CHCAMS's study.

CLINICAL TRIALS

We conduct clinical trials of our new tests in order to obtain the requisite regulatory approvals and collect post-procedure data that can improve and enhance the design and features of our tests. In addition, robust clinical data are an important marketing tool for increasing credibility for our brand and tests. The goal of a clinical trial is to validate the performance of our IVD. Primary parameters for clinical trials are selected based on the intended use of the medical device. As of the Latest Practicable Date, we have no ongoing clinical trial in China. Our clinical protocols are designed to meet the GCP standards.

Collaborations with Clinical Trial Centers

NMPA maintains a catalog of hospitals that it has approved as clinical trial centers, from which we select a number of leading hospitals with relevant expertise, academic and clinical reputations, number of patients eligible for trial enrollment, and clinical trial capacities to conduct our clinical trials. We meet with the selected participating hospitals to discuss the trials' goals and requirements, as well as to select the leading institutions for the trials, which typically will be the largest and best-equipped ones among all the participating hospitals.

We typically enter into an agreement with each selected hospital for each clinical trial, under which we and the participating hospitals prepare a clinical trial protocol following GCP standards that describes in detail the goal of the clinical trial, the risks involved, the overall design, the methods and the procedures of the trial. We submit the relevant documents to the ethics committee of each participating hospital for review. Such documents typically include our clinical trial protocol, draft informed consent to be filled out by subjects, draft case report forms to be completed by investigators supervising the clinical trial, and agreement with the hospital to perform the clinical trial. The ethics committees may ask us to revise the clinical trial protocol or other documents before their approval. Once the protocol is approved, any amendment thereafter is required to be reviewed and consented by the ethics committees and the clinical trials are required to be conducted strictly pursuant to the approved protocol.

Pursuant to the agreements with participating hospitals as described above, each participating hospital is typically obligated to conduct the clinical trials following the protocol, issue a case report at the end of the trial based on the collected data, and keep trial records for ten years after the end of the trial. The leading research institution typically gathers the case report forms from all participating hospitals and prepares formal reports of the clinical trial. We make payments according to the agreed schedules and items for the hospitals' services. We typically own all related intellectual property and results from the trial. Each participating hospital is typically entitled to publish academic papers or attend academic events using the trial results upon our written approval.

Relationships with CROs and SMOs

We collaborate with reputable CROs and SMOs for the support of our clinical trials. Our CROs provide services such as the implementation and management of clinical research projects as specified in the master agreement or a work order. Our SMOs provide services such as trial site management and subject enrollment support.

When selecting CROs and SMOs, we consider a number of factors, including their qualifications, track record and professional experience of their employees. For each new clinical trial, we generally enter into an agreement with the CRO or SMO. We closely monitor our CROs and SMOs to help ensure their performance will comply with all applicable laws and regulations as well as following our protocols, which in turn protects the integrity and authenticity of the data from our clinical trials and studies.

We have worked with CROs and SMOs for our clinical trials, including the clinical trial for ColoClear. For example, under our respective agreements with the CRO and the SMO in relation to the clinical trial for ColoClear, we are responsible for the trial preparation, subject enrollment, trial implementation and management, while the CRO and the SMO take responsibility for record keeping and report preparation to guarantee the compliance of the clinical trial process with applicable regulations or standards. In return for their services, we make scheduled payments as agreed in the agreements. The CRO and the SMO may further assist us in trial preparation and management pursuant to our particular request, for which extra fees will be incurred. Under the agreements, we own all intellectual property and trial results and the CRO and the SMO must maintain strict confidentiality with respect to the information they acquired from us during clinical trials.

Clinical Studies and Relationship with Principal Investigators and KOLs

In addition to clinical trials for purposes of product registration or approval with regulatory agencies, we have also conducted clinical studies for colorectal cancer screening tests with leading hospitals and clinical centers in China, which have greatly promoted awareness of our products among 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 not only provide us with important feedback on clinical needs but also present the clinical use of our tests in academic settings, which we believe can invite wider discussion of our products and product candidates and in turn contribute to our research and development efforts. Furthermore, we participate in industry conferences with respect to our research and development efforts and product pipeline. We have presented our tests in multiple industry conferences, where we keep industry participants updated of our latest research and development progress.

TESTING AND MANUFACTURING CAPACITY

Testing Facilities

As of the Latest Practicable Date, we have two laboratories located in Beijing and Hangzhou, China, with a GFA of approximately 2,000 sq.m. and 3,700 sq.m., respectively. Our Beijing and Hangzhou laboratories have obtained NCCL EQA Certificates and PRC Practice Licenses of Medical Institution. All our laboratories have conducted registrations and obtained licenses as applicable, and are authorized to perform PCR amplification for clinical use. To ensure quality, our clinical laboratories have passed six EQA tests during the Track Record Period. The following table sets forth the testing capacity, actual testing volume and utilization rate for ColoClear in our testing facilities in Beijing and Hangzhou for the periods indicated:

	For the Year Ended December 31,		For the Nine Months Ended September 30,
Test	**2018**	**2019**	**2020**
ColoClear			
Testing capacity ('000 tests)	1,200	1,500	1,500
Actual testing volume ('000 tests)	48	60	24
Utilization rate (%)[(1)]	4.0	4.0	1.6

Note:

(1) Utilization rate is calculated based on the actual testing volume for the relevant period divided by the designed testing capacity for the relevant period, multiplied by 100%.

The volume of ColoClear test increased from 48 thousand tests in 2018 to 60 thousand tests in 2019 due to increasing demands from end users through our customers. The utilization rate remained relatively flat in 2018 and 2019 given that we expanded our testing capacity in 2019 in preparation for our business growth. The utilization rate for ColoClear decreased in the nine months ended September 30, 2020, primarily due to decrease in sales volume attributable to temporary closure of hospitals and health checkup centers as a result of the COVID-19 outbreak. For details, see "Financial Information – Significant Factors Affecting Our Results of Operations – Impact of the COVID-19 Outbreak".

In addition, we have completed the construction of our new laboratory in Guangzhou, China which is expected to be in full operation in the first quarter of 2021. The Guangzhou laboratory has a GFA of approximately 600 sq.m. and an annual testing capacity of 500,000 tests for ColoClear. We built the new laboratory in Guangzhou in preparation for the anticipated large market demand of ColoClear tests as we start to commercialize ColoClear IVD after it was approved by NMPA recently in November 2020. It will also help expand our geographic coverage for sample collection and allow us to deliver test results promptly to regional end-users, further improving user experience.

The machines we use for testing primarily include clean bench, biosafety cabinet, qPCR equipment, ultra-micro spectrophotometer and automated nucleic acid extractor. We purchase or lease machines from multiple suppliers, and we are able to source such machines from alternative suppliers. We have implemented a comprehensive maintenance system for our machinery. During the Track Record Period, we had not experienced any material or prolonged interruptions of our machinery due to equipment or machinery failure.

We have established stringent in-house quality management systems as part of our testing processes and devoted significant attention to quality control of our testing services and facilities. We require all personnel to strictly follow the operation protocols at our laboratories. We have been in compliance with all applicable laws and regulations regarding the operation of our laboratories in all material respects. We regularly conduct inspections to ensure our continuous compliance.

Our quality management department is responsible for ensuring that we comply with applicable regulatory and industry standards throughout the entire testing process through regular on-site inspections. We perform regular cleaning and maintenance procedures to prevent contamination or cross contamination.

We conduct testing services at our laboratories in compliance with the ISO15189 protocol. All of our clinical laboratory technicians are required to have appropriate training and certification before they can perform routine testing services. We have conducted ColoClear test in accordance with the published product manual, which includes detailed instruction on reagent composition, storage condition, and test SOPs.

We follow rigorous quality control protocols throughout the testing process in order to guarantee the quality of each of the following testing components before a valid clinical testing report can be issued, these include:

- *Reagents*: all reagents shall be within its expiration date; they should be stored under the right temperature and humidity range at all time; reagents shall not be subject to more than a fixed number of cycles of freeze and thaw.

- *Samples*: the amount of samples shall be within a pre-specified range, and watery stool samples will be rejected.

- *Reaction quality control*: each test batch is required to include both positive and negative control samples in order to ensure the validity of the reaction process and the proper performance for the PCR equipment, as well as the absence of environmental contaminations which could give false positive result.

- *Sample internal gene control*: each PCR amplification reaction is also controlled by an internal gene detection reaction. The presence of an internal control gene signal within a pre-specified range ensures the quality and appropriate amount of starting material for each sample. The absence of such control might give false negative result.

- The final test report is required to be examined by a quality control personnel from our independent quality control department before it can be issued.

Manufacturing Facilities

As of the Latest Practicable Date, our principal manufacturing facility is located at our headquarters with an aggregate GFA of approximately 11,300 sq.m. in Hangzhou, Zhejiang province, China, which was primarily used for the production of our cancer screening products and product candidates, including ColoClear and Pupu Tube. Our manufacturing facilities are equipped with advanced automation which can significantly improve efficiency and reduce manufacturing cost. Our manufacturing facilities are designed to provide synergy between our commercialized products and product candidates in order to achieve economies of scale and operating efficiency. Our production lines for ColoClear can also manufacture CerviClear and our production lines for Pupu Tube can also manufacture UU Tube. The following table sets forth the production capacity, actual production volume and utilization rate for ColoClear and Pupu Tube in our manufacturing facility in Hangzhou for the periods indicated:

	For the Year Ended December 31,		For the Nine Months Ended September 30,
Products	**2018**	**2019**	**2020**
ColoClear[(1)]			
Production capacity ('000 units)	120	250	375
Actual production volume ('000 units)	98	214	83
Utilization rate (%)[(2)]	81.7	85.6	22.1
Pupu Tube			
Production capacity ('000 units)	500	2,100	3,000
Actual production volume ('000 units)	434	2,020	1,872
Utilization rate (%)[(2)]	86.8	96.2	62.4

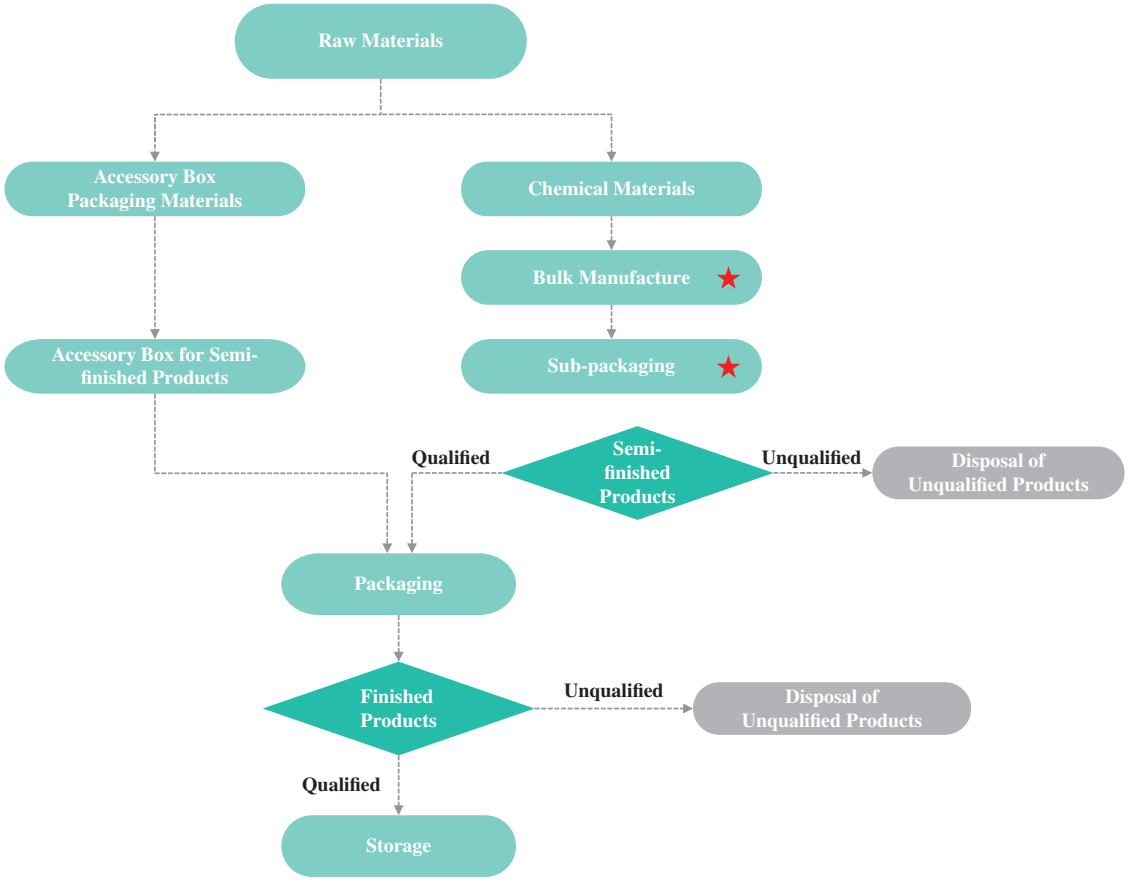
Note:

(1) This refers to ColoClear sample collection kit. Our production line is designed for manufacturing of sample collection kits. We also manufacture ColoClear IVD reagent but we believe manufacturing capacity and volume are not material as testing capacity and volume are the indicators to demonstrate our capabilities to provide ColoClear IVD to meet market demands.

(2) Utilization rate is calculated based on the actual production volume for the relevant period divided by the designed production capacity for the relevant period, multiplied by 100%.

The production volume for ColoClear and Pupu Tube increased from 2018 to 2019 due to increasing demands from end users. The utilization rate for ColoClear increased from 81.7% in 2018 to 85.6% in 2019, primarily due to the increased demand of ColoClear tests. The utilization rate for Pupu Tube increased from 86.8% in 2018 to 96.2% in 2019 as a result of the increased demands for Pupu Tube. Utilization rates for ColoClear and Pupu Tube decreased significantly in the nine months ended September 30, 2020, primarily due to decreased demands attributable to temporary closure of hospitals and health checkup centers as a result of the COVID-19 outbreak.

The manufacturing of our cancer screening products and product candidates primarily involves the following steps:



All the steps in our production process are conducted in compliance with the applicable GMP requirements and all of our manufacturing facilities are GMP certified. We have implemented quality management systems as part of our manufacturing processes. For more details, please refer to the paragraphs headed "– Quality Control".

We conduct most of the manufacturing process of our reagents and sample collection kits in-house. Our integrated and automated production process increases our production efficiency and reduces our dependence on third parties. This vertical integration also enables us to adjust our production quickly to respond to changes in market demand for our products. In addition, we regularly conduct disinfection and sterilization as required by the applicable standards.

The machines we use to manufacture our products mainly include the NC membrane machine, cutting machine, high-speed refrigerated centrifuge and filling peristaltic pump. We purchase or lease machines from multiple suppliers, and we are able to source such machines from alternative suppliers. We have implemented a comprehensive maintenance system for our machinery. During the Track Record Period, we had not experienced any material or prolonged interruptions of our machinery due to equipment or machinery failure.

SALES AND MARKETING

Commercialization

We have two self-developed cancer screening tests, Pupu Tube which was approved by NMPA in March 2018 and received CE Mark in June 2018, and ColoClear, the core component of which, ColoClear IVD, has been approved by NMPA in November 2020. Currently, we primarily sell and market ColoClear as medical service and Pupu Tube in China.

During the Track Record Period, we offered LDT services, which use the same relevant reagents as ColoClear IVD and CerviClear IVD and involve certain testing processes in our laboratories. After we received the registration certificate from NMPA for ColoClear IVD, we ceased our LDT services as such services are no longer considered LDT services. Instead we have been providing ColoClear tests utilizing NMPA-approved ColoClear IVD as medical services. Similarly, after CerviClear IVD is approved by NMPA, we plan to provide screening tests utilizing NMPA-approved CerviClear IVD as medical services. For the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020, our revenue generated from ColoClear tests provided as LDT services amounted to RMB14.4 million, RMB39.1 million and RMB23.1 million, respectively. Revenues from provision of ColoClear tests are recognized at the earlier of (i) the time upon which the tests are completed and the test reports are delivered to the user; and (ii) the later of the expiry of ColoClear sample collection kit delivered to the customers and the expiry of ColoClear sample collection kit exchange period granted to selected customers. We provided ColoClear tests in the form of LDT service as a whole service package without separately selling the sample collection kits. Revenue from sale of Pupu Tube is recognized when such medical device is delivered to our customers. For details of our revenue recognition policy, see "Financial Information – Significant Accounting Policies and Estimates – Revenue Recognition."

Sales and Marketing Team

We have established an in-house sales and marketing team of 118 members as of the Latest Practicable Date to provide doctors, end-users and other healthcare institutional clients with customized support. Our marketing team is divided into various functions covering different geographic regions and different channels.

We organize trainings for our newly joined sales and marketing personnel before they start the field work. Our training generally includes background introduction of cancer screening technologies and industry, conditions of markets where we sell our products, and an in-depth analysis of our competing products and competing companies and comparison against our products' sales status, which enables our employees to appropriately present the features and technologies of our products to physicians. We also arrange trainings to brief our team the latest changes in the markets, development of our competing products and the marketing progress of our products in the relevant markets.

In line with our strategy to further develop the cancer screening market in China, our sales and marketing team designs marketing strategies and engages in promotion activities based on respective market conditions, such as competitive landscape and regulatory environment. Our sales and marketing efforts primarily include educating doctors and physicians, or potential end users, at hospitals and health checkup centers, on the advantages of our tests and products and the clinical data supporting our performance. Specifically, each team is responsible for establishing and maintaining relationships with designated hospitals and health checkup centers and promoting the awareness and recognition of our products among doctors and physicians, through academic lectures and other promotional efforts. We prioritize developing business relationship with hospitals. As of September 30, 2020, we had cooperated with a total of 316 hospitals, both directly or through our CSOs. They also collect feedback on our products for further improvement. Besides, our sales team also coordinates with CSOs and distributors in the promotion and distribution of our products by providing trainings on the cancer screening industry and benefits and performance of our tests and products. Our management closely oversees the sales activities and results in the major markets and determines the sales and pricing policies in each market.

Marketing Model

Our two colorectal cancer screening products, ColoClear and Pupu Tube, address target populations with different risk levels to capture the entire colorectal cancer screening market. Pupu Tube targets the mass market in China with a 633 million population in 2019 which are recommended for colorectal cancer screening. This mass market requires products with convenience and low cost. ColoClear targets a 120 million population in 2019 in China with high risk of colorectal cancer. This high-risk target market requires a screening test with higher sensitivity. We expect Pupu Tube to gradually replace the traditional FIT/FOBT tests by virtue of its convenience and sensitivity. We believe with its affordable price and user-friendly features, Pupu Tube enables access to colorectal cancer screening among mass population and therefore will help enhance awareness of colorectal cancer screening. It identifies the high risk population and hence facilitates user acquisition for ColoClear. The complementary nature of

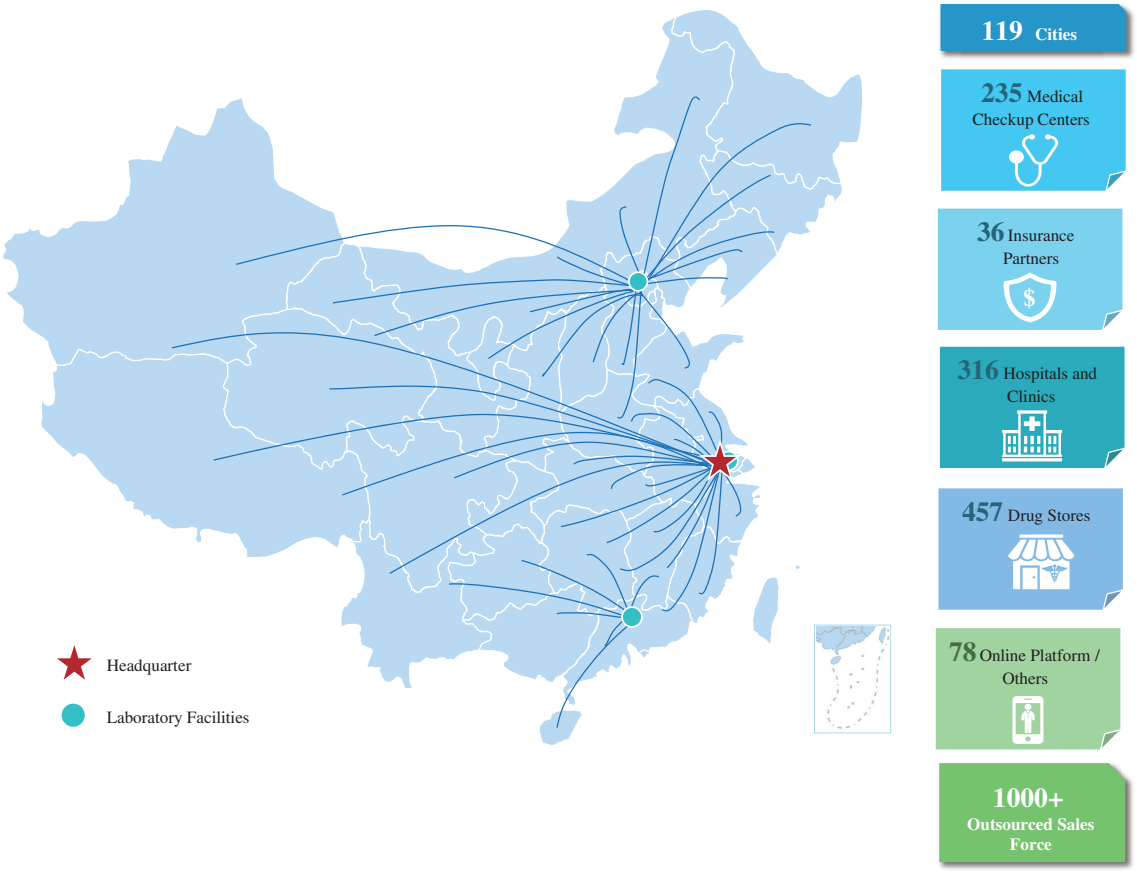
our two colorectal cancer screening products and their convenient home-use features have enabled us to market through multiple channels to quickly gain access to a large number of end-users and capture market share. We market our colorectal cancer screening products through multiple channels, including hospitals, health checkup centers and insurance companies and other direct sales channels. After ColoClear received the registration certificate from NMPA, we expect to significantly promote our brand name and enhance awareness of our products and tests not only among KOLs and physicians but also among end-users.

We promote the awareness of our products through, (i) mass market education, (ii) participating in and sponsoring medical summits, conferences and seminars, (iii) engaging with media and charitable organizations to increase public awareness, and (iv) global partnership and clinical research sponsorship with hospitals and research institutions. Our marketing efforts are facilitated through both online platforms and offline channels, to our existing customers and potential new customers.

In addition to our in-house sales and marketing team, we also collaborate with CSOs to promote our products. For example, to promote ColoClear, we have collaborated with leading CSOs in China to leverage its sales and marketing expertise and extensive coverage on hospitals in China. Pursuant to our agreements with the CSOs, they generally have the exclusive right to promote our products to a designated list of sales channels, such as hospitals and pharmacies. Typically, our CSOs are prohibited from promoting competing products to the designated hospitals and/or pharmacies under the relevant contracts. Depending on the relevant agreements, we are charged on a full-time-equivalent basis, which is calculated based on the fix rate per period of time per sales personnel promoting our products as prescribed in such agreements. We generally set annual sales targets in the agreements. The term of such agreements can typically be renewed on the condition that the CSO achieves certain sales targets.

Our Sales Operations

We provide our products to end-users through direct sales channels including hospitals, health checkup centers, insurance companies, pharmacies and online channels, and to a much lesser extent, through distributors. We offer ColoClear primarily through hospitals and health checkup centers, and Pupu Tube primarily through insurance companies, pharmacies and online channels. We have established a robust sales and distribution network, covering 119 cities in China as of the Latest Practicable Date. The following map illustrates our sales and distribution network as of September 30, 2020:



Note: Our laboratory testing facilities in Guangzhou are expected to be in full operation in the first quarter of 2021.

The following table sets forth a breakdown of our revenue generated from direct sales and sales through distributors:

	Year Ended December 31,				Nine Months Ended September 30,	
	2018		2019		2020	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Direct sales	17,534	93.2	54,922	94.2	33,934	96.1
Sales through distributors	1,282	6.8	3,353	5.8	1,375	3.9
Total	**18,816**	**100.0**	**58,275**	**100.0**	**35,309**	**100.0**

Direct Sales

Our direct sales channels mainly include hospitals, health checkup centers, insurance companies, pharmacies and online channels. We also utilize offline sales efforts, such as CSOs, to market our products directly to end users. We expect to continue to use the direct sales model as our primary sales model after NMPA approval of ColoClear IVD.

Hospitals

The cancer screening tests we promote at hospitals are primarily ColoClear. We have been focusing on clinical utility and academic promotion to market our colorectal cancer screening tests to physicians and hospitals. The clinical data of our ColoClear and significantly improved user-experience compared to traditional colorectal cancer screening solutions enable us to advance academic marketing and deepen our collaboration with hospitals. We have conducted clinical colorectal cancer screening research studies in cooperation with over 40 scientific institutions in China. As of the Latest Practicable Date, ColoClear had been recommended by thousands of physicians across China. The China Anti-Cancer Association (中國抗癌協會) 2018 guidelines recommended both ColoClear and Pupu Tube for colorectal cancer screening, which we believe will further enhance adoption by hospitals and physicians. As of December 31, 2018 and 2019, and September 30, 2020, our sales network covered a total of 16, 282 and 316 hospitals, respectively. Such relationships were developed by our in-house sales team or through CSOs.

We normally enter into collaboration agreements with hospitals for a term of one to four years, which may be renewed upon mutual consent. In general, pursuant to such agreements, hospitals may order cancer screening tests from us, which are applied to end-users at the prices agreed by the hospitals and us. We typically do not impose minimum order requirements on hospitals. The agreements with hospitals are typically subject to termination if we cannot provide qualified products within the specified time frame unless due to force majeure.

Health checkup centers

We promote both ColoClear and Pupu Tube at heath checkup centers. We have established solid business collaborations with leading heath checkup centers across China, which we believe enables us to fast penetrate the market with a well-developed end-user base and to extensively promote market acceptance of our colorectal cancer screening products. Heath checkup centers also benefit from the convenience and high efficacy of our products. As of December 31, 2018 and 2019, and September 30, 2020, our sales network covered a total of 150, 212 and 235 health checkup center chains, respectively.

For example, we have established collaboration with iKang, one of the largest health checkup center chains in China since 2016, under which iKang promotes our colorectal cancer screening products, which are included in the bundled health checkup program provided by iKang to its customers. Under the relevant collaboration agreements, iKang agrees to purchase, based on the end-users' demand, ColoClear and Pupu Tube from us and is responsible for assisting us in promoting products through relevant channels and providing customer services. We are responsible for maintaining a basic inventory level for our products to meet the purchase demand from iKang.

We normally enter into collaboration agreements with health checkup centers for a term of one year, which may be renewed upon mutual consent. In general, pursuant to such agreements, health checkup centers may order our products based on demands from its customers, with no minimum order requirement. Such collaboration agreements with health checkup centers can typically be terminated based on mutual consent from both parties.

We believe such collaboration with industry-leading health checkup centers, such as iKang, on a national scale will further promote market acceptance of our colorectal cancer screening technology and products. At the same time, it is expected to boost colorectal cancer screening in asymptomatic patients, which will contribute to diagnosis of colorectal cancer or precancerous adenoma to allow early-stage intervention.

Insurance companies

We promote both ColoClear and Pupu Tube through collaborations with our insurance partners including insurance companies and agencies. As colorectal cancer is one of the most preventable cancers and could bring significant cost savings if detected at early stage, we see significant synergies in partnering with insurance companies to provide affordable and convenient home-testing options for their insurants. We have partnered with insurance companies, typically in the form that they purchase our products and offer to their clients in order to help them monitor the insurants' health status and promote cancer screening. We leverage on our insurance partners' strong client interaction and service capabilities supported by their large number of field agents to promote our colorectal cancer screening products. As of December 31, 2018 and 2019, and September 30, 2020, our sales network covered a total of 18, 28 and 36 insurance partners, respectively.

We generally enter into collaboration agreements with insurance companies for a term of two to three years, which may be renewed upon mutual consent. Pursuant to such agreements, insurance companies may order cancer screening products from us and we provide technical consulting services in relation to our products. We typically do not impose minimum order requirements on insurance companies. Such collaboration agreements are typically subject to termination pursuant to written agreement by both parties or unremedied breach by one party.

Pharmacies

We also offer our products, including both Pupu Tube and ColoClear, to end-users through pharmacies, including both retail and in-hospital pharmacies to access mass retail users. As of December 31, 2018 and 2019, and September 30, 2020, our sales network covered a total of 9, 35 and 56 retail pharmacy companies, respectively. We started to build sales network covering in-hospital pharmacies since 2019. As of December 31, 2019 and September 30, 2020, our sales network covered a total of 158 and 401 in-hospital pharmacies, respectively.

Our agreements with retail and in-hospital pharmacies generally have a term of one year, which may be renewed upon mutual consent. Pursuant to such agreements, pharmacies may order cancer screening products from us, typically with no minimum order requirement. In general, pharmacies are required to sell our products to end-users at the prices agreed with us. Such agreements with pharmacies can typically be terminated at any time upon mutual consent from both parties.

Online Channels

We also offer our products, including both ColoClear and Pupu Tube, to end users through online healthcare platforms, such as DoctorWork and Ping An Good Doctor. Our online channels enable direct sales of our products to end-users. Such online platforms provide us with access to their large health-conscious customer base and additional patient groups in remote locations. As of December 31, 2018 and 2019, and September 30, 2020, our sales network covered a total of 30, 48 and 78 online channels.

Our agreements with online healthcare platforms generally have a term of approximately one year, which may be renewed upon mutual consent. Online healthcare platforms are generally required to sell our products to end-users at the prices agreed with us. Certain online healthcare platforms may order cancer screening products from us and we generally do not impose minimum order requirements on online platforms. Such agreements are typically subject to termination pursuant to written agreement by both parties or unremedied breach by one party.

Sales through distributors

In addition, we also cooperate with distributors who purchase our products from us and further distribute our products to downstream customers. Our sales through distributors include sales to customers which (i) we contracted as distributor or promotion agent; (ii) are authorized or obligated to conduct wholesale business of our products; (iii) are authorized or obligated to promote or market our products; or (iv) agreed to share promotion and marketing expenses and fees based on allocation agreed between parties. Our distributors primarily engage in the medical device distribution business. Our sales and marketing team screens and selects distributors whom we believe have the required qualifications and capabilities and are suited to our strategic marketing model, and establishes and maintains resource sharing with our distributors to effectively execute our marketing strategies specifically tailored to each designated geographic location. We believe that our existing distributorship model is consistent with customary industry practice and serves to ensure efficient coverage of our sales network while controlling our cost of distribution.

Upon selecting distributors, we will first evaluate their qualifications. We select our distributors based on their experience in the medical device industry, particularly in cancer screening devices. In addition, they must possess the requisite business licenses and permits to sell medical devices in the respective jurisdiction and have established relationships with hospitals, and health checkup centers and physicians within their designated territory. Before we appoint a distributor, we assess its sales staff and management to help ensure that they have the appropriate educational background and professional skills. We may also consult with the hospitals, health checkup centers, insurance companies, pharmacies or online channels regarding our choice of distributors. We review the qualifications of our distributors when our contracts with them are due to be renewed. During the Track Record Period, none of our distributors had any past or present relationship (business or otherwise) with our Group, our shareholders, directors, supervisors, senior management or any of their respective associates.

Rights and obligations relating to the sales of our products

Our agreements with distributors typically include terms such as the designated distribution area and hospitals, target order amount, rebates and credit terms. The typical principal terms are summarized below.

Duration and option to renew	The distribution agreements typically have a term of one to three years and may be renewed upon mutual consent.
Designated geographical regions	The geographical regions, hospitals and health checkup centers for which a distributor is responsible are designated. Generally, a distributor is prohibited from selling our products outside its designated geographical regions, hospitals or health checkup centers.
Exclusivity	Generally, a distributor is prohibited from promoting and selling competing products, and we should not engage other distributors to promote and sell our products in the designated geographical region.
Target order amount/minimum purchase amount	We generally set a target order amount during the term for our distributors. For some distributors, we also set a minimum purchase amount.
Payment and credit terms	We have granted credit terms to some distributors, typically up to one month, while other distributors are required to make payment in full prior to shipping.
Termination	We are generally entitled to terminate the agreement without cause upon a one-month prior notice. In addition, for certain distributors, we are entitled to terminate the agreement when the distributor fails to meet the minimum purchase amount target.

We conduct annual review of our distributors, based on their business performance and regulatory compliance. Our distributors are generally required to comply with all applicable laws and regulations, such as anti-bribery and anti-kickback laws and regulations, and obtain relevant permits to sell and distribute medical devices. Distributors' business performance is primarily evaluated based on the distributors' sales performance, specifically whether they meet the target order amount and minimum purchase amount, and feedbacks from the designated hospitals and health checkup centers. We also review their compliance with applicable laws and regulations. Our sales and marketing department monitors, manages and supports the activities of our distributors to help ensure that they comply with our guidelines, policies and procedures. We generally do not grant any kinds of cash rebates to our distributors. We may grant different incentive and discount to our distributors on a case by case basis, such as giving additional products for free to our distributors if they meet certain sales targets. We retain the discretion to adjust their credit terms, renegotiate order price and certain other commercial terms with them based on the review results.

During the Track Record Period, we generally maintained effective management and control over our distributors. We regularly communicate and conduct review with our distributors primarily regarding their inventory level, sales amount and marketing activities, as applicable. We believe we can minimize the risk of channel stuffing since we recognize revenue from ColoClear when we complete the testing service and deliver test results and a substantial portion of our revenue is generated from direct sales. For the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020, our revenue generated from direct sales accounted for 93.2%, 94.2% and 96.1% of our revenue, respectively.

During the Track Record Period, our distributors did not materially breach our contract terms, and we did not have any disputes with our distributors relating to the settlement of trade receivables. As of the Latest Practicable Date, we were not aware of any potential abuse or improper use of our name by our distributors which could adversely affect our reputation, business operation or financial contribution.

Relationship with distributors

As of December 31, 2018, 2019 and September 30, 2020, we had a total of 47, 73 and 56 distributors, respectively. The following table sets forth the changes in the number of our distributors for the periods indicated:

	For the Year ended December 31,		For the Nine Months Ended September 30,
	2018	**2019**	**2020**
As of the beginning of the period	25	47	73
Additions of new distributors	24	46	25
Termination of existing distributors[(1)]	2	20	42
Net increase (decrease) in distributors	22	26	(17)
As of the end of period	47	73	56

Note:

(1) Our sales arrangement with a distributor is terminated when either party terminates the distribution agreement within the term of the agreement or chooses not to renew the agreement.

Our sales arrangement with a total of 64 distributors was terminated during the Track Record Period for various reasons, including the expiration of distribution agreement, distributors' failure to meet their target order amount and distributors' change of business.

Return and Exchanges

In general, we do not allow return or exchange of Pupu Tube or the ColoClear sample collection kits, which are provided to users in order to conduct the tests, other than for product quality issues. We may consider to allow return or exchange for products that are expired or about to expire at our sole discretion by considering the contractual terms, specific scenarios and our working relationship with the customers. Revenues from provision of ColoClear tests are not recognized until the tests are completed or the exchange period following product expiration ends. We recognize refund liabilities if we expect to refund some or all of the considerations received from customers. As of December 31, 2018 and 2019 and September 30, 2020, our refund liabilities accounted for RMB0.3 million, RMB3.3 million and RMB1.2 million, respectively. For details, see "Financial Information – Significant Accounting Policies and Estimates – Revenue Recognition". During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material product return from customers.

Pricing

As of the Latest Practicable Date, there was no tender or bidding process or guidance price set by relevant PRC government authorities on our products. For our direct sales customers, we negotiate the price directly with them on a case-by-case basis. With respect to sales through distributors, generally, our distributors set retail prices directly with its customers, and such retail prices shall conform to the suggested resale prices set in the distributorship agreement. We also conduct regular checks on their compliance to our pricing requirements.

CUSTOMERS

During the Track Record Period, we derived a majority of our revenues from our ColoClear provided as LDT services and Pupu Tube as a medical device. For the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020, the aggregate revenue generated from our five largest customers were RMB15.1 million, RMB24.6 million and RMB10.0 million, representing 80.1%, 42.2% and 28.4% of our revenue, respectively. Revenues generated from our largest customer for the same periods were RMB11.4 million, RMB20.0 million and RMB8.1 million, representing 60.7%, 34.3% and 23.0% of our revenue, respectively. Our five largest customers during the Track Record Period included health checkup centers, hospitals, medical service and products platform and insurance company. As we increase market penetration of ColoClear and Pupu Tube in China and expand our commercialization channels, we expect revenue contribution from our five largest customers to our total consolidated revenue will decrease. We generally allow for a credit period of up to three months, and for certain customers we may grant an extended credit term of up to 180 days. Our customers mainly include health checkup centers, hospitals, insurance companies, pharmacies, distributors and individual end-users. For example, we generally priced our ColoClear tests provided as LDT services to our various customers through different channels based on the retail price as well as background of the customers, reputation, coverage, track record of sales performance of other medical services and products, among others. Currently, we provide ColoClear test as medical service at a retail price of approximately RMB1,996. Retail price of Pupu Tube is approximately RMB100, and we would offer Pupu Tube at a discount price under government sponsored public welfare programs on a case-by-case basis. Hence the pricing with them varied depending on the specific customer type and was determined individually for those customers other than hospitals. We estimate that in 2018, more than 50% of our total revenue was contributed by health checkup centers while in 2019 and for the nine months ended September 30, 2020, more than 70% of our total revenue came from hospitals and health checkup centers in aggregate. As we obtained NMPA approval of ColoClear IVD in November 2020, which gives us the flexibility to directly sell ColoClear IVD to hospitals and other medical institutions, we expect revenue contribution from hospitals will remain stable and gradually increase.

Five Largest Customers for the year ended December 31, 2018	Customer Background	Sales Amount	Percentage of Revenue
		RMB'000	
Customer A	A large health checkup center chain and online channel with which we have had 5 years of business relationship	11,429	60.7%
Customer B	One-stop integrated medical service platform	1,294	6.9%
Customer C	Health checkup center	1,164	6.2%
Customer D	Hospital	840	4.5%
Customer E	Sale of medical equipment	345	1.8%
Total		**15,072**	**80.1%**

Five Largest Customers for the year ended December 31, 2019	Customer Background	Sales Amount	Percentage of Revenue
		RMB'000	
Customer A	A large health checkup center chain and online channel with which we have had 5 years of business relationship	19,999	34.3%
Customer F	Provider of medical device and other healthcare consultation and management services	1,512	2.6%
Customer D	Hospital	1,188	2.0%
Customer B	One-stop integrated medical service platform	1,092	1.9%
Customer C	Health checkup center	810	1.4%
Total		**24,601**	**42.2%**

Five Largest Customers for the nine months ended September 30, 2020	Customer Background	Sales Amount	Percentage of Revenue
		RMB'000	
Customer A	A large health checkup center chain and online channel with which we have had 5 years of business relationship	8,109	23.0%
Customer G	Hospital	689	2.0%
Customer D	Hospital	556	1.6%
Customer H	Distributor	349	1.0%
Customer I	Pharmacy	307	0.9%
Total		**10,020**	**28.4%**

During the Track Record Period, none of our Directors or any Shareholders who, to the knowledge of our Directors, owns more than 5% of our issued share capital immediately following the completion of the Global Offering (but without taking into account the exercise of the Over-allotment Option) nor any of their respective associates had any interest in any of our five largest customers.

During the Track Record Period, we provided ColoClear tests as LDT services in China with health check-up centers being the primary sales channel. We promoted the awareness of our services through mass market education, participating in and sponsoring medical summits, conferences and seminars, collaboration with KOLs and physicians, and engaging with media, charitable organizations and etc. However, we were not allowed to market and sell ColoClear IVD as a standalone product to hospitals before we obtained NMPA approval.

After NMPA approval for ColoClear IVD was granted, we plan to directly market our ColoClear IVD as a standalone product to hospitals and other medical institutions. As ColoClear is the first and only molecular cancer screening test in China approved by NMPA, we may adjust our sales strategy to achieve improved profit margin through the mix of sales channels including health check-up center.

CUSTOMER SERVICE

We provide channels for complaints regarding our products, a majority of which focus on the quality of our products. We did not receive any major customer complaints during the Track Record Period. We have an operations team dedicated to tracking and recording quality issues of our products and handling customer complaints and queries with online tracking system. Our operations team also investigates and analyzes the cause of issue raised by our customers and refers the quality issue to our management and relevant responsible departments for resolution and correction. We will recall our products for quality issues when necessary. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material product recalls due to quality issues. Because our products involve relatively new technology, we also provide technical support mainly in the form of training sessions to hospitals and health checkup institutions through our sales and marketing personnel, who follow up after sales of the products to collect data on the performance of our products. Our operations team also offers instructions for end-users to use our screening kits.

RAW MATERIALS AND SUPPLIERS

Suppliers

During the Track Record Period, our suppliers primarily consisted of (i) suppliers of our raw materials for production and testing services; (ii) CROs and SMOs, who provide third-party contracting services for research and development; (iii) CSOs, who support product promotion; and (iv) suppliers of other materials for research and development activities, machines and equipment for our production and testing services. For the years ended December 31, 2018 and 2019, and the nine months ended September 30, 2020, purchases from our five largest suppliers in aggregate accounted for 59.1%, 67.0% and 65.3% of our total purchases, respectively, and purchases from our largest supplier accounted for 18.3%, 26.7% and 29.8% of our total purchases for the same periods, respectively.

Five Largest Suppliers for the year ended December 31, 2018	**Raw materials/services purchased or obtained**	**Purchase Amount**	**Percentage of Cost**
		RMB'000	
Supplier A	Antigen antibody, nitrocellulose filter membrane and glass fiber etc.	1,673	18.3%
Supplier B	Packing box	1,316	14.4%
Supplier C	Ezamp Fast Taq DNA Polymerase	854	9.3%
Supplier D	Primers, probes and kits	850	9.3%
Supplier E	Centrifugal tube and pipette	710	7.8%
Total		**5,403**	**59.1%**

Five Largest Suppliers for the year ended December 31, 2019	Raw materials/services purchased or obtained	Purchase Amount	Percentage of Cost
		RMB'000	
Supplier F	Plastic parts	4,457	26.7%
Supplier B	Packing box	2,793	16.7%
Supplier A	Antigen antibody, nitrocellulose filter membrane and glass fiber etc.	1,496	9.0%
Supplier G	Instruction manual and packing box	1,443	8.6%
Supplier H	H.pylori reagent strip etc.	995	6.0%
Total		**11,184**	**67.0%**

Five Largest Suppliers for the nine months ended September 30, 2020	Raw materials/services purchased or obtained	Purchase Amount	Percentage of Cost
		RMB'000	
Supplier F	Plastic parts	3,662	29.8%
Supplier A	Antigen antibody, nitrocellulose filter membrane and glass fiber etc.	2,029	16.5%
Supplier B	Packing box	958	7.8%
Supplier G	Instruction manual and packing box	737	6.0%
Supplier C	Ezamp Fast Taq DNA Polymerase	639	5.2%
Total		**8,025**	**65.3%**

All of our five largest suppliers during the Track Record Period are Independent Third Parties. None of our Directors or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued share capital immediately following completion of the Global Offering (but without taking into account the exercise of the Over-allotment Option) nor any of their respective associates had any interest in any of our five largest suppliers during the Track Record Period. In addition, we believe that adequate alternative sources for such supplies exist and we have developed alternative sourcing strategies for these supplies. We will establish necessary relationships with alternative sources based on supply continuity risk assessment.

Raw Materials

For the production of our cancer screening products and product candidates, our principal raw materials are packaging and labeling materials, NC membrane and chemical reagents. We primarily use a limited number of suppliers for our principal raw materials, although there are alternate suppliers available for most of such materials. As of the Latest Practicable Date, our principal suppliers for raw materials of our ColoClear test and Pupu Tube product are based both in China and overseas, from whom we purchased raw materials on an as-needed basis.

We generally enter into supply agreements with our principal raw material suppliers. Our agreement with the supplier specifically lists our quality requirements. We will decide whether to accept the supply upon inspecting and examining the materials. Our principal suppliers for raw materials usually provide us with credit terms ranging from 30 to 90 days.

INVENTORY

Our inventories consist of raw materials, work in progress, finished goods and goods in transit to customers. Goods in transit to customers primarily consist of sample collection kits of our ColoClear test that are already delivered but whose revenue will not be recognized until the test is completed or the exchange period following product expiration ends. We maintain sufficient inventory level for our finished goods and our raw materials for testing and production, and such level will vary according to the demand of our customers, sales and production plans. Our raw materials mostly have a expiration period ranging from two to three years. We store substantially all our inventories in our headquarters in Hangzhou, Zhejiang province, China.

ColoClear sample collection kits and Pupu Tube have a shelf life of 12 months and 18 months, respectively. The sample stabilizer of the ColoClear sample collection kit has a shelf life of 12 months, and keeps the hemoglobin in the stool sample from degrading for up to 7 days at room temperature. The sample stabilizer might not perform as designed after expiration of its shelf life. Each of the reagent and test strip in Pupu Tube has a shelf life of 18 months and it might not perform as designed after expiration of its shelf life. Our products are generally sold on a first-in-first-out basis. To reduce the risk of inventory backlogs, we regularly review our inventory level. We also do regular physical inventory counts and stock checks to identify damaged products or expired or near expired products and to dispose of or stockpile these products. Our procurement department manages our inventory level by monitoring in real time our production activities and sales orders and also taking into consideration any emerging trends through discussions with our sales and marketing department. Based on this information, the planning department develops a production and inventory plan, which is updated on a monthly basis, and places orders with suppliers for any inventory which is expected to decline below targeted levels. Our inventory balance remained relatively stable from RMB4.5 million as of December 31, 2018 to RMB4.7 million as of December 31, 2019, and increased to RMB7.2 million as of September 30, 2020. Such increase

was primarily attributable to reduced orders from customers as a result of the COVID-19 outbreak and inventories stocked in preparation for future sales in anticipation of NMPA approval of ColoClear IVD. During the Track Record Period, we did not experience any material shortage of inventory.

QUALITY CONTROL

We have a quality management department that devotes significant resources to quality management of our products. We have our own quality control system and devote significant attention to quality control for the designing, research and development manufacturing, testing and transportation of our products and product candidates. Our management team is actively involved in setting quality control policies and managing our internal and external quality performance. We have established a strict quality control system in accordance with NMPA and other applicable regulations and standards.

As of the Latest Practicable Date, our quality management department consists of 14 employees. The department is divided into a quality control team and a quality assurance team. Our quality control team is responsible for inspecting raw materials, production process and the quality of finished goods. Our quality assurance team focuses on the establishment, implementation and maintenance of our quality management system, as well as monitoring our operation in real time throughout the entire development and production process to ensure its compliance with the applicable regulatory and industry requirements.

Quality Control of Raw Material Supply

Prior to entering into supply agreements with our raw material suppliers, we perform background checks on the operating history, track record and market reputation of a list of potential suppliers, procure different product samples from the potential suppliers for inspection and testing by our quality management department, conduct site visits and examine the production facilities of the potential suppliers to help ensure that the suppliers that we select meet our quality requirements.

For our raw materials, suppliers are obligated to take measures to comply with our quality control standards for their products and production process. We are entitled to conduct on-site audits at the suppliers' premises to monitor their compliance with agreed quality assurance actions, which may be effected in the form of system, process or product audits. We also conduct off-site information assessments to evaluate the suppliers' performance. Traceability of the raw material supplies is required for our principal suppliers. Upon receiving supplies, we retain the right to reject or return based on our inspection and examination results.

Quality Control of Inventory

Our quality management department and our warehouse personnel take responsibilities and collaborate to help ensure the quality of our raw materials and product inventory. The quality management department is in charge of inspecting and examining raw materials and products before they are accepted as inventory.

The warehouse personnel is responsible for recording the inventory to ensure the traceability of our raw materials and products, the regular storage, maintenance and inspection of the inventory and warehouse maintenance. Designated warehouse personnel inspect the inventory on a regular basis according to the required storage and maintenance conditions of relevant inventory. For example, some of our products and raw materials require cold chain storage, and we have trained our designated personnel to administer and operate the cold-chain storage, including temperature control and monitoring, categorization of inventory based on different temperature requirements.

Quality Control for Testing

See "– Testing and Manufacturing Capacity – Testing Facilities."

Quality Control for Manufacturing

Our quality management department is responsible for ensuring that we comply with applicable regulatory and industry standards throughout the entire manufacturing process through regular on-site inspections. During the course of the production process, we perform regular cleaning and maintenance procedures to prevent contamination or cross contamination. In addition, we perform regular dust, microbiological, pressure difference, temperature and humidity tests in our production facilities in accordance with our detailed manufacturing standards.

Each batch of our products is subject to a strict sample inspection before sales. We also conduct sample testing on certain work in progress and semi-finished products at particular stages of production. In addition, our quality control team inspects the documentation relating to product quality, including its batch records, laboratory control records, production process records and other information that may impact product quality. Thereafter, they conduct a final review on all documents and determine whether a specific product can be released for shipment. Products that do not meet our quality standards are destroyed or otherwise disposed of in accordance with the relevant environmental control requirements.

Quality Control for Transportation

Our quality management department monitors the transportation process and administers transportation records, and our sales and marketing department provides technical support. SF Express and JD Express are engaged to handle the transportation of our products. We have generally entered into shipment agreements with our shipment service vendors. We also have designated logistics personnel to handle the cold-chain transportation of reagent.

Customer Service Quality Control

We are able to track our products sold to our end customers. We analyze feedback from our distributors and hospitals and handle any customer complaints with respect to the quality of our products. Quality complaints, both verbal and written, are documented and investigated pursuant to standard procedures. We have dedicated employees responsible for responding to complaint calls.

If any product falls short of the relevant quality standards, we will replace the defective product at our own costs. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product returns or product liability claims.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights are important to our business. Our future commercial success depends, in part, on our ability to obtain and maintain patents and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the valid, enforceable intellectual property rights of third parties.

As of the Latest Practicable Date, we owned 71 patents and patent applications, including 41 invention patents and patent applications, 6 utility model patents and 24 industry design patents and patent applications. We own 15 issued patents and have submitted 8 patent applications in China, and own 14 issued patents and have submitted 34 patent applications in 17 countries or regions outside the PRC. Among the overseas patents and patent applications, there are 4 patent applications submitted in the United States, 30 patent applications submitted in other overseas countries and regions, and 5 valid applications under the PCT relating to certain of our products, product candidates and technologies. As of the Latest Practicable Date, we self-owned all of our patents as well as patent applications and had no co-own or co-share arrangements of our patents and patent applications with third parties.

The table below lists the portfolio of material patents and patent applications of our ColoClear, Pupu Tube and other product candidates as of the Latest Practicable Date:

Patent No.	Name of Patent	Scope of patent protection	Jurisdiction (country/ region)	Status	Applicant/ Patentee	Patent expiration	Commercial rights
201810502359.7	Product for early detection of colorectal cancer prepared based on BMP3 gene methylation (基於BMP3基因甲基化製備結直腸癌早期檢測的產品)	The invention discloses a BMP3 gene methylation sequence-based early colorectal cancer detection method, which can be used for assisting in diagnosing early colorectal cancer.	PRC	Effective	Hangzhou Nuohui	2038	PRC
201810502387.9	Use of the product for testing of the rsID of NDRG4 gene methylation in the preparation of product for early detection of colorectal cancer (檢測NDRG4基因甲基化位元點的產品在製備結直腸癌早期檢測的產品的用途)	The invention discloses a colorectal cancer early detection method based on NDRG4 gene methylation sequence.	PRC	Effective	Hangzhou Nuohui	2038	PRC
201710078782.4	A compact device for faecal sampling and occult blood test (一種糞便取樣及隱血檢測一體化裝置)	Disclosed as an integrated device for faeces sampling and occult blood detection, which consists of a lid, a main body container sealed tube, a stop block, a piston, a test strip cardslot, a sealed sheet, a base, and a faecal sampling stick.	PRC	Effective	Hangzhou Nuohui	2037	PRC
201720131132.7	A compact device for faecal sampling and occult blood test (一種糞便取樣及隱血檢測一體化裝置)	The utility model provides a fecal sampling and occult blood testing compact device.	PRC	Effective	Hangzhou Nuohui	2027	PRC

Patent No.	Name of Patent	Scope of patent protection	Jurisdiction (country/ region)	Status	Applicant/ Patentee	Patent expiration	Commercial rights
201730038649.7	Compact device for faecal sampling and occult blood test (糞便取樣及隱血檢測一體化裝置)	The shape of an excrement sampling and occult blood testing compact device.	PRC	Effective	Hangzhou Nuohui	2027	PRC
201720056386.7	Quantitative faecal sampling and pretreatment unit (定量糞便取樣和預處理裝置)	The utility model provides quantitative fecal sampling and pretreatment unit, the unit includes lid, main part container and base.	PRC	Effective	Hangzhou Nuohui	2027	PRC
201930137831.7	Urine collection unit (尿液採集器)	The main points of the industrial design include the shape of the cup body of the urine collector unit and the combination of the cup body, the handle and the pin shaft.	PRC	Effective	Hangzhou Nuohui	2029	PRC
201510297661.X	A faecal sample treatment method and its application (一種糞便樣品的處理方法及其應用)	The invention provides a fecal sample treatment method and its application.	PRC	Effective	Hangzhou Nuohui	2035	PRC
201520100421.1	A faecal sample collection unit (一種糞便樣品收集裝置)	The utility model discloses a kind of fecal sample collection unit.	PRC	Effective	Hangzhou Nuohui	2025	PRC
201420067608.1	Faecal sample collection unit (糞便樣品收集裝置)	The utility model relates to the technical field of hygienic products and discloses an fecal sample collection device.	PRC	Effective	Hangzhou Nuohui	2024	PRC

Patent No.	Name of Patent	Scope of patent protection	Jurisdiction (country/ region)	Status	Applicant/ Patentee	Patent expiration	Commercial rights
201210299951.4	A faecal sampling and occult blood self-testing unit (一種大便採樣和隱血自測器)	The invention provides a device for fecal sampling and occult blood self-testing. The device comprises a cover, a main container, a stool sampling rod, a stool sampling rod guide channel, a stool dissolution tank, a stool liquid filter pipe, a communication pipe and a test strip detection tank.	PRC	Effective	Hangzhou Nuohui	2032	PRC
201780086432.0	A compact device for faecal sampling and occult blood test (一種糞便取樣及隱血檢測一體化裝置)	The utility model provides a fecal sampling and occult blood testing compact device. The device comprises a lid, a main body container sealed tube, a stop block, a piston, a test strip cardslot, a sealed sheet, a base, and a faecal sampling stick.	PRC	Entering into substantive review procedure	Hangzhou Nuohui	N/A	PRC
201710034302.4	Quantitative faecal sampling and pretreatment unit (定量糞便取樣和預處理裝置)	The present invention provides quantitative fecal sampling and pretreatment unit. The unit comprises a cover, a main body container and a base.	PRC	Entering into substantive review procedure	Hangzhou Nuohui	N/A	PRC

Patent No.	Name of Patent	Scope of patent protection	Jurisdiction (country/ region)	Status	Applicant/ Patentee	Patent expiration	Commercial rights
201921755130.0	A compact sampling unit (一體式採樣裝置)	The utility model discloses an integrated sampling device, comprising a frame, a fixing piece arranged on the frame, and a sample receiving assembly formed in the frame.	PRC	Effective	Hangzhou Nuohui	2029	PRC
201930538259.5	Urine collection unit (尿液收集器)	The industrial design provides the shape of urine collector unit.	PRC	Notification of Appearance Design Patent	Hangzhou Nuohui	N/A	PRC
201920425835.X	Urine sampling unit (尿液採集器)	The utility model discloses the urine collector unit, including the cup body, handle and pin shaft.	PRC	Effective	Hangzhou Nuohui	2029	PRC
202080000356.9	Urine sample storage and composition for and method of DNA extraction (尿液樣本保存及DNA提取的組合物及方法)	The invention provides composition and methods for storing urine sample.	PRC	New application submitted	Hangzhou Nuohui	N/A	PRC
202080000357.3	Composition for and method of HPV detection (檢測人乳頭瘤病毒的組合物和方法)	The invention provides composition and methods for HPV detection.	PRC	New application submitted	Hangzhou Nuohui	N/A	PRC
202030073874.6	Urine collection unit (尿液採集器)	The industrial design product provides a shape of the urine collection unit.	PRC	Effective	Hangzhou Nuohui	2030	PRC

Patent No.	Name of Patent	Scope of patent protection	Jurisdiction (country/ region)	Status	Applicant/ Patentee	Patent expiration	Commercial rights
201510486088.7	Primers and probes for use of testing the methylation level of BMP3 and NDRG4 in bio-samples (用於檢測生物樣本中BMP3和NDRG4甲基化水準的引物和探針)	The invention provides a primer and a probe for detecting methylation levels of BMP3 and NDRG4 in a biological sample and further provides a method and a kit for detecting the methylation levels of BMP3 and NDRG4 in the biological sample by virtue of the primer and the probe.	PRC	Under re-examination upon refused review	Hangzhou Nuohui	N/A	PRC
201510297544.3	Primers and probes for use of testing H. pylori and its East Asian sub-type (用於檢測幽門螺桿菌及其東亞型分型的引物和探針)	The invention provides a primer and a probe for detecting helicobacter pylori, and further provides a primer and a probe for detecting EAS subtype of helicobacter pylori.	PRC	Under re-examination upon refused review	Hangzhou Nuohui	N/A	PRC
201410334771.4	Stabilizing bath of faecal sample and its preparation method and application (糞便樣品穩定液及製備方法與應用)	The invention relates to the field of molecular biology, and discloses a faeces sample stabilizing solution.	PRC	Effective	Hangzhou Nuohui	2034	PRC
201980033966.6	The kit for screening colorectal cancer and advanced adenoma and its application (篩查結直腸癌和晚期腺瘤的試劑盒及其應用)	The present invention relates to compositions and methods for screening colorectal cancer and advanced adenoma, and other applications.	PRC	New application submitted	Hangzhou Nuohui	N/A	PRC

Patent No.	Name of Patent	Scope of patent protection	Jurisdiction (country/ region)	Status	Applicant/ Patentee	Patent expiration	Commercial rights
17896392.2	Integrated device for faeces sampling and occult blood detection	Disclosed as an integrated device for faeces sampling and occult blood detection, which consists of a lid, a main body container sealed tube, a stop block, a piston, a test strip cardslot, a sealed sheet, a base, and a faecal sampling stick.	EU	New application submitted	Hangzhou Nuohui	N/A	EU
16/484,731	Integrated device for faeces sampling and occult blood detection	Disclosed as an integrated device for faeces sampling and occult blood detection, which consists of a lid, a main body container sealed tube, a stop block, a piston, a test strip cardslot, a sealed sheet, a base, and a faecal sampling stick.	U.S.	New application submitted	Hangzhou Nuohui	N/A	U.S.
16/653,154	Methods and systems for predicting or diagnosing cancer	Disclosed as a machine learning method to predict and diagnose cancer	U.S.	New application submitted	Hangzhou Nuohui	N/A	U.S.
19806858.7	The kit for screening colorectal cancer and advanced adenoma and its application	The invention discloses a BMP3 gene methylation sequence-based early colorectal cancer detection method, which can be used for assisting in diagnosing early colorectal cancer.	EU	New application submitted	Hangzhou Nuohui	N/A	EU

Patent No.	Name of Patent	Scope of patent protection	Jurisdiction (country/ region)	Status	Applicant/ Patentee	Patent expiration	Commercial rights
2020-564893	The kit for screening colorectal cancer and advanced adenoma and its application	The invention discloses a BMP3 gene methylation sequence-based early colorectal cancer detection method, which can be used for assisting in diagnosing early colorectal cancer.	Japan	New application submitted	Hangzhou Nuohui	N/A	Japan
17/057,227	The kit for screening colorectal cancer and advanced adenoma and its application	The invention discloses a BMP3 gene methylation sequence-based early colorectal cancer detection method, which can be used for assisting in diagnosing early colorectal cancer.	U.S.	New application submitted	Hangzhou Nuohui	N/A	U.S.
006954624-0001	Urine collector	The industrial design provides the shape of urine collector unit.	EU	Effective	Hangzhou Nuohui	2044	EU
2019-021704	Urine collector	The industrial design provides the shape of urine collector unit.	Japan	Effective	Hangzhou Nuohui	2039	Japan
29/707,355	Urine collector	The industrial design provides the shape of urine collector unit.	U.S.	New application submitted	Hangzhou Nuohui	N/A	U.S.

The term of an individual patent may vary based on the countries/regions in which it is granted. In most countries and regions in which we file patent applications, including China and the United States, the term of an issued invention patent is generally 20 years from the filing date of the earliest non-provisional patent application on which the patent is based in the applicable country. In the United States, a patent's term may be lengthened in some cases by a patent term adjustment, which extends the term of a patent to account for administrative delays by the United States Patent and Trademark Office, or USPTO, in excess of a patent applicant's own delays during the prosecution process, or may be shortened if a patent is terminally disclaimed over a commonly-owned patent having an earlier expiration date.

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 issue 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 or licensed issued patents or any such patents that may be issued in the future will be commercially useful in protecting our product candidates and methods of manufacturing the same.

We may 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 agreements with consultants, scientific advisers and contractors. We have entered into confidentiality agreements and non-competition agreements with members of our senior management and certain key members of our research and development team and other employees who have access to trade secrets or confidential information in relation to our business. Our standard employment contract contains an assignment clause, under which we own all the rights to all inventions, technology, know-how and trade secrets derived during the course of such employee's work.

These agreements may not provide sufficient protection of our trade secret and/or confidential information. These agreements may also be breached, resulting in the misappropriation of our trade secret and/or confidential information, and we may not have an adequate remedy for any such breach. In addition, our trade secret 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 physical security of our premises and 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. See "Risk Factors – Risks Relating to Our Operations – Our internal computer systems may fail or suffer security breaches".

We also own a number of registered trademarks and pending trademark applications. We conduct our business under the tradename "New Horizon Health" ("諾輝健康"). As of the Latest Practicable Date, we had registered trademarks for our Company and our corporate logo in China and other jurisdictions and are seeking trademark protection for our Company and our corporate logo in the United States and other 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, and we had not received notice of any material claims of infringement of, any intellectual property rights that are threatened or pending, in which we may be a claimant or a respondent. For details, see "Statutory and General Information – B. Further Information about Our Business – 2. Our Intellectual Property Rights" in Appendix IV in this Prospectus.

During the Track Record Period, we encountered rejection of certain our patent applications in relation to our ColoClear IVD and mutation detection technology due to data sufficiency and novelty concerns by the patent review authorities. The Company was eventually granted ColoClear IVD and mutation detection technology patents with revised applications. See "Risk Factors – Risks Relating To Our Intellectual Property Rights."

COMPETITION

The cancer screening market in which we operate is characterized by rapid changes resulting from technological advances and scientific discoveries. In addition, it is subject to changes in the overall healthcare industry in China and globally. While we believe that our product development experience and research and development, testing and manufacturing capabilities provide us with competitive advantages, we face potential competition from various sources, including major international as well as domestic companies which are also developing cancer screening tests.

Our key competitors in the cancer screening market (including colorectal cancer and other cancer types) in China and overseas include (i) Epigenomics AG, which has a colorectal cancer screening product, Epi proColon, approved by the FDA and obtained CE Mark, targeting the US and EU markets, (ii) Exact Sciences Corporation, which has a colorectal cancer screening product, Cologuard, approved by the FDA and obtained CE Mark, and a pan-cancer screening product candidate under clinical trial, both targeting the US market, (iii) Freenome Holdings, Inc., which has a colorectal cancer screening product candidate under clinical trial targeting the US market, (iv) GRAIL, Inc., which has a pan-cancer screening product candidate under clinical trial targeting the US and EU markets, (v) Guardant Health, Inc., which has a colorectal cancer screening product candidate under clinical trial targeting the US market, (vi) Burning Rock Biotech Ltd., which has a pan-cancer screening product candidate under clinical trial targeting China market, and (vii) Genetron Holdings Ltd., which has a liver cancer screening product candidate under clinical trial targeting China market.

We compete primarily on the basis of our products' proven track record of reliable performance, our first-mover advantage in the Chinese market, brand recognition among hospitals and physicians, clinical data based on real-world outcomes and the level of technical support and training we provide to physicians. We believe that our continued success depends on our ability to (i) effectively market our products; (ii) innovate and develop advanced technology; (iii) develop a broad portfolio of proprietary products; (iv) maintain high quality standards; and (v) obtain and maintain regulatory approvals.

Several of our competitors may have significantly greater financial and other resources and may have longer track records and greater expertise in research and development, clinical trial, obtaining regulatory approvals and commercialization of approved products and may enjoy wide brand name recognition globally. Mergers and acquisitions in the medical device industry may result in even more resources being concentrated among a small number of our competitors. Smaller or early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and subject registration for clinical trials, as well as in acquiring technologies or products complementary to, or necessary for, our products.

Our competitors dedicate, and we believe they will continue to dedicate, significant resources to promote their products aggressively. They may develop technologies and products that are safer, more effective, easier to use or less expensive than ours. They may also obtain FDA, NMPA or other regulatory approval for their products earlier than we obtain approval for ours, which could result in our competitors establishing a strong market position ahead of us. We may encounter physicians, especially in the global market, who are committed to or prefer the products offered by our competitors due to existing relationships with our competitors. Any of these events could reduce or eliminate our commercial opportunities.

For competitive landscape of our products and products candidates, see "– Our Product and Product Pipeline" in this section and "Industry Overview" in this Prospectus.

EMPLOYEES

As of September 30, 2020, we had 322 employees in total. The following table sets forth the number of our employees categorized by function as of September 30, 2020.

Function	Number
Manufacturing	58
Sales and Marketing	117
Research and Development	27
Quality Control	12
General*(Note)*	108
Total	322

Note: General includes human resource department, finance department, and other administrative departments.

Substantially all of our employees are stationed in China. In compliance with the applicable labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. These employment contracts typically have terms of three years.

To remain competitive in the labor market, we provide various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, project and stock incentive plans to our employees especially key employees.

We require all of our employees, especially those involved in sales and marketing and business development activities, to abide by our anti-bribery and anti-corruption compliance requirements and applicable laws and regulations to eliminate bribery and corruption risks. We closely monitor our employees' compliance with anti-bribery and anti-corruption policies.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes, labor disputes or industrial actions which had a material effect on our business, and we consider our relations with our employees to be good. As of the Latest Practicable Date, we did not have any non-compliance with statutory social security insurance fund and housing fund obligations applicable to us under applicable laws in all material respects.

Employment Agreements with Key Management and Research and Development Staff

We enter into standard confidentiality and employment agreements with our key management and research and development staff. The contracts with our key personnel typically include a standard non-compete agreement 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. Employees also sign acknowledgments 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 and Senior Management".

None of our employees are currently represented by labor unions. We believe that we maintain good working relationships with our employees and we did not experience any significant labor disputes or any significant difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

Training and Development

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 for our employees from time-to-time 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.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. We maintain social welfare insurance for our employees in accordance with relevant PRC laws and regulations, and we also maintain commercial insurance for our employees. We purchase group insurance policies for our end users who purchase and use our products. The end users would be eligible for claim if a false negative result is produced. We currently do not maintain product liability insurance. We are currently looking for opportunities to acquire product liability insurance.

PROPERTIES AND FACILITIES

We are headquartered in Hangzhou, Zhejiang province, China, and leased properties in Hangzhou, Beijing and Guangzhou with an aggregate rented area of 14,661 sq.m. currently in use. This includes approximately 3,900 sq.m. of GFA for manufacturing facilities, 6,300 sq.m. for laboratories, and the rest for office use.

The relevant lease agreements generally provide a duration of three years.

In addition, as of the Latest Practicable Date, we sub-leased one property for our offices with a GFA of approximately 1,994 sq.m. to a subsidiary of ours. We have not obtained the consent to sub-lease from the landlord. As advised by our PRC Legal Advisor, the relevant lease may be deemed as invalid or unenforceable if challenged by the landlord and we may be required to relocate. As of the Latest Practicable Date, we had not been aware of the landlord challenging the validity of the sub-lease agreements of the above-mentioned property. However, if this happens, our Directors believe that we can find other premises in the vicinity of our offices in a timely manner and that the relocation costs will be insignificant.

During the Track Record Period, we did not experience any dispute arising out of our leased properties. For details of risks relating to our leased properties, see "Risk Factors – Risks Relating to Our Operations – We do not own any real property and may incur substantial relocation expenses and face disruption of operations if any lease for our offices or facilities is not renewed upon its expiration or is terminated or if we are forced to relocate".

We do not have any property interest with a carrying amount of 15% or more of our consolidated total assets as of September 30, 2020. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this Prospectus is exempted from compliance with the requirements of section 38(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all of our Group's interests in land or buildings.

ENVIRONMENTAL PROTECTION, OCCUPATIONAL HEALTH AND SAFETY

We are subject to various environmental protection and occupational health and safety laws and regulations. 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 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.

In respect of social responsibilities, we have entered into employment contracts with our employees in accordance with the applicable PRC laws and regulations. We 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 strive to provide a safe working environment for our employees. We have implemented work safety guidelines setting out safety practices, accident prevention and accident reporting. Our employees responsible for manufacturing and quality control and assurance are required to hold relevant qualifications, as well as wear the proper safety gear when working. We conduct regular safety inspections and maintenance for our manufacturing facility.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We recognize that risk management is critical to the success of our business. Key operational risks faced by us include changes in the general market conditions and the regulatory environment of the Chinese and global medical device markets, our ability to develop, manufacture and commercialize our products and product candidates, and our ability to compete with other medical device companies. For details of various risks and uncertainties we face, see "Risk Factors". We also face various financial risks. In particular, we are exposed to credit, liquidity, interest rate and foreign exchange risks that may arise in the normal course of our business.

We have adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. Our Audit Committee and ultimately our Directors supervise the implementation of our risk management policies. Risks identified by our management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Group and reported to our Directors.

The following key principles outline our Group's approach to risk management and internal control:

Our senior management oversees and manages the overall risks associated with our business operations, including (i) reviewing and approving our risk management policy to ensure that it is consistent with our corporate objectives; (ii) monitoring the most significant risks associated with our business operations and our management's handling of such risks; and (iii) ensuring the appropriate application of our risk management framework across our Group.

Our legal and internal control personnel are responsible for developing and implementing our risk management policy and carrying out our day-to-day risk management practice, such as assessing risks on key business operations, advising risk responses and optimizing risk management policies. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) continuously monitor the key risks relating to their operation or function; (iv) implement appropriate risk responses where necessary; and (v) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

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.

Intellectual Property Rights Risk Management

Compliance with applicable PRC and overseas laws and regulations, especially laws and regulations governing the protection of our intellectual property rights and the prevention of liabilities resulting from potential illegal content of publication and intellectual properties infringement are major focus areas of our operational risk management. Our legal department is responsible for approving contracts, monitoring any changes in the applicable laws and regulations and ensuring the ongoing compliance of our operations with the applicable law and regulations.

Our intellectual property department assists in conducting searches to help ensure that all of our intellectual property is under the protection of relevant laws and regulations, and also helps ensure the application for trademark, copyright or patent registrations for, as well as filing with relevant authorities of, all of our products. The intellectual property department shall then administer the execution process of obtaining the necessary filings, approvals, and/or licenses. Other than some standard contracts which have been reviewed and adopted by the legal department, all the contracts of our Company are required to be reviewed and approved by our legal department prior to execution. In addition, we establish policies for intellectual property infringement notices to help ensure timely monitoring the infringement incidents.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. During the Track Record Period, we regularly reviewed and enhanced our internal control system. As of the Latest Practicable Date, there were no material outstanding issues relating to our Group's internal control. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding each aspect of our operations, such as protection of intellectual property, environmental protection and occupational health and safety. We provide periodic training on these measures and procedures for our employees as part of our employee training program. We also regularly monitor the implementation of those measures and procedures through our on-site internal control team for each stage of the produce development process.

- Our Directors (who are responsible for monitoring the corporate governance of our Group), with assistance from our legal advisors, will periodically review our compliance status with all relevant laws and regulations upon Listing.

- Upon Listing, we will establish the Audit Committee which shall (i) make recommendations to our Directors on the appointment and removal of external auditors; and (ii) review the financial statements and render advice in respect of financial reporting as well as oversee the risk management and internal control procedures of our Group. For more details, see "Directors and Senior Management – Audit Committee".

- We will engage a compliance adviser to provide advice to our Directors and management team upon Listing regarding matters relating to the Listing Rules. Our compliance adviser is expected to, *inter alia*, ensure our use of the proceeds from the Global Offering complies with the section entitled "Future Plans and Use of Proceeds" in this Prospectus after the Listing and provide support and advice regarding the requirements of relevant regulatory authorities on a timely basis.

- We will engage a PRC legal advisor to advise us on and keep us abreast with PRC laws and regulations upon Listing. We will continue to arrange various training to be provided by external legal advisors from time to time when necessary and/or any appropriate accredited institution to update our Directors, members of our senior management and relevant employees on the latest applicable laws and regulations.

- We maintain strict anti-corruption policies among our sales personnel and distributors in our sales and marketing activities. We have issued Anti-Fraud and Anti-Bribery Management Measures and Anti-Money Laundering Regulations, which clearly define the key areas and key steps of our anti-fraud function and the responsibilities and authorities of relevant departments in carrying out our anti-fraud function, and set up the internal protocols for reporting, investigation and remedy procedures, reporting channels and whistle-blower protection mechanisms. We also monitor our sales and marketing personnel to ensure their compliance with applicable promotion and advertising requirements, which include restrictions on promoting our products for unapproved uses or end-user populations, also known as off-label use, and limitations on industry-sponsored scientific and educational activities.

- We maintain a comprehensive treasury policy, detailing specific functions and internal control measures for capital use. These functions and measures include but are not limited to procedures of capital management, separation of capital management responsibilities, liquidity management and follow-up and analysis of the implementation of capital plan.

- Our Directors believe that compliance creates value for us. We are dedicated to cultivating a compliance culture among all of our employees. To ensure such compliance culture is embedded into everyday workflow and set the expectations for individual behaviour across our Group, we conduct regular internal compliance checks and inspections, adopt strict accountability internally and conduct compliance training.

- We will comply with the Corporate Governance Code. We have established three board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, with respective terms of reference in compliance with the Corporate Governance Code. For details, see the section headed "Directors and Senior Management".

- We have adopted internal protocols governing both the confidentiality and privacy for patient sample and data. There is Standard Operation Procedure in place for sample/data collection, test procedures, data storage as well as data access. Such data access is on an as-needed basis for internal employees, and external access is not allowed and requires written approvals from the head of the quality control/compliance department.

LEGAL PROCEEDINGS AND NON-COMPLIANCE

Legal Proceedings

We may from time to time be involved in contractual or other disputes or legal proceedings arising out of the ordinary course of business or pursuant to governmental or regulatory enforcement actions. In August 2020, one of our suppliers for a prospective cancer diagnostic kit brought a breach of contract claim against us alleging that we did not fulfill the payment obligations under our strategic collaboration agreement with the plaintiff pursuant to which we agreed to purchase the diagnostic testing kits from the plaintiff with a pre-specified purchase amount by annual installment from 2019 to 2023. In its claim, the plaintiff sought for the second payment installment of RMB10 million plus any accrued interest. We settled the claim with the plaintiff in November 2020 and the relevant collaboration agreement between the plaintiff and us was terminated without further rights or obligations of either party. Our Directors are of the view that the aforementioned legal proceeding and the settlement would not have a material adverse impact on our Company's business and operations. Except as disclosed above, during the Track Record Period and up to the Latest Practicable Date, neither we nor any of our Directors were involved in or subject to any litigation, arbitration, administrative proceedings, claims, damages or losses which would have a material adverse effect on our business, financial position or results of operations as a whole. As of the Latest Practicable Date, we were not aware of any pending or threatened material litigation, arbitration or administrative proceedings against us or any of our Directors, which individually as a whole would have a material adverse effect on our business, financial position or results of operations.

Non-Compliance

During the Track Record Period and up to the Latest Practicable Date, we did not have any non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our business as a whole. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable laws and regulations in all material respects, except for the non-compliance which would not have a material adverse effect on our business as a whole.

During the Track Record Period and as of the Latest Practicable Date, our Company and some of our PRC subsidiaries did not pay social security insurance and housing provident fund contributions in full for some of our employees in accordance with the relevant PRC laws and regulations. During the Track Record Period, our Company and some of our PRC subsidiaries engaged third-party human resources agencies to pay social insurance premium and housing provident funds for certain of our employees. Pursuant to the agreements entered into between such third-party human resources agencies and our Company or our relevant PRC subsidiaries, the third-party human resources agencies have the obligation to pay social insurance premium and housing provident funds for our relevant employees. These third-party human resources agencies have confirmed in writing that they have paid such contributions in compliance with

applicable laws and regulations. Pursuant to the PRC laws and regulations, the contributions to social insurance premium and housing provident funds made through third-party accounts may not be viewed as contributions made by us. As of the Latest Practicable Date, neither our Company nor our PRC subsidiaries had received any administrative penalty or labor arbitration application from employees for its agency arrangement with third-party human resources agencies.

Pursuant to relevant PRC laws and regulations, the relevant PRC authorities may demand us to pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. If we fail to make such payments, we may be liable to a fine of one to three times the amount of the outstanding contributions. With respect to a failure to pay the full amount of housing provident fund as required, the housing provident fund management center in China may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. See "Risk Factors – Risks related to doing business in China – Relevant government authorities may require us to contribute additional social insurance premium or housing provident funds, or impose late payment fees or fines on us".

Our Directors believe that such non-compliance would not have a material adverse effect on our business or results of operations, considering that: (i) we had not been subject to any administrative actions, fines or penalties during the Track Record Period and up to the Latest Practicable Date due to such non-compliance; (ii) as of the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay for the shortfalls or any overdue charges with respect to social insurance and housing provident funds; (iii) we were neither aware of any employee complaints filed against us nor involved in any labor disputes with our employees with respect to social insurance and housing provident funds during the Track Record Period and up to the Latest Practicable Date; and (iv) as advised by our PRC Legal Advisor, considering relevant regulatory policies and the facts stated above, the likelihood that we are subject to centralized collection of historical arrears and any material penalties due to our failure to provide full social insurance and housing provident funds contributions for our employees is remote, and such non-compliance will not have a material adverse effect on our financial condition or results of operations as a whole and the Global Offering. As a result, we did not make any provisions in connection with these non-compliances during the Track Record Period and up to the Latest Practicable Date.

We have started to make full payment of social security insurance and housing provident fund contributions based on the actual salaries of our employees since July 2020 to the extent practicable under local practices and we plan to start making such full payment for the other employees during the next window period when such changes are allowed or practicable. We also undertake to make timely payments for the deficient amount and overdue charges and take practical measures to mitigate the practice of engaging third party agencies to make contributions, as soon as requested by the competent government authorities. We have enhanced our internal control measures, including implementing a policy on social insurance and housing provident fund contribution in compliance with relevant PRC laws and

regulations. In addition, we have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund on a monthly basis and we will consult our PRC legal counsel on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments.

During the Track Record Period and as of the Latest Practicable Date, we did not register our construction projects related to our manufacturing and testing facilities before commencement of the construction and the use of such premises with the relevant bureaus of the Development and Reform Committee of China. As advised by our PRC Legal Advisor, under the NDRC issued Administrative Measures for the Approval and Filing of Enterprise Investment Projects (《企業投資項目核准和備案管理辦法》), we may be ordered to rectify within a specified period, and may be subject to fines up to RMB50,000 imposed by those governmental authorities.

During the Track Record Period and as of the Latest Practicable Date, except that Hangzhou Nuohui has completed testing of occupational disease hazard for the years of 2018, 2019 and 2020, we have not carried out the following procedures with respect to occupational diseases for our construction projects in connection with our business operation (including construction of the Hangzhou manufacturing facilities, Hangzhou Nuokang Lab and Beijing Nuoan Lab): (1) the declaration of occupational disease hazards with relevant administration of work safety, (2) the pre-evaluation of occupational diseases, (3) the design, construction and putting into use of occupational disease protection facilities, (4) the evaluation of the effect of control of occupational disease hazards and acceptance of protection facilities, and (5) the testing of occupational disease hazards regularly for such construction projects. Pursuant to the relevant laws and regulations, we may be ordered to rectify within a specified period, and may be subject to fines, penalties, suspension of operations or being ordered to cease operations in extreme cases. As advised by our PRC Legal Advisor, the likelihood that we are subject to suspension of operations and being ordered to cease operations due to such non-compliance is remote, considering that: (i) the occupational disease hazard risk level of our existing construction projects is the lowest level; (ii) such non-compliances had not caused serious damage to the lives and health of employees during the Track Record Period and up to the Latest Practicable Date; (iii) we had not been subject to any administrative actions, fines or penalties during the Track Record Period and up to the Latest Practicable Date due to such non-compliance; (iv) we were not aware of any rectification request by competent authorities as of the Latest Practicable Date; and (v) if the government authorities order us to make rectifications, we will and will be able to carry out rectifications on time in accordance with the laws and regulations, such as adding relevant occupational disease protection facilities and completing the relevant procedures required by all applicable laws (including without limitation, the declaration of occupational disease hazards, the pre-evaluation of occupational diseases and the design and evaluation of occupational disease protection facilities, if applicable).

LICENSES AND PERMITS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations. The table below sets forth the relevant details of the material licenses required for our operation in the PRC and overseas:

License/Permit	Holder	Grant Date	Expiration Date
Medical institution practice license (醫療機構執業許可證)	Hangzhou Nuokang Lab	January 2019	May 2023
Acceptance certificate of technique used by clinical gene amplification testing laboratory (臨床基因擴增檢驗實驗室技術驗收合格證書)	Hangzhou Nuokang Lab	July 2019	July 2024
Filing receipt of pathogenic microbe bio-safety lab (BSL-2) (病原微生物生物安全實驗室備案表(二級))	Hangzhou Nuokang Lab	/	/
Medical institution practice license (醫療機構執業許可證)	Beijing Nuoan Lab	November 2018	December 2021
Approval to conduct clinical gene amplification test technique issued by Beijing NHC (北京市衛生和計劃生育委員會關於同意開展臨床基因擴增檢驗技術的通知)	Beijing Nuoan Lab	June 2017	/
Filing receipt of pathogenic microbe lab and activities conducted therein (病原微生物實驗室及實驗室活動備案通知書)	Beijing Nuoan Lab	May 2020	/
Nucleic acid extraction or purification reagent (核酸提取或純化試劑)	Hangzhou Nuohui	February 2018	/
Faecal inspection pretreatment unit (糞便檢驗預處理裝置)	Hangzhou Nuohui	August 2019	/

License/Permit	Holder	Grant Date	Expiration Date
Faecal inspection pretreatment unit (糞便檢驗預處理裝置)	Hangzhou Nuohui	July 2017	/
Faecal inspection pretreatment unit (糞便檢驗預處理裝置)	Hangzhou Nuohui	July 2017	/
Collection and preservation of fecal specimens (糞便標本採集保存管)	Hangzhou Nuohui	August 2018	/
Disposable storage tube (一次性使用取樣器)	Hangzhou Nuohui	August 2019	/
Faecal inspection pretreatment unit (糞便檢驗預處理裝置)	Hangzhou Nuohui	August 2019	/
Disposable storage tube (一次性使用採樣器)	Hangzhou Nuohui	January 2020	/
Stool occult blood test reagent (colloidal gold method) (便隱血檢測試劑(膠體金法))	Hangzhou Nuohui	March 2018	March 2023
KRAS gene mutation and methylation of BMP3/NDRG4 gene in fecal occult blood analysis software (KRAS基因突變及BMP3/NDRG4基因甲基化便隱血聯合檢測分析軟體)	Hangzhou Nuohui	November 23, 2020	November 22, 2025
Joint detection kit of KRAS gene mutation and BMP3/NDRG4 gene methylation of fecal occult blood (PCR Fluorescent Probe-Colloidal Gold) (KRAS基因突變及BMP3/NDRG4基因甲基化便隱血聯合檢測試劑盒(PCR螢光探針法–膠體金法))	Hangzhou Nuohui	November 9, 2020	November 8, 2025

License/Permit	Holder	Grant Date	Expiration Date
Medical device manufacturing filing receipt (Class I) (第一類醫療器械生產備案憑證)	Hangzhou Nuohui	January 2020	/
Medical device manufacturing permit (Class II) (醫療器械生產許可證(二類))	Hangzhou Nuohui	December 2019	May 2023
Medical device supply filing receipt (Class II) ((第二類醫療器械經營備案憑證))	Hangzhou Nuohui	October 23, 2020	/
Medical device supply permit (醫療器械經營許可證)	Hangzhou Nuohui	October 23, 2020	August 8, 2025
Certificate for exportation of medical devices (醫療器械產品出口銷售證明)	Hangzhou Nuohui	June 2020	June 2022
Internet drug information service qualification certificate (non-operating) (互聯網藥品信息服務資格證書)	Hangzhou Nuohui	September 2019	April 2023
Filing receipt for entry-exit inspection and quarantine declaration enterprise (出入境檢驗檢疫報檢企業備案表)	Hangzhou Nuohui	August 2018	/
Declaration unit registration certificate (報關單位註冊登記證書)	Hangzhou Nuohui	August 2018	long term

AWARDS AND RECOGNITION

The table below sets forth an indicative list of some of the awards and recognitions we have received as of the Latest Practicable Date.

Award/Project	Award/ Grant year	Award/Grant Authority
Model Enterprise for Industrial-Academic-Research Cooperation and Innovation in China (中國產學研合作創新示範企業)	2018	China Association for Industry-Academia-Research Cooperation (中國產學研合作促進會)
Social Good Award (社會公益獎)	2019	China Cancer Foundation (中國癌症基金會)
Excellent Young Eagle Enterprise (優秀雛鷹企業)	2019	Hangzhou High-Tech Industrial Development Zone Party Committee, Binjiang District Party Committee, Binjiang District Management Committee, Binjiang District Government (中共杭州高新技術產業開發區工作委員會,中共杭州市濱江區委員會,杭州高新技術開發區管理委員會,杭州市濱江區人民政府)
Gazelle Enterprise of 2019 (2019年度瞪羚企業)	2019	Economic and Information Bureau of Hangzhou High-tech Development Zone (杭州高新開發區(濱江)經濟和資訊化局)
Hurun China Gazelle Enterprise of 2020 (2020胡潤中國瞪羚企業)	2020	Hurun Research Institute (胡潤研究院)
Top 100 Chinese Science and Technology Innovation Enterprises in 2020 (2020年度中國科創企業百強)	2020	Chinese Entrepreneur Magazine (中國企業家雜誌)

BACKGROUND

We conduct business operations, including the collection of human genetic information and resources for early stage cancer screening, the research, development and application of such screening technology and test for diagnosis purposes, and the development and application of gene diagnosis and treatment technology (the "**Relevant Businesses**"), through Beijing Xincheng and its subsidiaries. Our products and tests utilizes FIT-DNA, FIT, immuno-based or qPCR technologies to analyze human stool or urine samples and therefore process human tissues and specimen, which are considered as human genetic resources.

Since the Relevant Businesses are classified as foreign investment prohibited businesses under applicable PRC laws, regulations or rules, in order to comply with PRC laws and regulations and maintain effective control over our research in the R&D and application field, our Group entered into the Contractual Arrangements with Beijing Xincheng and the Registered Shareholders. Under the Contractual Arrangements, Hangzhou Nuohui has acquired effective control over the financial and operational management and results of Beijing Xincheng and is entitled to all the economic benefits derived from the operations of Beijing Xincheng.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN OWNERSHIP RESTRICTIONS

Foreign investment activities in the PRC were mainly governed by the Encouraged Industry Catalogue for Foreign Investment (2019 version) (《鼓勵外商投資產業目錄(2019年版)》) (the "**Catalogue**"), which was promulgated and is amended from time to time jointly by the MOFCOM and the NDRC and the Special Administrative Measures on Access of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》), the latest amended version of which was jointly promulgated by the MOFCOM and the NDRC on June 23, 2020 and takes effect as of July 23, 2020 (the "**Negative List**"). The Catalogue and the Negative List stipulate industries in which foreign investment is restricted and prohibited.

Our PRC legal advisers confirmed that, according to the Negative List, our Relevant Businesses fall into the development and application of genes diagnosis and treatment technologies and are considered "prohibited." Based on our PRC legal advisers' consultation with the competent government authority, namely NHC, the Contractual Arrangements will not be challenged or subject to penalty due to violation of any current PRC laws or regulations concerning gene diagnosis and treatment technologies.

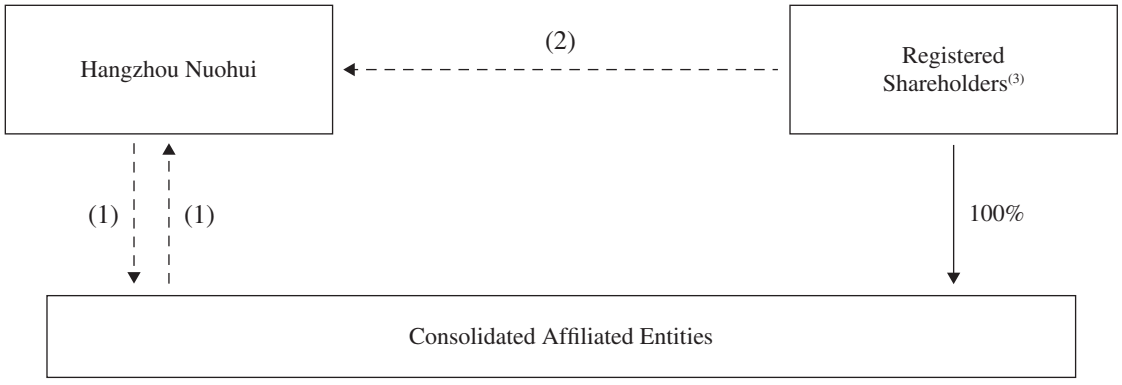
Our Group will unwind and terminate the Contractual Arrangements as soon as practicable to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under applicable PRC laws and regulations if the applicable PRC laws and regulations allow foreign ownership.

OVERVIEW OF THE CONTRACTUAL ARRANGEMENTS

In order to comply with PRC laws and regulations while availing ourselves of international capital markets and maintaining effective control over all of our operations, the Contractual Arrangements have been entered into by Hangzhou Nuohui with Beijing Xincheng and the Registered Shareholders, whereby Hangzhou Nuohui will acquire effective control over the financial and operational policies of Beijing Xincheng and will become entitled to all the economic benefits derived from its operations. We believe that the Contractual Arrangements are narrowly tailored, as they are used to enable us to conduct businesses in industries that are subject to foreign investment restrictions in the PRC.

Our Directors believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into between Hangzhou Nuohui and Beijing Xincheng and the Registered Shareholders; (ii) by entering into the Exclusive Business Cooperation Agreement, Beijing Xincheng will enjoy better economic and technical support from Hangzhou Nuohui, and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

The following simplified diagram illustrates the flow of economic benefits from Beijing Xincheng to our Group stipulated under the Contractual Arrangements:



Notes:

1. Hangzhou Nuohui provides comprehensive business support, technical services, consultancy in exchange for service fees from Beijing Xincheng. See "Summary of the Contractual Arrangements – Exclusive Business Cooperation Agreement" of this section.

2. The Registered Shareholders executed option agreements in favour of Hangzhou Nuohui, for the acquisition of 100% of the equity interests in and/or assets in Beijing Xincheng. See "Summary of the Contractual Arrangements – Exclusive Option Agreement" of this section.

   The Registered Shareholders pledged as first charge all of their respective equity interests in Beijing Xincheng to Hangzhou Nuohui as collateral security to secure performance of their obligations and Beijing Xincheng's obligations under the Contractual Arrangements. See "Summary of the Contractual Arrangements – Equity Pledge Agreement" of this section.

The Registered Shareholders executed powers of attorney in favour of Hangzhou Nuohui. See "Summary of the Contractual Arrangements - Powers of Attorney" of this section.

3. The Registered Shareholders are Mr. Zhu, our CEO and one of our executive Directors, and Ms. Zhu Lijuan, the sister of Mr. Zhu. Beijing Xincheng is held as to 99% by Mr. Zhu and as to 1% by Ms. Zhu Lijuan.

SUMMARY OF THE CONTRACTUAL ARRANGEMENTS

Exclusive Option Agreement

Beijing Xincheng and its Registered Shareholders entered into the Exclusive Option Agreement with Hangzhou Nuohui on August 12, 2020, pursuant to which Hangzhou Nuohui (or any Designee) was granted an irrevocable, unconditional and exclusive right to purchase all or any of the equity interest in and/or assets of Beijing Xincheng held at present or in the future for a consideration equivalent to the lowest price permitted under PRC laws at the time of purchasing. At Hangzhou Nuohui's request, the Registered Shareholders and/or Beijing Xincheng will promptly and unconditionally transfer their respective equity interests in and/or the relevant assets of Beijing Xincheng to Hangzhou Nuohui (or its Designee) after Hangzhou Nuohui exercises its purchase right. Subject to relevant PRC laws and regulations, the Registered Shareholders shall compensate Hangzhou Nuohui with an amount equivalent to any purchase price, or profits, distributions, dividends or bonus received from Beijing Xincheng.

Beijing Xincheng and the Registered Shareholders (as shareholders of Beijing Xincheng) have covenanted that Beijing Xincheng shall not, among other things:

- sell, transfer, pledge or dispose of in any manner any of its assets, business or income, or allow the aforementioned to be the subject of a guarantee (save for pledges made pursuant to the Equity Pledge Agreement);
- distribute any form of dividend to the Registered Shareholders;
- incur, inherit, guarantee or allow any debt that is not incurred in the ordinary course of business of Beijing Xincheng or not disclosed and consented in writing to by Hangzhou Nuohui;
- execute any material contract (a material contract is defined as a contract with nominal value above RMB100,000), except if in the ordinary course of business;
- increase or reduce its registered capital, or alter the structure of the registered capital in any other way;
- supplement, modify or amend Beijing Xincheng's constitutional documents in any way; and
- merge or combine with any third party, or acquire or invest in any third party.

Therefore, due to the relevant restrictive provisions in the Exclusive Option Agreement, the potential adverse effect on Hangzhou Nuohui and us in the event of any loss suffered from Beijing Xincheng and/or its subsidiaries can be limited to a certain extent.

In order to prevent the flow of the relevant assets and value of Beijing Xincheng to the Registered Shareholders, during the term of the Exclusive Option Agreement, Beijing Xincheng is not allowed to make any distributions to its shareholder(s) without the prior written consent of Hangzhou Nuohui. If Hangzhou Nuohui exercises its purchase right, all or any part of the equity interests in and/or assets of Beijing Xincheng acquired would be transferred to Hangzhou Nuohui and the benefits of equity ownership and/or assets, as applicable, would flow to us and our Shareholders.

The Exclusive Option Agreement will remain effective until (i) all equity interests in and assets of Beijing Xincheng are transferred to Hangzhou Nuohui (and/or its Designee) pursuant to the terms of the agreement; (ii) Hangzhou Nuohui agrees to termination of the agreement; or (iii) Hangzhou Nuohui exercises its unilateral right to terminate following a breach of obligations by Beijing Xincheng in accordance with the terms of the Exclusive Option Agreement. Subject to applicable laws and unless stated otherwise in the agreement, Beijing Xincheng and the Registered Shareholders do not have the right to unilaterally terminate the contract.

Exclusive Business Cooperation Agreement

Beijing Xincheng entered into the Exclusive Business Cooperation Agreement with Hangzhou Nuohui on August 12, 2020, pursuant to which Beijing Xincheng agreed to engage Hangzhou Nuohui as its exclusive provider of comprehensive business support, technical services and consultancy, in exchange for service fees. Under these arrangements, Hangzhou Nuohui will determine the service fees based on the quantity and commercial value of services provided, and may adjust the service fees at its sole discretion. The service fees are payable on a quarterly basis upon receipt of a payment bill issued by Hangzhou Nuohui.

Pursuant to the Exclusive Business Cooperation Agreement, Hangzhou Nuohui has the exclusive and complete proprietary rights to all intellectual properties developed in performance of obligations under the Exclusive Business Cooperation Agreement, whether developed by Beijing Xincheng, Hangzhou Nuohui, or jointly.

The Exclusive Business Cooperation Agreement shall remain effective until (i) the parties agree to terminate in writing; or (ii) Hangzhou Nuohui exercises its unilateral right to terminate following a breach of obligations by Beijing Xincheng in accordance with the terms of the Exclusive Business Cooperation Agreement. Subject to applicable laws and unless stated otherwise in the agreement, Beijing Xincheng does not have the right to unilaterally terminate the contract.

Equity Pledge Agreement

Beijing Xincheng and its Registered Shareholders entered into the Equity Pledge Agreement with Hangzhou Nuohui on August 12, 2020, pursuant to which Registered Shareholders pledged as first charge all of their respective equity interests in Beijing Xincheng to Hangzhou Nuohui as collateral security to secure performance of their obligations and Beijing Xincheng's obligations under this agreement, the Exclusive Option Agreement, Exclusive Business Cooperation Agreement, and the Powers of Attorney. In addition, under the Equity Pledge Agreement, none of the Registered Shareholders nor Beijing Xincheng may transfer or permit the encumbrance of any of the equity interests in Beijing Xincheng without Hangzhou Nuohui's prior written consent.

Should an event of default (as provided in the Equity Pledge Agreement) occur, unless it is successfully resolved to Hangzhou Nuohui's satisfaction, Hangzhou Nuohui is entitled to implement the pledge under the Equity Pledge Agreement if the above default is not successfully resolved to Hangzhou Nuohui's satisfaction at the time of issuing the written demand or at any time thereafter.

The pledges under the Equity Pledge Agreement have been duly registered with the relevant PRC legal authority pursuant to PRC laws and regulations.

The Equity Pledge Agreement will remain effective until all obligations under the Exclusive Option Agreement, the Exclusive Business Cooperation Agreement and the Powers of Attorney have been fully performed.

Powers of Attorney

Pursuant to the Powers of Attorney dated August 12, 2020 each of the Registered Shareholders irrevocably authorized an individual designated by Hangzhou Nuohui to exercise all of their rights as a registered shareholder of Beijing Xincheng pursuant to applicable laws and the memorandum of association of Beijing Xincheng at the time. These rights include:

- the right to propose and attend shareholders' meetings;
- the right to exercise shareholders' voting rights, including but not limited to the right to appoint and elect company directors, supervisors and other senior management members of which shareholders have the right to appoint;
- the right to dispose of the assets of Beijing Xincheng;
- the right to dissolve and liquidate Beijing Xincheng and to serve as a member of the liquidation committee to exercise the powers of the liquidation committee during the liquidation period in accordance with PRC laws and regulations;
- the right to sign shareholders meeting minutes and resolutions;
- the right to file documents with the relevant company registry;
- the right to sign all relevant documents and to carry out all necessary procedures for governmental approval, registration and filing in connection with a transfer of shares pursuant to the Exclusive Option Agreement;

- the right, subject to PRC laws and the memorandum of association of Beijing Xincheng, to direct the directors and senior management of Beijing Xincheng to act in accordance with its instructions;
- the right, upon Beijing Xincheng's directors or senior management acting to the detriment of Beijing Xincheng's or its shareholders' interests, to initiate legal proceedings or to take other legal action against Beijing Xincheng's directors or senior management; and
- the right to exercise any other rights of shareholders pursuant to PRC laws and the memorandum of association of Beijing Xincheng.

As a result of the Powers of Attorney, we, through Hangzhou Nuohui, are able to exercise management control over the activities that most significantly impact the economic performance of Beijing Xincheng.

The Powers of Attorney also provided that, in order to avoid potential conflicts of interest, where the Registered Shareholders are officers or directors of our Group, the Powers of Attorney are granted in favour of other unrelated officers or Directors of our Group.

The Powers of Attorney remain effective until (i) Hangzhou Nuohui exercises its unilateral right to terminate following a breach of obligations by Beijing Xincheng in accordance with the terms of the Power of Attorney; or (ii) the parties agree to terminate in writing. Subject to applicable laws and unless stated otherwise in the agreement, Beijing Xincheng and the Registered Shareholders do not have the right to unilaterally terminate the contract.

Spouse Undertakings

Each of the spouses of the Registered Shareholders executed an irrevocable undertaking dated August 12, 2020, whereby he/she expressly acknowledged and undertook that, among others, (i) he/she does not hold any right or interest in any equity interests held by his/her spouse as a registered shareholder in Beijing Xincheng; (ii) he/she will not take any measures that are in conflict with the Contractual Arrangements; and (iii) if regulatory authorities demand him/her to amend the spouse undertakings, he/she will unconditionally cooperate in an overall and timely way.

Each of the spouses of the Registered Shareholders also undertook that should he/she by any reason hold any equity interest in Beijing Xincheng, he/she will be bound by, as amended from time to time, the Exclusive Option Agreement, the Exclusive Business Cooperation Agreement, the Equity Pledge Agreement and the Powers of Attorney. He/she undertook to comply with the obligations of Beijing Xincheng's shareholders as set out in the aforementioned agreements, and for this purpose, to execute agreements on substantially similar terms as the aforementioned agreements upon Hangzhou Nuohui's request.

Dispute Resolution

Each of the Contractual Arrangements stipulates that the parties shall negotiate in good faith to resolve the dispute in the event of any dispute with respect to the provisions. In the event the parties fail to reach an agreement on the resolution of such a dispute within 30 days after any party's request for resolution of the dispute through negotiations, any party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used during arbitration shall be Chinese. The arbitration ruling by three arbitrators shall be final and binding on all parties. Any party shall have the right to apply to courts with competent jurisdiction for enforcement of arbitration rulings.

However, our PRC Legal Advisor has advised that (i) a tribunal normally would not grant injunctive relief or winding up order of Beijing Xincheng under PRC laws; (ii) interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in China; and (iii) even if the abovementioned provisions may not be enforceable under PRC laws, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreement under the Contractual Arrangements.

As a result of the above, in the event that Beijing Xincheng or the Registered Shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over Beijing Xincheng and conduct our business could be materially and adversely affected. See the subsection headed "Risk Factors – Risks Related to Our Corporate Structure and Contractual Arrangements" in this Prospectus for details.

Succession

The provisions set out in the Contractual Arrangements are also binding on the successors of the Registered Shareholders, as if the successors were signing parties to the Contractual Arrangements. Under the succession laws of the PRC, the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents and the maternal grandparents and any breach by the successors would be deemed to be a breach of the Contractual Arrangements.

In case of a breach, Hangzhou Nuohui can enforce its rights against the successors. Pursuant to the Contractual Arrangements, any inheritor of the Registered Shareholders shall inherit any and all rights and obligations of the registered shareholders under the Contractual Arrangements, as if the inheritor was a signing party to such Contractual Arrangements.

According to the terms of the Exclusive Option Agreement, the Equity Pledge Agreement and the Powers of Attorney, each of the Registered Shareholders has undertaken that he/she has carried out all appropriate measures and executed all necessary documents, such that in the

event of their death, loss of capacity, divorce, bankruptcy or under other circumstance which would affect their exercise of equity interest in Beijing Xincheng, his/her successor who, as a result, obtains shareholding or relevant rights in Beijing Xincheng would not be able to affect or impede the performance of obligations under the relevant contract.

In addition, the spouses of the Registered Shareholders have executed an irrevocable undertaking dated August 12, 2020. See the subsection "Spouse Undertakings" in this section for details of the undertaking.

Arrangements to Address Potential Conflicts of Interests

Pursuant to the Powers of Attorney, the Registered Shareholders have undertaken that they (i) would not execute any documents with or make any undertaking to any third parties that may have conflicts of interests with any agreements entered into between the Registered Shareholders and Hangzhou Nuohui; (ii) they shall not commit or refrain from committing any act that may lead to conflicts of interests between the Registered Shareholders and Hangzhou Nuohui and (iii) in the event of the occurrence of a conflict of interests, subject to PRC laws, they shall take any measure instructed by Hangzhou Nuohui to eliminate such conflicts.

The Powers of Attorney also provide that, in order to avoid potential conflicts of interest, where the Registered Shareholders are officers or directors of our Group, the Powers of Attorney are granted in favour of other unrelated officers or Directors of our Group.

Loss Sharing

None of the agreements constituting the Contractual Arrangements provides that the Company, Hangzhou Nuohui or other PRC subsidiaries of ours, are obligated to share the losses of Beijing Xincheng, but if Beijing Xincheng suffers any losses or material difficulties of business, Hangzhou Nuohui may provide financial support as permitted under PRC laws at its discretion to Beijing Xincheng under the terms of the Exclusive Business Cooperation Agreement. Further, Beijing Xincheng is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it.

Under PRC laws and regulations, the Company or Hangzhou Nuohui is not expressly required to share the losses of Beijing Xincheng or provide financial support to Beijing Xincheng. Despite the foregoing, given that the Group conducts the Relevant Businesses in the PRC through Beijing Xincheng which hold the requisite PRC licenses and approvals, and that Beijing Xincheng's results of operations and assets and liabilities are consolidated into the Group's results of operations and assets and liabilities under the applicable accounting principles, the Company's business, financial condition and results of operations would be adversely affected if Beijing Xincheng suffered losses.

Liquidation

Pursuant to the Exclusive Option Agreement, in the event of a liquidation under PRC laws, Beijing Xincheng shall transfer all its assets in which the Registered Shareholders have a proprietary interest in to Hangzhou Nuohui (or its Designee) at the lowest price permitted under PRC laws.

Insurance

We do not maintain an insurance policy to cover the risks relating to the Contractual Arrangements.

Company's confirmation

As of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating the Relevant Businesses through Beijing Xincheng under the Contractual Arrangements.

LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Hangzhou Nuohui's right to deal with the pledged equity interest in Beijing Xincheng according to the Equity Pledge Agreement and its option to acquire the relevant equity interest in and/or the relevant assets of Beijing Xincheng under the Exclusive Option Agreement are confined to be carried out in a manner as permitted by the relevant PRC laws. Further, the pledges created under the Equity Pledge Agreement shall only become effective upon its due registration with the relevant Administration for Market Regulation of the PRC.

Based on the above, our PRC Legal Advisor is of the opinion that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations.

Our PRC Legal Advisor is also of the opinion that:

(i) each of the agreements under the Contractual Arrangements is legal, valid and binding on the parties thereto;

(ii) the Contractual Arrangements do not require any approvals from the PRC governmental authorities, except that the pledges under the Equity Pledge Agreement are required to be registered with the relevant Administration for Market Regulation, which had already been duly completed on February 27, 2020;

(iii) the Contractual Arrangements are not in violation of applicable PRC laws and regulations currently in effect, except that the Contractual Arrangements provide that the arbitral body may award remedies over the equity interests and/or assets of Beijing Xincheng, injunctive relief and/or winding up of Beijing Xincheng, and that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal, while under PRC laws, an arbitral body normally would not grant injunctive relief or winding up order of Beijing Xincheng. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in China; and

(iv) the Contractual Arrangements would not be deemed void under the PRC Civil Code.

However, we have been advised by our PRC Legal Adviser that there are uncertainties regarding the interpretation and application of the current and future PRC laws and regulations. Accordingly, there can be no assurance that PRC regulatory authorities and PRC courts will not take a view that is contrary or otherwise different from the above opinions of our PRC Legal Adviser in the future. We have been further advised by our PRC Legal Adviser that if the PRC government authorities find that the Contractual Arrangements do not comply with PRC government authorities' prohibition or restrictions on foreign investment in the aforesaid businesses we engage in, we could be subject to severe penalties including being prohibited from continuing operation.

Given that the Contractual Arrangements will constitute non-exempt continuing connected transactions of our Company, a waiver has been sought from and has been granted by the Stock Exchange, details of which are disclosed in the section headed "Connected Transactions" in this Prospectus.

Foreign Investment Law

On March 15, 2019, the Foreign Investment Law has been formally adopted by the National People's Congress of the PRC and took effect on January 1, 2020. For details of the Foreign Investment Law, please refer to the sub-section "Regulations – Regulation of Foreign Investment" in this Prospectus.

The Foreign Investment Law does not explicitly stipulate the contractual arrangements as a form of foreign investment. Our PRC Legal Advisor advised that, since contractual arrangements are not specified as investments under the Foreign Investment Law, and if future laws, administrative regulations, provisions of the State Council do not incorporate contractual arrangements as a form of foreign investment, our Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected.

Notwithstanding the above, the Foreign Investment Law stipulates that foreign investors investing through any other methods stipulated under laws, administrative regulations or provisions of the State Council may be considered as a form of foreign investment. It is therefore possible that future laws, administrative regulations or provisions of the State Council may stipulate contractual arrangements as a way of foreign investment. However, as of the Latest Practicable Date, it is uncertain as to how the contractual arrangements will be handled. For details, please see "Risk Factors – Risks Related to Our Corporate Structure and Contractual Arrangements – Substantial uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law, its implementation regulations and how they may impact the viability of our current corporate structure, business, financial condition and results of operations".

ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

According to IFRS 10 – Consolidated Financial Statements, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it 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. Although our Company does not directly or indirectly own Beijing Xincheng, the Contractual Arrangements as mentioned above enable our Company to exercise control over Beijing Xincheng.

Under the Exclusive Business Cooperation Agreement entered into by and between Hangzhou Nuohui and Beijing Xincheng, it was agreed that, in consideration of the services provided by Hangzhou Nuohui, Beijing Xincheng will pay service fees to Hangzhou Nuohui. The service fees are to be determined by Hangzhou Nuohui based on the quantity and commercial value of technical services provided. Hangzhou Nuohui may adjust the service fees at its sole discretion. Beijing Xincheng shall deliver to Hangzhou Nuohui their respective management accounts and operating statistics periodically. Accordingly, Hangzhou Nuohui has the ability, at its sole discretion, to extract substantially all of the economic benefit of Beijing Xincheng through the Exclusive Business Cooperation Agreement.

In addition, under the Exclusive Option Agreement among the parties, Hangzhou Nuohui has absolute control over the distribution of dividends or any other amounts to the shareholders of Beijing Xincheng as Hangzhou Nuohui's prior written consent is required and Hangzhou Nuohui can request for immediate distribution of profits to be made.

Further, under the Powers of Attorney, Hangzhou Nuohui assumes all rights as shareholder and exercises control over Beijing Xincheng, including the right to propose, convene and attend shareholders' meetings, the right to sell, transfer, pledge or dispose of shares, the right to exercise shareholders' voting rights and to appoint the legal representative (chairperson), the director, supervisor, the chief executive officer (general manager) and other senior management members appointed by the shareholders' meetings of Beijing Xincheng. As a result of these agreements, we have obtained control of Beijing Xincheng through Hangzhou Nuohui and, under our sole discretion, can receive substantially all of the economic interest returns generated by Beijing Xincheng. Accordingly, Beijing Xincheng's results of operations, assets and liabilities, and cash flows are consolidated into our financial statements.

OVERVIEW

We have entered into certain agreements with certain connected persons of our Company. Following Listing, the transactions contemplated under such agreements will constitute our connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

Following the Global Offering, the following parties, which have entered into certain written agreements with our Group, will be connected persons of our Group:

Name	Connected Relationship
Mr. Zhu	Executive Director, CEO and therefore a connected person of our Company under Rule 14A.07(1)
Ms. Lijuan Zhu	Sister of Mr. Zhu, and therefore a connected person of our Company under Rule 14A.07(4)
Beijing Xincheng	Company held as to 99% by Mr. Zhu, and therefore a connected person of our Company under Rule 14A.07(4)

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Contractual Arrangements

Background for the Contractual Arrangements

As disclosed in the section headed "Contractual Arrangements" in this Prospectus, due to regulatory restrictions on foreign ownership in the PRC, we are prohibited from directly owning any equity interest in Beijing Xincheng. Therefore, in order for the Group to effectively control and enjoy the entire economic benefit of Beijing Xincheng, a series of Contractual Arrangements have been entered into among Hangzhou Nuohui, Beijing Xincheng and the Registered Shareholders. The Contractual Arrangements enable us to (i) receive substantially all of the economic benefits from Beijing Xincheng in consideration for the services provided by Hangzhou Nuohui to Beijing Xincheng; (ii) exercise effective control over Beijing Xincheng; and (iii) hold an exclusive option to purchase all or part of the equity interests in Beijing Xincheng when and to the extent permitted by PRC law.

Principal Terms of the Transactions

The Contractual Arrangements consist of five types of agreements: (a) the Exclusive Option Agreement; (b) the Exclusive Business Cooperation Agreement; (c) the Equity Pledge Agreement; (d) the Powers of Attorney; and (e) the spouse undertakings. See the section headed "Contractual Arrangements" in this Prospectus for detailed terms of the Contractual Arrangements.

Listing Rule Implications

The highest applicable percentage ratios (other than profits ratio) under the Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, the transactions will be subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reasons for the Waiver Application and the View of Our Directors on the Continuing Connected Transaction

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our Group's legal structure and business, that such transactions have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and the Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, the Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules.

In addition, given the Contractual Arrangements were entered into prior to Listing and are disclosed in the Prospectus, and potential investors of our Company will participate in the Global Offering on the basis of such disclosure, our Directors consider that compliance with the announcement and the independent shareholders' approval requirements in respect thereof immediately after the Global Offering would add unnecessary administrative costs to our Company.

APPLICATION FOR AND CONDITIONS FOR WAIVER

In relation to the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules; (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules; and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange subject however to the following conditions:

(a) *No change without independent non-executive Directors' approval* – No change to the Contractual Arrangements (including with respect to any fees payable to Hangzhou Nuohui thereunder) will be made without the approval of the independent non-executive Directors.

(b) *No change without independent Shareholders' approval* – Save as described in "(d) Renewal and Reproduction" below, no change to the agreements constituting the Contractual Arrangements will be made without the approval of our Company's independent Shareholders. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in "(e) Ongoing Reporting and Approvals" below) will however continue to be applicable.

(c) *Economic Benefits Flexibility* – The Contractual Arrangements shall continue to enable our Group to receive the entire economic benefits derived by Beijing Xincheng through (i) our Group's option (if and when so allowed under the applicable PRC laws) to acquire all or part of the entire equity interests in Beijing Xincheng for a consideration equivalent to the lowest price permitted under PRC laws at the time of purchasing, (ii) the business structure under which the entire profit generated by Beijing Xincheng is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to Hangzhou Nuohui by Beijing Xincheng under the Exclusive Business Cooperation Agreement, and (iii) the Group's right to control the management and operation of, in substance, all of the voting rights of Beijing Xincheng.

(d) *Renewal and reproduction* – On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and Beijing Xincheng, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executive or Substantial Shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

(e) *Ongoing reporting and approvals* – Our Group will disclose details relating to the Contractual Arrangements on an on-going basis as follows:

- The Contractual Arrangements in place during each financial period will be disclosed in our Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules.
- Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by Beijing Xincheng to the Registered Shareholders which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our Group and Beijing Xincheng during the relevant financial period are fair and reasonable, or advantageous to our Shareholders, so far as our Group is concerned and in the interests of our Company and our Shareholders as a whole.
- Our Company's auditor will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by Beijing Xincheng to the Registered Shareholders which are not otherwise subsequently assigned or transferred to our Group.

- For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", Beijing Xincheng will be treated as our Company's wholly-owned subsidiary, and at the same time, the directors, chief executive officers or substantial shareholders of Beijing Xincheng and their respective associates will be treated as connected persons of our Company (excluding for this purpose, Beijing Xincheng), and transactions between these connected persons and our Group (including for this purpose, Beijing Xincheng), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.
- Beijing Xincheng will undertake that, for so long as the Shares are listed on the Stock Exchange, Beijing Xincheng will provide our Group's management and our Company's auditors full access to its relevant records for the purpose of our Company's auditors' review of the connected transactions.

DIRECTORS' AND JOINT SPONSORS' VIEW

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our Group's legal structure and business, that such transactions have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and the Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, the Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules.

The Joint Sponsors have reviewed the relevant documents and information provided by our Group, have obtained necessary representations and confirmations from our Company and the Directors and have participated in the due diligence and discussions with the management and the PRC Legal Advisor. Based on the above, the Joint Sponsors are of the view that the Contractual Arrangements have been entered into in the ordinary and usual course of business, on normal commercial terms and are fair and reasonable and are in the interests of the Shareholders as a whole.

The Joint Sponsors are of the view that with respect to the term of the relevant agreements underlying the Contractual Arrangements which is of an indefinite duration, it is a justifiable and normal business practice to ensure that (i) the financial and operational policies of Beijing Xincheng can be effectively controlled by Hangzhou Nuohui, (ii) Hangzhou Nuohui can obtain the entire economic benefits derived from Beijing Xincheng, and (iii) any possible leakages of assets and values of Beijing Xincheng can be prevented, on an uninterrupted basis.

BOARD OF DIRECTORS

As of the date of this Prospectus, our Board of Directors consists of nine Directors, comprising two executive Directors, four non-executive Directors and three independent non-executive Directors.

The table below sets forth certain information in respect of the members of the Board of Directors of our Company:

Name	Age	Date of Joining our Group	Date of Appointment as a Director	Position	Roles and Responsibilities
Dr. Yiyou CHEN (陳一友)	49	November 19, 2015	June 7, 2018	Executive Director, Chairman of the Board and Chief Scientific Officer	Overall strategic planning, business direction and operational management
Mr. Yeqing ZHU (朱葉青)	49	November 19, 2015	June 7, 2018	Executive Director and Chief Executive Officer	Overall strategic planning, business direction and operational management
Mr. Naxin YAO (姚納新)	50	November 19, 2015	July 26, 2018	Non-executive Director	Participating in decision-making in respect of major matters such as strategy
Ms. Nisa Bernice Wing-Yu LEUNG, *J.P.* (梁穎宇)	50	June 16, 2017	July 26, 2018	Non-executive Director	Participating in decision-making in respect of major matters such as strategy
Mr. Quan ZHOU (周瑔)	45	July 26, 2018	July 26, 2018	Non-executive Director	Participating in decision-making in respect of major matters such as strategy
Mr. Siu Wai NG (伍兆威)	36	May 14, 2019	May 14, 2019	Non-executive Director	Participating in decision-making in respect of major matters such as strategy
Mr. Danke YU (余丹柯)	51	February 5, 2021	February 5, 2021	Independent non-executive Director	Supervising and providing independent judgment to our Board
Prof. Hong WU (吳虹)	63	February 5, 2021	February 5, 2021	Independent non-executive Director	Supervising and providing independent judgment to our Board
Dr. Kwok Tung LI, Donald, *S.B.S.*, *J.P.* (李國棟)	66	February 5, 2021	February 5, 2021	Independent non-executive Director	Supervising and providing independent judgment to our Board

EXECUTIVE DIRECTORS

Dr. Yiyou CHEN (陳一友), aged 49, is a co-founder of our Group. Dr. Chen founded our Group in 2015 and was appointed as the Chairman of the Board and Chief Scientific Officer of our Company on June 7, 2018. Dr. Chen was designated as an executive Director of our Company on October 9, 2020.

Dr. Chen began his career at Genencor International Inc., where he served in various positions including drug discovery project leader and research team member from 1998 to 2003. In 2003, Dr. Chen co-founded Starvax Inc., a biotechnology company which is no longer in operation, and served as the chief scientific officer from its inception to 2006 responsible for leading the entire drug discovery portfolio including prophylaxis vaccine for SARS-CoV-1 and immunotherapeutics for cancer. In 2006, Dr. Chen co-founded Crown Bioscience Inc., a drug discovery and development company currently with facilities in North America, Europe and Asia, and served as the chief scientific officer from its inception to 2012 responsible for leading various drug discovery and research projects including a monoclonal antibody for the potential treatment of acute myeloid leukemia. Dr. Chen presently does not hold any shareholding interests in Starvax Inc. or Crown Bioscience Inc., nor is he involved in their management.

Since March 2013, Dr. Chen has served as a board member of Med Data Quest, Inc., a company engaged in the application of artificial intelligence to improve the healthcare system. Since April 2013, Dr. Chen has served as a director at Beijing Percans Oncology Co., Ltd. (北京智康博藥腫瘤醫學研究有限公司), a company engaged in the research and development of tumour-related medication and medical services. In September 2014, Dr. Chen co-founded Rejuven Dermaceutical Co., Ltd. (杭州觀蘇生物技術有限公司), a company engaged in the research, development and application of novel biologics particularly in the area of medical aesthetics, where he successively served as a director and a supervisor until October 2020 and in which he presently holds a less than 10% equity interest through a wholly-owned entity. Dr. Chen's responsibilities as a director included budget approval and engaging in strategic discussions, whereas as a supervisor, he was responsible for ensuring that management operation and board procedures were carried out in compliance with the company charter. Since May 2018, Dr. Chen has served as a director at Cothera Bioscience, Inc., a company engaged in the research and development of combination therapies for treating cancer. To the best knowledge of the Directors, none of the companies co-founded by Dr. Chen listed above engages in any business that compete or is likely to compete, either directly or indirectly, with the business of the Company.

Dr. Chen has served as a director at NHJK Holding and Hangzhou Nuohui since 2015 and a director at NH Health USA Inc. since 2019, all three of which are subsidiaries of the Company. With his more than 20 years of research and development experience in the oncology space, Dr. Chen is the inventor of six patents in the U.S. and over 20 patent applications globally, and has authored multiple papers published in peer reviewed medical journals. He is also one of the founding members of the BayHelix Group.

Dr. Chen received his Bachelor's degree in Biochemistry from Peking University in the PRC in July 1992, and obtained his Doctoral degree in Experimental Pathology from the University of Utah in the United States in July 1997.

Mr. Yeqing ZHU (朱葉青), aged 49, is a co-founder of our Group. Mr. Zhu founded our Group in 2015 and was appointed as the Chief Executive Officer of our Company on June 7, 2018. Mr. Zhu was designated as an executive Director of our Company on October 9, 2020.

From July 1996 to September 1999, Mr. Zhu worked as a sales manager at the Beijing office of Samsung Corporation (now known as Samsung C&T Corporation) (三星物產北京辦事處). From August 2000 to December 2013, Mr. Zhu held a number of positions including managing director at GE (China) Co., Ltd. (通用電氣(中國)有限公司). Mr. Zhu has served as a director at Hangzhou Nuohui since 2015, a director at Beijing Xincheng, Beijing Nuoan Lab and Hangzhou Nuokang Lab since 2016 and a director at Guangzhou Nuohui Lab since 2019, all four of which are subsidiaries of the Company. He is currently a council member of the Cancer Foundation of China.

Mr. Zhu received his Bachelor's degree in Biochemistry at Peking University in the PRC in July 1992, and obtained his Master's degree in Business Administration from Guanghua School of Management of Peking University in the PRC in July 2001.

NON-EXECUTIVE DIRECTORS

Mr. Naxin YAO (姚納新), aged 50, joined our Group on November 19, 2015. Mr. Yao was designated as a non-executive Director of our Company on October 9, 2020.

Mr. Yao served in various positions at a number of companies in China and the U.S. during the 1990s to early 2000s. Mr. Yao then co-founded Focused Photonics (Hangzhou), Inc. (聚光科技(杭州)股份有限公司), a company listed on the ChiNext board of Shenzhen Stock Exchange (stock code: 300203), where he served as director and general manager between January 2002 and June 2015. Mr. Yao also served as executive director and general manager at Hangzhou Focused Photonics Environmental Technology Co., Ltd. (杭州聚光環保科技有限公司), a company engaged in product and software development of opto-mechatronics, from December 2007 to June 2019.

Since the 2000s, Mr. Yao has served many directorships at companies operating in various industries, including information technology, environmental technology, biotechnology and investment management. The directorships that Mr. Yao currently serves include: executive director and general manager at Zhejiang Pudu Science And Technology Co., Ltd. (浙江普渡科技有限公司) since August 2009, which is an investment company involved in technology development and corporate governance consultancy; executive director at Hangzhou Haibang Yinzhi Investment Management Co., Ltd. (杭州海邦引智投資管理有限公司) since June 2012, which is an investment management company providing investment and corporate governance consultancy; director at Shanghai Xiaoyi Technology Co., Ltd. (上海小蟻科技有限公司) since September 2014, a company engaged in the manufacturing and development of cameras and computer vision technologies; vice-Chairman of the board at Rejuven Dermaceutical Co., Ltd. (杭州觀蘇生物技術有限公司) since September 2014, a company engaged in the research, development and application of novel biologics particularly in the area of medical aesthetics; and director at Hangzhou Yuyuan Life Technology Co., Ltd. (杭州育源生命科技有限公司) since November 2018, a company engaged in biotechnology product development and services.

Mr. Yao received his Bachelor's degree in Cell Biology and Genetic Engineering from Peking University in the PRC in July 1992, and obtained a Master's Degree from the University of California, Berkeley in the United States in Nutrition in May 1998. Mr. Yao also obtained a Master's Degree from Stanford University in the United States in Management in June 2003.

Ms. Nisa Bernice Wing-Yu LEUNG (梁潁宇), *J.P.*, aged 50, joined our Group on June 16, 2017. Ms. Leung was designated as a non-executive Director of our Company on October 9, 2020.

Ms. Leung has more than 17 years of industry experience. Ms. Leung joined Qiming Venture Partners, a venture capital firm in China, in December 2007, and currently serves as a managing partner where she leads its health care investments. Ms. Leung also co-founded Biomedic Holdings Limited, which has operations and investments in medical devices, pharmaceuticals and health care services in China, in February 2004. Ms. Leung was a venture partner at PacRim Venture Partners from July 2001 to June 2003.

Ms. Leung has also been a director at Gan & Lee Pharmaceuticals Co., Ltd. (甘李藥業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603087), since March 2010; at Hangzhou Nuohui, our principal operating subsidiary, since July 2017; and at Berry Oncology Co., Ltd. (福建和瑞基因科技有限公司) since May 2018. Ms. Leung has served as a director since August 2014 and an independent director since July 2020 of Zai Lab Limited (再鼎醫藥有限公司), a company listed on NASDAQ (ticker symbol: ZLAB) and the Hong Kong Stock Exchange (stock code: 9688); as a non-executive director at CanSino Biologics Inc. (康希諾生物股份公司), a company listed on the Hong Kong Stock Exchange (stock code: 6185) and the Shanghai Stock Exchange (stock code: 688185), since September 2015; and as vice-chairwoman to the board since June 2013 and a non-executive director since July 2019 of Venus Medtech (Hangzhou) Inc. (杭州啟明醫療器械股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2500).

Ms. Leung was appointed as a Justice of the Peace in July 2016 by the Government of the Hong Kong Special Administrative Region.

Ms. Leung received a Bachelor's degree in Management from Cornell University in the United States in May 1992 and a Master's degree in Business Administration from Stanford University in the United States in June 2001.

Mr. Quan ZHOU (周琁), aged 45, joined our Group on July 26, 2018. Mr. Zhou was designated as a non-executive Director of our Company on October 9, 2020.

After his postgraduate studies, Mr. Zhou worked as a senior analyst at Morningside Group Hong Kong (香港晨興集團) from December 2007 to September 2010. Mr. Zhou joined Legend Capital Co., Ltd. (君聯資本管理股份有限公司) (formerly known as Beijing Legend Investment Consultant Co., Ltd. (北京聯想投資顧問有限公司)) as an investment manager in September

2010, and is now serving as the managing director. From November 2017 to July 2020, Mr. Zhou served as the director at Shanghai Ligatech Bioscience Co., Ltd. (上海利格泰生物科技有限公司), a company engaged in the development, manufacturing and sales of interventional medical devices.

Mr. Zhou has served as a director of companies that carry out product development, manufacturing and sales in the biotechnology, pharmaceutical and medical equipment industries. The companies at which Mr. Zhou is currently a director include: Zhuhai DL Biotech Co., Ltd. (珠海迪爾生物工程有限公司) since January 2017, a company engaged in the development, manufacturing and sales of microbiological diagnostic products; Berry Oncology Co., Ltd. (福建和瑞基因科技有限公司) since May 2018, a company specialized in genetic detection of tumour life cycles; Nanovision Technology (Beijing) Co., Ltd. (北京納米維景科技有限公司) since May 2018, a company specialized in high-speed and high-precision radiology imaging in healthcare, security inspection and industrial fields; and Tianjin Hemay Pharmaceutical Technology Co., Ltd. (天津和美奧康醫藥科技有限公司) since July 2018, a pharmaceutical company specialized in innovative drug research and product development.

Mr. Zhou received his Bachelor's degree in Biological Sciences from the University of Science and Technology of China in the PRC in July 1999. Mr. Zhou subsequently obtained a Master's degree in Neurobiology from the National University of Singapore in December 2005. Mr. Zhou also obtained a Master of Business Administration in Finance from China Europe International Business School in the PRC in March 2008.

Mr. Siu Wai NG (伍兆威), aged 36, joined our Group on May 14, 2019. Mr. Ng was designated as a non-executive Director of our Company on October 9, 2020.

From July 2007 to June 2010, Mr. Ng served as an operations research associate consultant at ZS Associates, a management consulting firm based in the United States, where he provided consulting advisory to global pharmaceutical companies in sales and marketing strategy and operations. Between September 2011 and April 2016, Mr. Ng served in a number of positions at Barclays Capital Asia Limited, including as an associate and then a vice president of the investment banking division and a lead analyst of China healthcare equity research, providing investment banking and corporate finance advisory service mainly to healthcare companies in the Asia Pacific region. In April 2017, Mr. Ng joined VMS Group, a financial asset management firm, as the head of healthcare in the private equity department, and has held the position of managing director of VMS Group since March 2018. Mr. Ng has also served as an executive director at Auto Italia Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 720) since July 2020.

Mr. Ng received his Bachelor of Science degree in January 2007 from Cornell University in the United States, and obtained his Master of Engineering degree in Operations Research and Industrial Engineering in May 2007. In July 2011, Mr. Ng obtained a Master of Business Administration from INSEAD in Singapore.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Danke YU (余丹柯), aged 51, was appointed as an independent non-executive Director of the Company effective as of the date of this Prospectus.

Between July 1995 and June 2007, Mr. Yu served various finance roles within General Electric Company, including acting as finance director for acquisition integration within the Asia Pacific region, finance project manager for global finance at the group's energy business headquarters, and chief financial officer of General Electric Infrastructure China. Between July 2007 and August 2009, Mr. Yu served as chief financial officer at Xinjiang Goldwind Science & Technology Co., Ltd. (新疆金風科技股份有限公司), a wind turbine technology and energy solutions provider, whose shares are listed on the Shenzhen Stock Exchange (stock code: 002202) and Hong Kong Stock Exchange (stock code: 2208). Between September 2009 and July 2012, Mr. Yu served as a renewable energy consultant in Melbourne, Australia, where he was a senior advisor to a Hong Kong-based private equity firm, and provided consulting services to international investors on the Chinese wind energy industry through the Gerson Lehrman Group Council. Between July 2012 and January 2016, Mr. Yu served as chief financial officer and general manager at Lightway Australia Pty Ltd, based in Melbourne and Beijing, where he led the restructuring of a US$50 million revenue business. Between February 2016 and February 2017, Mr. Yu served as chief financial officer at the downstream business unit of Trina Solar Limited, where he led the finance team of the solar power project development business. Between June 2017 and May 2018, Mr. Yu worked as chief financial officer at the Wison Group in Shanghai, where he undertook overall finance leadership responsibility. Mr. Yu is currently a freelance consultant in the field of international mergers and acquisitions.

Mr. Yu obtained his Bachelor's degree in Economics from Nanjing University in the PRC in July 1991.

Prof. Hong WU (吴虹), aged 63, was appointed as an independent non-executive Director of the Company effective as of the date of this Prospectus. Prof. Wu is the Dean and Chair Professor of the School of Life Sciences at Peking University.

Prof. Wu worked at the David Geffen School of Medicine at the University of California, Los Angeles from 1996 to 2013, where she successively held the positions of Assistant Professor, Associate Professor and tenured Full Professor of Molecular and Medical Pharmacology, and was named the inaugural holder of the David Geffen Chair in Medical Research. During her tenure, Prof. Wu also served as the Associate Director of the Genitourinary Oncology Program Area at the Jonsson Comprehensive Cancer Center, as well as the Associate Director for Research and then the Director of the Institute for Molecular Medicine. Prof. Wu has been serving as Dean of the School of Life Sciences at Peking University since 2013.

Prof. Wu first obtained her Bachelor of Medicine degree from the Beijing Medical College, China in July 1983. Prof. Wu then obtained her Doctoral degree in Biological Chemistry and Molecular Pharmacology from Harvard Medical School in the United States in June 1991. Between 1991 and 1996, Prof. Wu was as a postdoctoral fellow at the Whitehead Institute for Biomedical Research, Massachusetts Institute of Technology in the United States.

Prof. Wu holds a number of honorary positions, including Associate Member of the European Molecular Biology Organisation since 2016, and Fellow of the American Association for the Advancement of Science since 2011.

Dr. Kwok Tung LI, Donald (李國棟), *S.B.S., J.P.*, aged 66, was appointed as an independent non-executive Director of the Company effective as of the date of this Prospectus. Dr. Li is a specialist in Family Medicine in private practice in Hong Kong.

Dr. Li has been the president of the World Organisation of Family Physicians (WONCA) since November 2018, a council member of Hong Kong St. John Ambulance since June 2000, the director of Hong Kong St. John Ambulance Association since June 2017, and the president of the Hong Kong Academy of Medicine from December 2012 to December 2016. Dr. Li is also a honorary steward of the Hong Kong Jockey Club and the chairman of the board of directors of Hong Kong Sheng Kung Hui Welfare Council Limited, and had served as the chairman and is now a director of the Bauhinia Foundation Research Centre.

Since November 2015, Dr. Li has served as an independent non-executive director of UMP Healthcare Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 722). Since December 2017, Dr. Li has served as an independent non-executive director of C-MER Eye Care Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 3309) and since December 2020, Dr. Li has served as an independent non-executive director of Sino Biopharmaceutical Limited, a company listed on the Hong Kong Stock Exchange (stock code: 1177).

Dr. Li received his Bachelor of Arts degree from Cornell University in the United States in June 1975. In August 1980, Dr. Li obtained his Bachelor of Medicine and Bachelor of Surgery degree from The University of Hong Kong. Dr. Li has been a Fellow of The Hong Kong College of General Practitioners (now known as the Hong Kong College of Family Physicians) since September 1987, Fellow of the Hong Kong Academy of Medicine in the specialty of Family Medicine since December 1993, Honorary Fellow of the College of Dental Surgeons of Hong Kong since 2004, Honorary Fellow of the Royal Australian College of General Practitioners since September 2005, Honorary Fellow of the Hong Kong College of Family Physicians since May 2007, Fellow of the Faculty of Public Health of the Royal College of Physicians of the United Kingdom since February 2010, Registered Mainland China Medical Practitioner since November 2012, Fellow of the American College of Physicians since September 2015, Honorary University Fellow of The University of Hong Kong since September 2015, Honorary Fellow of the Chinese University of Hong Kong since June 2016 and Honorary Fellow of the Hong Kong Academy of Medicine since December 2017.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below shows certain information in respect of the senior management of our Company:

Name	Age	Date of Joining our Group	Date of Appointment	Position	Roles and Responsibilities
Dr. Yiyou CHEN (陳一友)	49	November 19, 2015	June 7, 2018	Executive Director, Chairman of the Board and Chief Scientific Officer	Leading overall research, technology and clinical development and participating in overall strategic planning and business direction
Mr. Yeqing ZHU (朱葉青)	49	November 19, 2015	June 7, 2018	Executive Director and Chief Executive Officer	Responsible for overall strategic planning, business direction, commercial sustainability and operational management
Mr. Yu GAO (高煜)	38	June 1, 2020	June 1, 2020	Chief Financial Officer and joint company secretary	Responsible for financial and strategic planning, business development, participation in operational management and investor relation activities
Dr. Ning LU (呂寧)	50	November 19, 2015	June 7, 2018	Chief Technology Officer	Responsible for discovery and development of cancer screening and detection technologies, with a focus on clinical development and regulatory approvals

Dr. Yiyou CHEN (陳一友), aged 49, is a co-founder of our Group. Dr. Chen founded our Group in 2015 and was appointed as the Chairman of the Board and Chief Scientific Officer of our Company on June 7, 2018. Dr. Chen was designated as an executive Director of our Company on October 9, 2020. For further details, please see the paragraphs headed "Executive Directors" in this section.

Mr. Yeqing ZHU (朱葉青), aged 49, is a co-founder of our Group. Mr. Zhu founded our Group in 2015 and was appointed as the Chief Executive Officer of our Company on June 7, 2018. Mr. Zhu was designated as an executive Director of our Company on October 9, 2020. For further details, please see the paragraphs headed "Executive Directors" in this section.

Mr. Yu GAO (高煜), aged 38, has been the Chief Financial Officer of our Group since June 1, 2020. He is also one of our joint company secretaries.

Mr. Gao has over 13 years of healthcare industry experience as a private equity investor, an investment banker, and a management consultant. Prior to joining our Group in 2020, Mr. Gao was a vice-president at FountainVest Partners (方源資本) in Shanghai, focusing on buyout and growth-stage healthcare equity investments globally across medical device, biotechnology, and healthcare service sectors since 2016. From 2014 to 2016, Mr. Gao was an investment banking associate at Bank of America Merrill Lynch in New York, advising healthcare clients on initial public offerings, merger and acquisitions, hostile defense, and other strategic transactions. From 2007 to 2014, Mr. Gao served as a business consultant and various other roles at ZS Associates in New York, advising healthcare clients on commercial strategies, sales operations, and post-merger integrations.

Mr. Gao received his Bachelor's degree in Electrical Engineering from Shanghai Jiao Tong University in the PRC in July 2005, his Master's degree in Science from Purdue University in the United States in December 2006, and his Master's degree in Business Administration from Columbia Business School in the United States in May 2014.

Dr. Ning LU (呂寧), aged 50, has been our Chief Technology Officer since November 19, 2015. Dr. Lu built up the Company's product development capability and has been instrumental in aiding ColoClear through the clinical validation and regulatory approval process.

Dr. Lu has over 16 years of experience in molecular diagnostics and medical devices, and 10 years of experience in cutting-edge bioscience research at top-tier institutions. Prior to joining our Group in 2015 as chief technology officer of Hangzhou Nuohui, our principal operating subsidiary, Dr. Lu served as a manager at Roche Diagnostics from 2007, developing IVD products for US and European markets. From 2004 to 2007, Dr. Lu worked as a Senior Scientist in the R&D department of Quest Diagnostics. During his over a decade of IVD experience at multiple global companies including Roche Diagnostics and Quest Diagnostics, Dr. Lu has led the development of eight IVD products. Dr. Lu is one of the inventors of two patents, namely "bordetella detection assay" (published in 2009) and "HAV detection" (published in 2014).

Dr. Lu received his Bachelor's degree in Biochemistry in July 1992 from Peking University in the PRC, and then received his Doctoral degree of Philosophy in September 1999 from Duke University in the United States, where he co-authored an article titled "ELAV tumor antigen, Hel-N1, increases translation of neurofilament M mRNA and induces formation of neurites in human teratocarcinoma cells" (published in 1999). Subsequently, Dr. Lu served as a postdoctoral researcher at the Department of Biological Sciences, Stanford University where he co-authored an article titled "Localization of Tec29 to ring canals is mediated by Src64 and PtdIns(3,4,5)P_3 -dependent mechanisms" (published in 2004).

DIRECTORS' AND SENIOR MANAGEMENT'S INTERESTS

Save as disclosed above, none of our Directors or senior management members has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Prospectus.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

As of the Latest Practicable Date, save for the interests in the shares of the Company held by Mr. Zhu and Dr. Chen, our executive Directors, and by Mr. Naxin Yao and Ms. Nisa Bernice Wing-Yu Leung, two of our non-executive Directors, which are disclosed in the section headed "Statutory and General Information – C. Further Information about Our Directors" in Appendix IV in this Prospectus, none of our Directors held any interest in the securities within the meaning of Part XV of the SFO.

As of the Latest Practicable Date, none of our Directors or senior management are related to other Directors or senior management of our Company.

JOINT COMPANY SECRETARIES

Mr. Yu GAO (高煜), aged 38, was appointed as a joint company secretary of our Company on October 9, 2020. Mr. Gao is also a member of senior management of our Company. For further details, please see the paragraphs headed "Senior Management" in this section.

Ms. Ching Man YEUNG (楊靜文), aged 36, was appointed as a joint company secretary of our Company on October 9, 2020. Ms. Yeung has worked for an international accounting firm, the Hong Kong Exchanges and Clearing Limited and a corporate services provider for more than 13 years collectively.

Ms. Yeung graduated from the Chinese University of Hong Kong with a Bachelor's degree in Business Administration in December 2006, The University of Hong Kong with a Master's degree of Laws in Corporate and Financial Law in December 2014 and the Open University of Hong Kong with a Master's degree in Corporate Governance in August 2020 which was obtained by attending long distance learning courses. Ms. Yeung is currently a member of the Hong Kong Institute of Certified Public Accountants and an associate member of The Hong Kong Institute of Chartered Secretaries.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Gao as our joint company secretary. Such waiver will be revoked immediately if and when Ms. Yeung ceases to be appointed as a joint company secretary or to provide assistance to Mr. Gao, and can also be revoked if there are material breaches of the Listing Rules by our Company. See the section headed "Waivers From Compliance With the Listing Rules and Exemptions From Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance – Joint Company Secretaries" in this Prospectus for further information regarding the waiver.

KEY TERMS OF EMPLOYMENT CONTRACTS

Employment Arrangements of Senior Management

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 enter into with our senior management and other key personnel.

- *Terms:* We normally enter into employment contracts with our senior management members and other key personnel with a term of 5 years.
- *No conflict:* During the term of the employment, the employee shall work on a full-time basis for us and shall not, without express prior approval from the Company, work as an employee, director, manager, staff, agent or consultant of, or become the shareholder or partner of, any other organization or engage in any other activities which conflict with the interests of the Company.

Confidentiality

- *Confidential information:* The employee shall keep confidential information, including but not limited to technical information such as our inventions, experiment records, databases, blueprints and manuals and operational information, such as customer lists, sales networks, distribution channels, pricing policies or information on suppliers in confidence.
- *Obligation and duration:* The employee shall not, for the term of his or her employment and thereafter, directly or indirectly, use, divulge, publish or otherwise disclose or allow to be disclosed any aspect of any confidential information, until the Company declares such information no longer confidential or such information enters into the public domain. The employee shall also return all documentations, devices, equipment, or other company assets per our instructions.

Intellectual Property Rights

- *Acknowledgement:* The employee acknowledges and agrees that we shall have complete, absolute and exclusive intellectual property rights in the work that they produce, solely or jointly with others, during the period of the employee's employment with the Company, (i) that is substantially developed using our technical facilities or business information etc., or (ii) that results from any task assigned to the employee, any work performed by the employee for us and on our behalf, or is otherwise within the employee's scope of work. The employee also agrees to waive all pre-emptive rights in favour of the Company as absolute owner of the intellectual property, where the Company seeks to transfer its intellectual property rights.
- *Assignment:* The employee agrees to assist us to acquire and exercise the abovementioned intellectual rights in all appropriate ways, including (i) disclosing all necessary information and data to us and (ii) taking all necessary action such as making an application or registration for us to acquire such rights.

Non-competition

- *Non-competition obligation:* The employee shall not engage in any work, employment, investment, consulting or other services for any other person or business whose business or products are substantially similar as our existing business or products. The employee shall not engage in another entity's business administration during his/her full-time employment in our Company, unless our prior written consent is obtained.
- *Duration:* The non-competition obligations shall subsist throughout the employee's period of employment and up to 2 years after termination of employment.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive compensation in the form of fees, salaries, bonuses, other allowances, benefits in kind, contribution to the pension scheme and other share-based compensation. We determine the compensation of our Directors based on each Director's responsibilities, qualification, position and seniority. Each of the independent non-executive Directors has entered into an appointment letter with our Company effective upon the date of this Prospectus. For additional information, please refer to the section headed "Statutory and General Information – C. Further Information about Our Directors – 1. Particulars of Directors' Service Contracts and Appointment Letters" in Appendix IV in this Prospectus.

The aggregate amount of remuneration of our Directors (including fees, salaries, contributions to pension schemes, discretionary bonuses, allowances and other benefits in kind) for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020 were approximately RMB7,897,000, RMB11,311,000 and RMB10,124,000, respectively.

It is estimated that no remuneration and benefits in kind will be paid to our Directors in their capacity as Director by us in respect of the financial year ending December 31, 2020 under arrangements in force at the date of this Prospectus.

The aggregate amount of remuneration of our five highest paid individuals (including 2 Directors) for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020 were approximately RMB10,751,000, RMB15,206,000 and RMB16,799,000, respectively.

During the Track Record Period, no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors, past Directors or the five highest paid individuals for the Track Record Period for the loss of office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

For additional information on Directors' remuneration during the Track Record Period as well as information on the five highest paid individuals, please see Note 12 of the Accountants' Report set out in Appendix I to this Prospectus. For the details of the stock options that we granted to our Directors and senior management, please see the section headed "Statutory and General Information – D. Pre-IPO Share Incentive Plan" in Appendix IV in this Prospectus.

Save as disclosed above in this section and the sections headed "Financial Information", "Accountants' Report" and "Statutory and General Information" in this Prospectus, no other payments have been paid or are payable in respect of the Track Record Period to our Directors by our Group.

CORPORATE GOVERNANCE

We have established the following committees in our Board of Directors: an Audit Committee, a Remuneration Committee and a Nomination Committee. The committees operate in accordance with terms of reference established by our Board of Directors.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Code. The Audit Committee consists of two independent non-executive Directors and one non-executive Director, namely, Mr. Danke Yu, Ms. Nisa Bernice Wing-Yu Leung and Dr. Kwok Tung Li, Donald. Mr. Danke Yu, being the chairperson of the Audit Committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, without limitation, assisting our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group and overseeing the audit process.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Code. The Remuneration Committee consists of one executive Director, Mr. Zhu and two independent non-executive Directors, Prof. Hong Wu and Mr. Danke Yu. Prof. Hong Wu is the chairperson of the Remuneration Committee. The primary duties of the Remuneration Committee include, without limitation, the following: (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management, or alternatively, making recommendations to the Board on such remuneration packages; and (iii) reviewing performance-related elements of the total remuneration package for executive Directors to align their interests with those of Shareholders.

NOMINATION COMMITTEE

The Company has established the Nomination Committee with written terms of reference in compliance with the Code. The Nomination Committee consists of one executive Director, Dr. Chen, and two independent non-executive Directors, Prof. Hong Wu and Mr. Danke Yu. Dr. Chen is the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board of Directors on matters relating to the appointment of Directors.

DIVERSITY

We are committed to promoting the culture of diversity in the Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure.

We have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, biotechnology, clinical research, life science, finance, investment and accounting. They obtained degrees in various areas including biochemistry, management, engineering, medicine and economics. Our board diversity policy is well implemented as evidenced by the fact that there are both female and male Directors ranging from 36 years old to 66 years old with experience from different industries and sectors.

We are also committed to adopting a similar approach to promote diversity within management (including but not limited to the senior management) of the Company to enhance the effectiveness of corporate governance of the Company as a whole.

Our Nomination Committee is delegated by our Board to be responsible for compliance with relevant codes governing board diversity under the Corporate Governance Code. After the Listing, our Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

CORPORATE GOVERNANCE CODE

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code after the Listing.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Adviser will advise our Company in certain circumstances including: (a) before the publication of any regulatory announcement, circular, or financial report; (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases; (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this Prospectus or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this Prospectus; and (d) where the Stock Exchange makes an inquiry to our Company under Rule 13.10 of the Listing Rules.

The term of appointment of our Compliance Adviser shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules.

From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are neither our controlling shareholders nor members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which they may hold directorships from time to time.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Share Subdivision and the Global Offering, assuming no additional Shares are issued pursuant to the Pre-IPO Share Incentive Plan, the following persons will have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to 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 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:

Substantial Shareholder	Capacity/ Nature of interest	Total number of Shares/ underlying shares	Approximate percentage of interest in our Company upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised)	Approximate percentage of interest in our Company upon completion of the Global Offering (assuming the Over-allotment Option is fully exercised)
Dr. Chen[(1)]	Beneficial interest	41,525,606	9.94%	9.67%
	Trustee	10,000,000	2.39%	2.33%
Mr. Zhu[(2)]	Beneficial interest	13,053,070	3.12%	3.04%
	Settlor and beneficiary of a discretionary trust	15,092,940	3.61%	3.51%
Mr. Naxin Yao	Settlor and beneficiary of a discretionary trust[(3)]	40,603,670	9.71%	9.46%
Legend Capital Co., Ltd. (君聯資本管理股份有限公司)	Interest in controlled corporation[(4)]	41,381,746	9.90%	9.64%
SBCVC Fund V, L.P.	Interest in controlled corporation[(5)]	22,559,012	5.40%	5.25%
Qiming Corporate GP V, Ltd	Interest in controlled corporation[(6)]	35,891,538	8.59%	8.36%
VMS Holdings Limited	Interest in controlled corporation[(7)]	36,269,540	8.68%	8.45%
Trident Trust Company (HK) Limited	Trustee[(8)]	78,814,606	18.86%	18.35%

Notes:

1. Dr. Chen, one of our executive Directors and chairman of the Board directly holds 36,004,536 Shares as beneficial owner. He is also entitled to receive up to 5,521,070 Shares pursuant to options granted to him, subject to the conditions (including vesting conditions) of those options. Dr. Chen is the trustee of the Yiyou Chen Grantor Retained Annuity Trust, with certain of his family members as beneficiaries. Under the SFO, he is therefore deemed to be interested in the 10,000,000 Shares held by the Yiyou Chen Grantor Retained Annuity Trust.

   Ms. Lili Chen does not hold any legal or beneficial interest in the share capital of our Company; however, solely pursuant to Part XV of the SFO, Ms. Lili Chen is deemed to be interested in the same number of Shares interested by her spouse, Dr. Chen, although she does not personally hold such shares as a direct Shareholder.

2. Mr. Zhu, our CEO and one of our executive Directors, is entitled to receive up to 13,053,070 Shares pursuant to options granted to him, subject to the conditions (including vesting conditions) of those options. These share options have been early-exercised by Mr. Zhu and issued to NHXT Holdings Ltd. to hold on trust. NHXT Holdings Ltd. is owned by Trident Trust Company (HK) Limited.

   NHYJ Holdings is held as to 100% by NH Trinity Limited, an entity managed by Trident Trust Company (HK) Limited (the "**Trustee**"), and holds Shares on trust for the benefit of Mr. Zhu, our CEO and one of our executive Directors, and certain of his family members as beneficiaries. Under the SFO, NH Trinity Limited (through its interest in a controlled corporation), the Trustee (as trustee) and Mr. Zhu (as settlor and beneficiary of such trust) are deemed to be interested in the Shares held by NHYJ Holdings. Mr. Zhu is able to direct the Trustee as to its exercise of voting rights in NHYJ Holdings.

   Ms. Yang Jiao does not hold any legal or beneficial interest in the share capital of our Company; however, solely pursuant to Part XV of the SFO, Ms. Yang Jiao is deemed to be interested in the same number of Shares interested by her spouse, Mr. Zhu, although she does not personally hold such shares as a direct Shareholder.

3. NHXC Holdings directly holds 17,559,052 Shares, and is held as to 40.29% by MST Development Limited. MST Development Limited itself directly holds 23,044,618 Shares. MST Development Limited is held as to 100% by Bancasa Holding Limited and ultimately owned by Trident Trust Company (HK) Limited (the "**Trustee**"), and holds Shares on trust for the benefit of Mr. Naxin Yao, one of our non-executive Directors, and certain of his family members as beneficiaries. Under the SFO, MST Development Limited is deemed to be interested in the Shares held by NHXC Holdings. Further, Bancasa Holding Limited (through its interest in controlled corporations), the Trustee (as trustee) and Mr. Naxin Yao (as settlor and beneficiary of such trust) are deemed to be interested in the Shares held through MST Development Limited. Mr. Naxin Yao is able to direct the Trustee as to its exercise of voting rights in the Shares.

4. High Diamond Limited directly holds 24,836,898 Shares and Good Rise Holdings Limited directly holds 16,544,848 Shares.

   To the best knowledge of the Company, High Diamond Limited is wholly-owned by LC Healthcare Fund I, L.P., which is controlled by its general partner, LC Healthcare Fund I GP, L.P.. LC Healthcare Fund I GP, L.P. is controlled by its general partner LC Fund GP Limited, which is in turn wholly-owned by Union Season Holdings Limited. Union Season Holdings Limited is wholly-owned by Legend Capital Co., Ltd. (君聯資本管理股份有限公司), which is held as to 80% by Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) and 20% by Legend Holdings Corporation (stock code: 3396). The general partner of Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) is Beijing Junqi Jiarui Business Management Limited (北京君祺嘉睿企業管理有限公司). As such, under the SFO, each of LC Healthcare Fund I, L.P., LC Healthcare Fund I GP, L.P., LC Fund GP Limited, Union Season Holdings Limited, Legend Capital Co., Ltd. (君聯資本管理股份有限公司), Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) and Beijing Junqi Jiarui Business Management Limited (北京君祺嘉睿企業管理有限公司) (through its interest in a controlled corporation or controlled corporations, as the case may be) are deemed to be interested in the 24,836,898 Shares held by High Diamond Limited.

To the best knowledge of the Company, Good Rise Holdings Limited is wholly-owned by Tianjin Junlian Zhihui Business Management Partnership (Limited Partnership) (天津君聯致輝商業管理合夥企業(有限合夥)), which is in turn held as to 99.99% by Beijing Junlian Yikang Equity Investment Partnership (Limited Partnership) (北京君聯益康股權投資合夥企業(有限合夥)). The general partner of Tianjin Junlian Zhihui Business Management Partnership (Limited Partnership) (天津君聯致輝商業管理合夥企業(有限合夥)) and of Beijing Junlian Yikang Equity Investment Partnership (Limited Partnership) (北京君聯益康股權投資合夥企業(有限合夥)) is Lasa Junqi Business Management Limited (拉薩君祺企業管理有限公司), which is wholly-owned by Legend Capital Co., Ltd. (君聯資本管理股份有限公司). As such, under the SFO, each of Tianjin Junlian Zhihui Business Management Partnership (Limited Partnership) (天津君聯致輝商業管理合夥企業(有限合夥)), Beijing Junlian Yikang Equity Investment Partnership (Limited Partnership) (北京君聯益康股權投資合夥企業(有限合夥)), Lasa Junqi Business Management Limited (拉薩君祺企業管理有限公司), Legend Capital Co., Ltd. (君聯資本管理股份有限公司), Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) and Beijing Junqi Jiarui Business Management Limited (北京君祺嘉睿企業管理有限公司) (through its interest in a controlled corporation or controlled corporations, as the case may be) are deemed to be interested in the 16,544,848 Shares held by Good Rise Holdings Limited.

Based on the above, under the SFO, Legend Capital Co., Ltd. (君聯資本管理股份有限公司), Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) and Beijing Junqi Jiarui Business Management Limited (北京君祺嘉睿企業管理有限公司) (through its interest in controlled corporations) are deemed to be interested in the 41,381,746 Shares collectively held by High Diamond Limited and Good Rise Holdings Limited.

5. SBCVC V PH Company Limited directly holds 22,559,012 Shares. To the best knowledge of the Company, SBCVC V PH Company Limited is a wholly-owned subsidiary of SBCVC Fund V Pte. Ltd, which is in turn a wholly-owned subsidiary of SBCVC Fund V, L.P.. SBCVC Management V, L.P. is the general partner of SBCVC Fund V, L.P., and in turn SBCVC Limited is the general partner of SBCVC Management V, L.P.. SBCVC Limited is held as to 90.1% by Star Pioneer Investment Holdings Limited, which is in turn held as to 100% by Lin Ye Song. As such, under the SFO, each of SBCVC Fund V Pte. Ltd, SBCVC Fund V, L.P., SBCVC Management V, L.P., SBCVC Limited, Star Pioneer Investment Holdings Limited and Lin Ye Song (through its interest in a controlled corporation or controlled corporations, as the case may be) are deemed to be interested in the 22,559,012 Shares held by SBCVC V PH Company Limited.

6. Qiming Venture Partners V, L.P. directly holds 34,805,418 Shares and Qiming Managing Directors Fund V, L.P. directly holds 1,086,120 Shares. Under the SFO, (i) as the general partner of Qiming Venture Partners V, L.P., Qiming GP V, L.P. (through its interest in a controlled corporation) is deemed to have an interest in the 34,805,418 Shares; and (ii) as the general partner of both Qiming GP V, L.P. and Qiming Managing Directors Fund V, L.P., Qiming Corporate GP V, Ltd. (through its interest in controlled corporations) is deemed to be interested in an aggregate of 35,891,538 Shares held by Qiming Venture Partners V, L.P. and Qiming Managing Directors Fund V, L.P.. Ms. Nisa Bernice Wing-Yu Leung, a non-executive Director of our Company, holds a one-third shareholding in Qiming Corporate GP V, Ltd.. As such (through her interest in controlled corporations), Ms. Nisa Bernice Wing-Yu Leung, together with Mr. Gary Rieschel and Mr. Duane Kuang who each hold a one-third shareholding interest in Qiming Corporate GP V, Ltd., are deemed to be interested in the 35,891,538 Shares collectively held by Qiming Venture Partners V, L.P. and Qiming Managing Directors Fund V, L.P..

7. Sino Felicity Limited directly holds 36,269,540 Shares. To the best knowledge of the Company, Sino Felicity Limited is a wholly-owned subsidiary of VMS Proprietary Investment Limited, and VMS Proprietary Investment Limited is in turn a wholly-owned subsidiary of VMS Proprietary Investment Group Limited. VMS Proprietary Investment Group Limited is a wholly-owned subsidiary of VMS Holdings Limited, which is held as to 59.8% by Ms. Mak Siu Hang Viola, 32.2% by Master Competent Limited and 8.0% by VMS Management Partners Limited. Master Competent Limited is wholly-owned by Ms. Mak Siu Hang Viola. As such, under the SFO, each of VMS Proprietary Investment Limited, VMS Proprietary Investment Group Limited, VMS Holdings Limited and Ms. Mak Siu Hang Viola (through its interest in a controlled corporation or controlled corporations, as the case may be) are deemed to be interested in the 36,269,540 Shares held by Sino Felicity Limited.

8. NH Trinity Limited indirectly holds 15,092,940 Shares, through NHYJ Holdings, on trust for Mr. Zhu and certain of his family members as beneficiaries. MST Development Limited directly holds 23,044,618 Shares and a 40.29% interest in NHXC Holdings on trust for Mr. Naxin Yao and certain of his family members as beneficiaries. NHXC Holdings directly holds 17,559,052 Shares. NHXT Holdings Ltd. and Ever Thriving Ventures Limited each hold 13,053,070 and 10,064,926 Shares, respectively, underlying awards under the Pre-IPO Share Incentive Plan on trust for the benefit of participants under the Pre-IPO Share Incentive Plan. Each of NH Trinity Limited, MST Development Limited, NHXT Holdings Ltd. and Ever Thriving Ventures Limited are owned and managed by the trustee, Trident Trust Company (HK) Limited. As such, Trident Trust Company (HK) Limited is deemed to be interested in the aggregate of 78,814,606 Shares (as trustee) held through NH Trinity Limited, MST Development Limited NHXT Holdings Ltd. and Ever Thriving Ventures Limited. The exercise of voting rights in the Shares by Trident Trust Company (HK) Limited is nevertheless subject to the directions of (i) Mr. Zhu, in relation to the Shares held through NH Trinity Limited, (ii) Mr. Naxin Yao, in relation to the Shares held through MST Development Limited, (iii) Mr. Zhu and Dr. Lu, in relation to the Shares held through NHXT Holdings Ltd. and (iv) any person appointed by the Board to administrate the Pre-IPO Share Incentive Plan, in relation to the Shares held through Ever Thriving Ventures Limited.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price for a certain number of Offer Shares (rounded down to the nearest whole board lot of 500 Shares) that may be purchased for an aggregate amount of US$124 million (or approximately HK$961 million) (calculated based on the conversion rate of US$1.00 to HK$7.75222) (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$22.70, 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 Investors would be 42,354,000 Offer Shares, representing approximately 55.29% of the Offer Shares pursuant to the Global Offering and approximately 10.13% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the Pre-IPO Share Incentive Plan).

Assuming an Offer Price of HK$24.68, 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 38,953,500 Offer Shares, representing approximately 50.85% of the Offer Shares pursuant to the Global Offering and approximately 9.32% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the Pre-IPO Share Incentive Plan).

Assuming an Offer Price of HK$26.66, being the high-end of the indicative Offer Price range set out in this Prospectus, the total number of Shares to be subscribed by the Cornerstone Investor would be 36,062,500 Offer Shares, representing approximately 47.08% of the Offer Shares pursuant to the Global Offering and approximately 8.63% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the Pre-IPO Share Incentive Plan).

The Company is of the view that, the Cornerstone Placing will help to raise the profile of the Company and to signify that such investors have confidence in the business and prospect of the Group. Other than the five existing shareholders or their close associates who are Cornerstone Investors as described below, our Company became acquainted with each of the Cornerstone Investors through introduction by certain Underwriters in the Global Offering.

To the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party and is not our connected person; (ii) none of the Cornerstone Investors is accustomed to take instructions from our Company, the Directors, chief executive, Substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer

Shares; (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, the Directors, chief executive, Substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates, except for, in each case where applicable, those Cornerstone Investors (namely, Rock Springs Capital Master Fund LP, Cormorant Global (as defined below), LAV Amber Limited, Worldwide Healthcare Trust PLC and Octagon Investments Master Fund LP) who are existing Shareholders of the Company or their close associates, who make their own investment decisions and finance the same; and (iv) each Cornerstone Investor will be utilizing their proprietary funding or the proprietary funding of the funds under their management, as appropriate, as their source of funding for the subscription of the Offer Shares. Details of the actual number of the Offer Shares to be allocated to each of the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around February 17, 2021.

The Cornerstone Placing will form part of the International Offering, and the Cornerstone Investors will not acquire any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreements. The Offer Shares to be subscribed by the Cornerstone Investors 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. Such Offer Shares will not count towards the public float for the purpose of Rule 18A.07 of the Listing Rules. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will have any Board representation in the Company; and none of the Cornerstone Investors will become a Substantial Shareholder of the Company. The Cornerstone Investors do not have any preferential rights under the Cornerstone Investment Agreements compared with other public Shareholders, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

There are no side arrangements between the Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing. There will be no delayed delivery or deferred settlement of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment Agreements.

Five of the Cornerstone Investors, namely Rock Springs Capital Master Fund LP, Cormorant Global (as defined below), LAV Amber Limited, Worldwide Healthcare Trust PLC and Octagon Investments Master Fund LP, which are existing Shareholders of our Company or their close associates, have been permitted to participate in the Cornerstone Placing pursuant to paragraph 5.2 of Stock Exchange Guidance Letter HKEX-GL92-18 and have been granted a waiver from strict compliance with the requirements under Rule 10.04 of, and a consent under paragraph 5(2) of Appendix 6 to, the Listing Rules by the Stock Exchange.

The total number of Offer Shares to be subscribed by the Cornerstone Investors 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 as described in the section headed "Structure of the Global Offering – Allocation – Reallocation" in this Prospectus.

THE CORNERSTONE INVESTORS

Set out below is the aggregate number of Offer Shares, and the corresponding percentage to our Company's total issued share capital under the Cornerstone Placing, without taking into account the issuance of any additional Shares under the Pre-IPO Share Incentive Plan:

Based on the Offer Price of HK$22.70 (being the low-end of the Offer Price range)

Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 500 Shares)	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Overallotment Option is not exercised	Assuming the Overallotment Option is exercised in full	Assuming the Overallotment Option is not exercised	Assuming the Overallotment Option is exercised in full
	(US$ in million)[1]					
Invesco Advisers, Inc.	40	13,660,500	17.83%	15.51%	3.27%	3.18%
Lake Bleu Prime Healthcare Master Fund Limited	20	6,830,500	8.92%	7.75%	1.63%	1.59%
Boyu Capital Opportunities Master Fund	17	5,806,000	7.58%	6.59%	1.39%	1.35%
GIC Private Limited	10	3,415,500	4.46%	3.88%	0.82%	0.80%
RBC Global Asset Management (Asia) Limited	9	3,074,000	4.01%	3.49%	0.74%	0.72%
Columbia Funds (as defined below)	5	1,708,000	2.23%	1.94%	0.41%	0.40%
Janus Henderson Funds (as defined below)	2	683,500	0.89%	0.78%	0.16%	0.16%
Rock Springs Capital Master Fund LP	2	683,500	0.89%	0.78%	0.16%	0.16%
Cormorant Global (as defined below)	2	683,500	0.89%	0.78%	0.16%	0.16%
LAV Amber Limited	2	683,500	0.89%	0.78%	0.16%	0.16%
Worldwide Healthcare Trust PLC	4	1,366,500	1.78%	1.55%	0.33%	0.32%
Octagon Investments Master Fund LP	2	683,500	0.89%	0.78%	0.16%	0.16%
HBC Asia Healthcare Opportunities VII LLC	3	1,025,000	1.34%	1.16%	0.25%	0.24%
Sage Partners Master Fund	2	683,500	0.89%	0.78%	0.16%	0.16%
China Southern Asset Management Co., Ltd.	2	683,500	0.89%	0.78%	0.16%	0.16%
E Fund (as defined below)	2	683,500	0.89%	0.78%	0.16%	0.16%
Total	124	42,354,000	55.29%	48.08%	10.13%	9.86%

Note:

1. To be converted to Hong Kong dollars based on the exchange rate disclosed in this Prospectus.

Based on the Offer Price of HK$24.68 (being the mid-point of the Offer Price range)

Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 500 Shares)	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Overallotment Option is not exercised	Assuming the Overallotment Option is exercised in full	Assuming the Overallotment Option is not exercised	Assuming the Overallotment Option is exercised in full
	(US$ in million)[1]					
Invesco Advisers, Inc.	40	12,564,500	16.40%	14.26%	3.01%	2.93%
Lake Bleu Prime Healthcare Master Fund Limited	20	6,282,500	8.20%	7.13%	1.50%	1.46%
Boyu Capital Opportunities Master Fund	17	5,340,000	6.97%	6.06%	1.28%	1.24%
GIC Private Limited	10	3,141,500	4.10%	3.57%	0.75%	0.73%
RBC Global Asset Management (Asia) Limited	9	2,827,000	3.69%	3.21%	0.68%	0.66%
Columbia Funds (as defined below)	5	1,571,000	2.05%	1.78%	0.38%	0.37%
Janus Henderson Funds (as defined below)	2	628,500	0.82%	0.71%	0.15%	0.15%
Rock Springs Capital Master Fund LP	2	628,500	0.82%	0.71%	0.15%	0.15%
Cormorant Global (as defined below)	2	628,500	0.82%	0.71%	0.15%	0.15%
LAV Amber Limited	2	628,500	0.82%	0.71%	0.15%	0.15%
Worldwide Healthcare Trust PLC	4	1,256,500	1.64%	1.43%	0.30%	0.29%
Octagon Investments Master Fund LP	2	628,500	0.82%	0.71%	0.15%	0.15%
HBC Asia Healthcare Opportunities VII LLC	3	942,500	1.23%	1.07%	0.23%	0.22%
Sage Partners Master Fund	2	628,500	0.82%	0.71%	0.15%	0.15%
China Southern Asset Management Co., Ltd.	2	628,500	0.82%	0.71%	0.15%	0.15%
E Fund (as defined below)	2	628,500	0.82%	0.71%	0.15%	0.15%
Total	124	38,953,500	50.85%	44.22%	9.32%	9.07%

Note:

1. To be converted to Hong Kong dollars based on the exchange rate disclosed in this Prospectus.

Based on the Offer Price of HK$26.66 (being the high-end of the Offer Price range)

Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 500 Shares)	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Overallotment Option is not exercised	Assuming the Overallotment Option is exercised in full	Assuming the Overallotment Option is not exercised	Assuming the Overallotment Option is exercised in full
	(US$ in million)[1]					
Invesco Advisers, Inc.	40	11,631,500	15.19%	13.20%	2.78%	2.71%
Lake Bleu Prime Healthcare Master Fund Limited	20	5,816,000	7.59%	6.60%	1.39%	1.35%
Boyu Capital Opportunities Master Fund	17	4,943,500	6.45%	5.61%	1.18%	1.15%
GIC Private Limited	10	2,908,000	3.80%	3.30%	0.70%	0.68%
RBC Global Asset Management (Asia) Limited	9	2,617,500	3.42%	2.97%	0.63%	0.61%
Columbia Funds (as defined below)	5	1,454,000	1.90%	1.65%	0.35%	0.34%
Janus Henderson Funds (as defined below)	2	582,000	0.76%	0.66%	0.14%	0.14%
Rock Springs Capital Master Fund LP	2	582,000	0.76%	0.66%	0.14%	0.14%
Cormorant Global (as defined below)	2	582,000	0.76%	0.66%	0.14%	0.14%
LAV Amber Limited	2	582,000	0.76%	0.66%	0.14%	0.14%
Worldwide Healthcare Trust PLC	4	1,163,500	1.52%	1.32%	0.28%	0.27%
Octagon Investments Master Fund LP	2	582,000	0.76%	0.66%	0.14%	0.14%
HBC Asia Healthcare Opportunities VII LLC	3	872,500	1.14%	0.99%	0.21%	0.20%
Sage Partners Master Fund	2	582,000	0.76%	0.66%	0.14%	0.14%
China Southern Asset Management Co., Ltd.	2	582,000	0.76%	0.66%	0.14%	0.14%
E Fund (as defined below)	2	582,000	0.76%	0.66%	0.14%	0.14%
Total	124	36,062,500	47.08%	40.94%	8.63%	8.40%

Note:

1. To be converted to Hong Kong dollars based on the exchange rate disclosed in this Prospectus.

The following information about the Cornerstone Investors was provided to the Company by the Cornerstone Investors in relation to the Cornerstone Placing.

1. Invesco Advisers, Inc.

Invesco Ltd. ("**Invesco**"), a Bermuda-incorporated company, is a leading independent investment management firm with approximately US$1,349.9 billion in assets under management as of December 31, 2020. Invesco is a global company focused on investment management, and its services are provided through a number of affiliated investment advisers to a wide range of clients throughout the world, including open-end mutual funds, closed-end funds, exchange-traded funds, collective trust funds, UCITS, real estate investment trusts, unit investment trusts and other pooled investment vehicles, as well as pensions, endowments, insurance companies and sovereign wealth funds. Invesco is a public company and is listed on the New York Stock Exchange (stock code: IVZ.NY). Invesco's shareholders' and New York Stock Exchange's approval are not required for Invesco's subscription for the Offer Shares pursuant to the relevant cornerstone investment agreement.

Invesco Advisers, Inc. ("**IAI**") is the principal U.S. investment advisory subsidiary of Invesco and is registered with the U.S. Securities and Exchange Commission as an investment adviser. IAI, acting as discretionary investment adviser for and on behalf of various funds and accounts (the "**IAI Managed Funds**"), has agreed to participate in the Global Offering and for such IAI Managed Funds to invest in our Shares as cornerstone investors.

The IAI Managed Funds are open-end mutual funds, collective trust funds, UCITS, other pooled investment vehicles and financial institutions established under various jurisdictions and have multiple holders (who are, to the best of the knowledge, information and belief of the Company, Independent Third Parties).

2. Lake Bleu Prime Healthcare Master Fund Limited

Lake Bleu Capital (Hong Kong) Limited acts as the investment manager to Lake Bleu Prime Healthcare Master Fund Limited ("**Lake Bleu Prime**"). Lake Bleu Prime, an exempted company incorporated in the Cayman Islands, is a long-bias public equity discretionary fund with investments focused on Asia/Greater China healthcare, including pharmaceuticals, biotech, medical devices, and healthcare services. As of December 2020, the assets under management of Lake Bleu Prime was no less than US$1.4 billion.

3. Boyu Capital Opportunities Master Fund

Boyu Capital Opportunities Master Fund, which is an exempted company with limited liability incorporated under the laws of the Cayman Islands, is a discretionary investment fund and managed by Boyu Capital Investment Management Co., Limited. Boyu Capital Investment Management Co., Limited is a fund manager that focuses on investing in high quality business franchises with sustainable growth in the healthcare, consumer, TMT and financial sectors. Boyu Capital Investment Management Co., Limited is ultimately controlled by Boyu Capital Group Holdings Ltd., and its assets under management was approximately US$1.5 billion as of the end of December 2020.

4. GIC Private Limited

GIC Private Limited ("**GIC**") is a global investment management company established in 1981 to manage Singapore's foreign reserves. GIC invests internationally in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity. With its current portfolio size of more than US$100 billion, GIC is amongst the world's largest fund management companies.

5. RBC Global Asset Management (Asia) Limited

Each of RBC China Equity Fund, RBC Funds (Lux) – China Champions Fund and RBC Funds (Lux) – Asia ex-Japan Equity Fund is a discretionary fund advised by RBC Global Asset Management (Asia) Limited, a member company of RBC Global Asset Management ("**RBC GAM**"), the asset management division of Royal Bank of Canada, which is listed on the Toronto Stock Exchange (stock code: RY.TSX) and the New York Stock Exchange (stock code: RY.NYSE). RBC GAM is a provider of global investment management services and solutions to institutional, high-net-worth and individual investors through separate accounts, pooled funds, mutual funds, hedge funds, exchange-traded funds and specialty investment strategies. As at September 3, 2020, the RBC GAM group of companies manage approximately CAD$500 billion in assets and have approximately 1,400 employees located across Canada, the United States, Europe and Asia. Approval of the shareholders of Royal Bank of Canada, the Toronto Stock Exchange or the New York Stock Exchange is not required for the subscription for the Offer Shares pursuant to the relevant cornerstone investment agreement.

6. Columbia Funds

Columbia Management Investment Advisers, LLC ("**Columbia Management**") was incorporated in Minnesota in 1985 and is a subsidiary of Ameriprise Financial, Inc., which owns 100% of the voting interests of the firm. Ameriprise Financial, Inc. is listed on the New York Stock Exchange (stock code: AMP.NYSE). Each of Columbia Greater China Fund, Columbia Emerging Markets Fund and Columbia Variable Portfolio – Emerging Markets Fund (the "**Columbia Funds**") is a discretionary fund advised by Columbia Management. Columbia Management is registered with the US SEC as an investment adviser and offers professional advisory services on a discretionary or non-discretionary basis and related services including trading, cash management and reporting. As of December 31, 2020, Columbia Management has approximately US$385 billion assets under management. In marketing its services to prospective clients, Columbia Management uses Columbia Threadneedle Investments, the global brand of the Columbia and Threadneedle group of companies. Approval of the shareholders of Ameriprise Financial, Inc. or the New York Stock Exchange is not required for the subscription for the Offer Shares pursuant to the relevant cornerstone investment agreement.

7. Janus Henderson Funds

Janus Capital Management LLC ("**Janus Henderson**"), part of Janus Henderson Investors, is the investment adviser to Janus Henderson Emerging Markets Fund, Janus Henderson Investment Funds Series I – Janus Henderson Emerging Markets Opportunities Fund, Janus Henderson Fund – Janus Henderson Emerging Markets Fund and Janus Henderson Biotech Innovation Master Fund Limited (collectively, the "**Janus Henderson Funds**") which are all discretionary investment funds. The ultimate beneficial owner of Janus Henderson is Janus Henderson Group plc, which is listed on the New York Stock Exchange (stock code: JHG.NYSE) and the Australian Stock Exchange (stock code: JHG.ASX).

Janus Henderson Investors exists to help clients achieve their long-term financial goals. Its active management offers clients the opportunity to outperform passive portfolios over the course of market cycles. Janus Henderson Investors' talented and innovative investment professionals span equities, fixed income, multi-asset and alternatives, globally, and its investment teams blend insight, originality and precision with rigorous analysis, structured processes and robust risk management. Janus Henderson Investors builds client partnerships on openness and trust, channeling expertise from across the business and communicating the views of its experts in a timely and relevant way. Janus Henderson had approximately US$200 billion in assets under management as of November 2020. Approval of the shareholders of Janus Henderson Group plc, the New York Stock Exchange or the Australian Stock Exchange is not required for the subscription by the Janus Henderson Funds for the Offer Shares to be acquired by them pursuant to the relevant cornerstone investment agreement.

8. Rock Springs Capital Master Fund LP

Rock Springs Capital Master Fund LP is a Cayman Islands exempted limited partnership, and an existing Shareholder of our Company. The Fund pursues an investment strategy focused primarily on investing in companies in the healthcare and healthcare-related industries. Please refer to the section headed "History, Restructuring and Corporate Structure – Pre-IPO Investments – (5) Information about our Shareholders" for further information on Rock Springs Capital Master Fund LP.

9. Cormorant Global

Cormorant Asset Management, LP ("**Cormorant**") is a SEC registered investment advisor located in Boston, Massachusetts, USA, which has been providing investment advisory services since March 2013. Cormorant invests primarily in public and private securities of healthcare and life sciences companies. Cormorant Global Healthcare Master Fund, LP ("**Cormorant Global**") and Cormorant Private Healthcare Fund II, LP are long-term investment partnerships investing in healthcare and life sciences companies and advised by Cormorant, and are existing Shareholders of our Company. Please refer to the section headed "History, Restructuring and Corporate Structure – Pre-IPO Investments – (5) Information about our Shareholders" for further information on Cormorant Global Healthcare Master Fund, LP and Cormorant Private Healthcare Fund II, LP.

10. LAV Amber Limited

LAV Amber Limited is wholly owned by LAV Biosciences Fund V, L.P. a Cayman exempted limited partnership and an existing Shareholder of our Company. LAV is an Asia-based life science investment firm with portfolios covering all major sectors of the biomedical and healthcare industry including biopharmaceuticals, medical devices, diagnostics and healthcare services. Please refer to the section headed "History, Restructuring and Corporate Structure – Pre-IPO Investments – (5) Information about our Shareholders" for further information on LAV Biosciences Fund V, L.P..

11. Worldwide Healthcare Trust PLC

Worldwide Healthcare Trust PLC ("**WWH**"), an existing Shareholder of our Company, has agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of US$4,000,000 at the Offer Price. WWH is a publicly listed trust organized under the laws of England. OrbiMed Capital LLC is the portfolio manager of WWH. OrbiMed Capital exercises voting and investment power through a management committee comprised of Carl L. Gordon, Sven H. Borho, and Jonathan T. Silverstein. WWH is listed on the London Stock Exchange (stock code: WWH.LON). The approval of the London Stock Exchange is not required for WWH's subscription for the Offer Shares pursuant to the relevant cornerstone investment agreement. Please refer to the section headed "History, Restructuring and Corporate Structure – Pre-IPO Investments – (5) Information about our Shareholders" for further information on WWH.

12. Octagon Investments Master Fund LP

Octagon Investments Master Fund LP ("**Octagon Investments**") is an exempted limited partnership formed under the laws of the Cayman Islands and operating as a private investment fund, and an existing Shareholder of our Company. Octagon Capital Advisors LP ("**Octagon Capital**"), a Delaware limited partnership and an investment advisor with the U.S. Securities Exchange Commission, serves as the investment manager to Octagon Investments. Founded in 2019, Octagon Capital is a multi-stage investment manager dedicated to evidence-based investing in public and private healthcare companies. Octagon Capital strives to build concentrated, long-term investments and work with its portfolio management teams as partners. Octagon Capital manages capital on behalf of global institutions such as university endowments, non-profit foundations, family offices, pension funds and established asset managers. Please refer to the section headed "History, Restructuring and Corporate Structure – Pre-IPO Investments – (5) Information about our Shareholders" for further information on Octagon Investments.

13. HBC Asia Healthcare Opportunities VII LLC

HBC Asia Healthcare Opportunities VII LLC is a Delaware company and a discretionary investment fund managed by Hudson Bay Capital Management ("**HBC**"), an asset management firm operating in New York and London with over US$7 billion assets under management as of April 2020. With approximately 80 employees, HBC has been managing assets on behalf of outside investors since 2006. The firm invests across multiple strategies by utilizing rigorous fundamental analysis and seeks to identify value and growth opportunities that are uncorrelated to each other and market indices. HBC promotes an integrated team culture emphasizing collaboration and cross-pollination of ideas across sectors and strategies. HBC's dedicated investment team seeks to achieve outstanding performance by investing in companies that are poised for growth or are undervalued while maintaining a focus on risk management.

14. Sage Partners Master Fund

Sage Partners Master Fund ("**Sage Partners**") is an exempted company with limited liability incorporated in the Cayman Islands, and is managed by Sage Partners Limited, a Hong Kong incorporated SFC Type 9 licensed investment management company established in 2019. Sage Partners is a discretionary fund and it mainly focuses on investment opportunities in the healthcare sector by deploying a long-term fundamental-based approach.

15. China Southern Asset Management Co., Ltd.

China Southern Asset Management Co., Ltd. (南方基金管理有限公司) was established in the PRC on March 6, 1998 as approved by the CSRC and was converted into a joint stock limited company under the name of China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司) ("**China Southern**") on January 4, 2018. China Southern is headquartered in Shenzhen. As of March 31, 2020, China Southern had a total amount of assets under management ("**AUM**") of RMB1,139.7 billion on a consolidated basis, with China Southern itself having a total AUM of RMB982.1 billion, among the largest in the industry. China Southern manages 221 mutual funds with a total AUM of RMB649.6 billion and serves over 119 million clients. The shareholders of China Southern include (i) Huatai Securities Co., Ltd. (华泰证券股份有限公司, holding 41.16% in China Southern), which is listed on the Hong Kong Stock Exchange (stock code: 6886.HK), the Shanghai Stock Exchange (stock code: 601688.SH) and the London Stock Exchange (stock code: HTSC.UK), and (ii) Industrial Securities Co., Ltd. (興業證券股份有限公司, holding 9.15% in China Southern), which is listed on the Shanghai Stock Exchange (stock code: 601377.SH). Approval of the shareholders of each of Huatai Securities Co., Ltd. (华泰证券股份有限公司) and Industrial Securities Co., Ltd. (興業證券股份有限公司), the Hong Kong Stock Exchange, the Shanghai Stock Exchange or the London Stock Exchange is not required for the subscription for the Offer Shares pursuant to the relevant cornerstone investment agreement.

16. E Fund

Yi Fang Da Brocade Inv. Limited ("**E Fund**") is an investment company incorporated in the British Virgin Islands. It is the investment vehicle controlled by E Fund Management (Hong Kong) Co., Limited ("**E Fund HK**"). E Fund HK was incorporated in Hong Kong in August 2008. E Fund HK is licensed for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities by the SFC. E Fund HK serves as the global investment and business platform for its parent company, E Fund Management Co., Limited ("**E Fund Group**"). As E Fund Group's only window company overseas, E Fund HK strategically connects China and the overseas market. E Fund HK capitalizes the investment and research capabilities of E Fund Group and its competitive advantage in the overseas market to provide comprehensive quality service to its clients. As of September 30, 2020, E Fund Group had over RMB1.8 trillion under management. The shareholders of E Fund Group include (1) Guangdong Finance Trust Co., Ltd. (廣東粵財信託有限公司), (2) GF Securities Co., Ltd. (廣發证券股份有限公司), which is listed on the Hong Kong Stock Exchange (stock code: 1776.HK) and the Shenzhen Stock Exchange (stock code: 776.SZ), and (3) Infore Holding Group Co., Ltd (盈峰控股集團有限公司), each holding 22.65% in E Fund Group. Approval of the shareholders of (廣發证券股份有限公司), the Hong Kong Stock Exchange or the Shenzhen Stock Exchange is not required for the subscription for the Offer Shares pursuant to the relevant cornerstone investment agreement.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to acquire the Offer Shares under their respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) 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;

(ii) neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

(iii) the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the 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 Shares on the Stock Exchange;

(iv) the Offer Price having been agreed according to the Hong Kong Underwriting Agreement, the International Underwriting Agreement and the Price Determination Agreement to be signed among the parties to such agreements in connection with the Global Offering;

(v) no laws 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 Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(vi) the respective representations, warranties, acknowledgements, undertakings and confirmations of each Cornerstone Investors under the respective Cornerstone Investment Agreement are (as of the date of the Cornerstone Investment Agreement) and will be (as of the closing of the Cornerstone Investment Agreement) accurate and true in all respects and not misleading and that there is no breach of the Cornerstone Investment Agreements on the part of the Investors.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investor has agreed that it will not, whether directly or indirectly, at any time during the period of six months from the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares they have purchased pursuant to their respective Cornerstone Investment Agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the Share Subdivision and the Global Offering.

As of the Latest Practicable Date, our authorized share capital (as adjusted after the Share Subdivision) was US$50,000 divided into (i) 44,469,630 Series A-1 Preferred Shares; (ii) 6,234,042 Series A-2 Preferred Shares; (iii) 37,185,342 Series B Preferred Shares; (iv) 78,774,492 Series C Preferred Shares; (v) 16,640,320 Series D Preferred Shares; (vi) 16,640,318 Series E Preferred Shares; (vii) 731,721,320 Class A Ordinary Shares and (viii) 68,334,536 Class B Ordinary Shares.

As of the Latest Practicable Date, our issued share capital (as adjusted after the Share Subdivision) consisted of (i) 44,469,630 Series A-1 Preferred Shares; (ii) 6,234,042 Series A-2 Preferred Shares; (iii) 37,185,342 Series B Preferred Shares; (iv) 78,774,492 Series C Preferred Shares; (v) 16,640,320 Series D Preferred Shares; (vi) 16,640,318 Series E Preferred Shares; (vii) 78,311,566 Class A Ordinary Shares and (viii) 63,097,476 Class B Ordinary Shares.

Each of the Preferred Shares, Class B Ordinary Shares and Class A Ordinary Shares will be converted into Shares on a one-to-one basis by way of re-designation and re-classification before Listing.

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**	**Aggregate nominal value of Shares**	**Approximate percentage of issued share capital**
		(US$)	*(%)*
Shares in issue (including the Shares on re-designation of the Preferred Shares, Class B Ordinary Shares and Class A Ordinary Shares)	341,353,186	17,067.66	81.67
Shares to be issued under the Global Offering	76,598,000	3,829.90	18.33
Total	417,951,186	20,897.56	100.00

Assuming the Over-allotment Option is exercised in full, the share capital of our Company upon completion of the Global Offering will be as follows:

Description of Shares	Number of Shares	Aggregate nominal value of Shares	Approximate percentage of issued share capital
		(US$)	*(%)*
Shares in issue (including the Shares on re-designation of the Preferred Shares, Class B Ordinary Shares and Class A Ordinary Shares)	341,353,186	17,067.66	79.49
Shares to be issued under the Global Offering	88,087,500	4,404.38	20.51
Total	429,440,686	21,472.04	100.00

ASSUMPTIONS

The above tables assume that the Global Offering becomes unconditional, that Shares are issued pursuant to the Global Offering, and that each of the Preferred Shares, Class B Ordinary Shares and Class A Ordinary Shares are converted into Shares on a one-to-one basis. The above tables do not take into account any additional Shares which may be issued pursuant to the Pre-IPO Share Incentive Plan.

RANKING

The Offer Shares are shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued (including all Preferred Shares re-designated into Shares upon completion of the Global Offering) and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this Prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Act and the terms of the Articles of Association, our Company may from time to time by ordinary resolution of Shareholders (i) increase its share capital; (ii) consolidate and divide its share capital into shares of larger amount; (iii) divide its Shares into several classes; (iv) sub divide its Shares into shares of smaller amount; and (v) cancel any Shares which have not been taken or agreed to be taken. In addition, our Company may, subject to the provisions of the Cayman Companies Act, reduce its share capital or capital redemption reserve by its Shareholders passing a special resolution. See the section headed "Summary of the Constitution of Our Company and Cayman Companies Law – Summary of the Constitution of the Company – Articles of Association – Alteration of Capital" in Appendix III in this Prospectus for further details.

PRE-IPO SHARE INCENTIVE PLAN

We adopted the Pre-IPO Share Incentive Plan. For further details, please see the section headed "Statutory and General Information – D. Pre-IPO Share Incentive Plan" in Appendix IV in this Prospectus.

GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted general unconditional mandates to issue and repurchase our Shares.

For further details of these general mandates, please see the section headed "A. Further Information about Our Company and Our Subsidiaries – 4. Written Resolutions Passed by Our Shareholders on October 9, 2020" in Appendix IV to this Prospectus.

You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this Prospectus. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions, including the United States.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this Prospectus.

For the purpose of this section, unless the context otherwise requires, references to 2018 and 2019 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are the pioneer in China's colorectal cancer screening market. ColoClear, our proprietary, non-invasive, multi-target, FIT-DNA test, is the first and only molecular cancer screening test in China approved by NMPA, according to Frost & Sullivan.[(Note 1)] ColoClear targets a 120 million high-risk colorectal cancer population in China[(Note 2)], and enables users to collect stool sample at home and avoid invasive procedures while delivering high testing sensitivity and specificity. In our registrational trial with 5,881 enrolled subjects, ColoClear

Note 1: Based on the search conducted by Frost & Sullivan on NMPA website with the key word "screening" among both domestic and imported medical devices and its search among molecular cancer tests approved by NMPA, Frost & Sullivan confirmed that the Company's ColoClear IVD is the only one approved with cancer screening in the "Intended Use" label.

Note 2: According to the China Anti-Cancer Association, high-risk population of colorectal cancer refers to the population that has (i) history of positive FOBT result, or (ii) family history of colorectal cancer, or (iii) at least two of the relevant symptoms (i.e. chronic diarrhea, constipation, mucous stool, chronic appendicitis, gall bladder disease, chronic psychological stress). The 120 million high-risk colorectal cancer population in China is derived from the 633 million population recommended to have regular colorectal cancer screening in China in 2019, with reasonable assumptions made by Frost & Sullivan based on the relevant literatures it has reviewed and its interviews with persons recommended for colorectal cancer screening and relevant experts. With its proprietary know-how, Frost & Sullivan has considered major factors, such as the number of investigated population, percentage of high-risk population reported, geographic area and time scope, to estimate the percentage of high-risk colorectal cancer population among population recommended to have regular colorectal cancer screening for further model build-up. See "Industry Overview – Colorectal Cancer and Colorectal Cancer Screening Market – Colorectal Cancer Screening Market."

has demonstrated clinical results of a sensitivity of 95.5% for colorectal cancer and 63.5% for advanced adenoma, an overall specificity of 87.1%, NPV of 99.6% for colorectal cancer, and PPV of 46.2% for colorectal cancer and advanced adenoma collectively. We believe that our proprietary technologies, outstanding clinical performance, regulatory and operational expertise, and solid relationships with KOLs serve as high entry barriers and differentiate us from our peers.

To capitalize on this market opportunity and to address the unmet cancer screening demands in China, we were founded in 2015 by our experienced founders to focus on the design, development and commercialization of cancer screening tests. Our two home-based colorectal cancer screening tests, ColoClear and Pupu Tube, synergistically address target populations with various risk levels. Pupu Tube, our proprietary, non-invasive, stool-based FIT test, is the first and only self-conducted FIT screening product approved by NMPA in China.*(Note)* Pupu Tube targets mass market in China with a 633 million population in 2019 recommended for colorectal cancer screening to increase colorectal cancer screening awareness and identify high-risk population. In addition, we have two late-stage product candidates for gastric and cervical cancer screening respectively. We are developing our UU Tube, a stool-based self-conducted screening test for gastric cancer. We completed the registrational trial of UU Tube in November 2020 and submitted registration application to NMPA in the same month of 2020. We are also developing our CerviClear, a non-invasive urine-based home-use screening test for cervical cancer. We expect to initiate the registrational trial for CerviClear by as early as the last quarter of 2021.

In 2018, 2019 and the nine months ended September 30, 2020, our revenue amounted to RMB18.8 million, RMB58.3 million and RMB35.3 million, respectively. We incurred net losses of RMB224.9 million, RMB106.5 million and RMB533.8 million for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020, respectively. Since we have limited operating history particularly in the commercialization of our products and our operations to date since our inception in 2015 have focused on business planning, raising capital, conducting preclinical studies and clinical trials, our future financial performance may be significantly different from our current performance as a company at the early growth stage. As we develop and commercialize more pipeline products, we expect our results of operations will improve. See "Risk Factors – Risks Relating to Our Operations—We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance."

Note: Based on the search conducted by Frost & Sullivan on NMPA website with the key word "便隱血(Fecal occult blood)" among both domestic and imported medical devices and its search among FIT screening products approved by NMPA, Frost & Sullivan confirmed that Pupu Tube is the first and only FIT screening product approved with "self-conducted by non-professionals (可由非專業人士自用)" label in the product instruction book in China.

BASIS OF PREPARATION

Our financial information is presented in RMB, the functional currency of companies comprising our Group and was prepared and presented in accordance with IFRS.

Pursuant to the Reorganization which was completed in 2018, our Company became the holding company of the companies now comprising our Group. Please refer to the section headed "History, Restructuring and Corporate Structure – Reorganization" in this Prospectus for further details on the Reorganization.

Our consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period, as set out in the Accountants' Report in Appendix I to this Prospectus, include the results, changes in equity and cash flows of companies comprising our Group as if our group structure upon completion of Reorganization had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where there is a shorter period.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which may be beyond our control. A discussion of the key factors is set out below.

Growth of the Cancer Screening Market in China

We believe that our financial performance and future growth are dependent on the overall growth of the cancer screening market, especially the colorectal cancer screening market, in China. Although colorectal cancer screening is at its early development stage in China, with relatively low penetration rate among population recommended for cancer screening, it has shown rapid growth with the penetration rate increased from 13.5% in 2015 to 16.4% in 2019, primarily driven by developing public awareness and updated colorectal cancer screening guidelines recommending cancer screening on a regular basis. In the backdrop of the PRC government's initiatives to enhance cancer screening and lower expenditures on China's healthcare system, as more effective solutions become available and the awareness of cancer screening increases, the colorectal cancer screening market in China is expected to grow significantly. The colorectal cancer screening market in China has expanded at a CAGR of 4.8% from RMB2.5 billion in 2015 to RMB3.0 billion in 2019, and is estimated to reach RMB19.8 billion in 2030 representing a CAGR of 18.7% from 2019 to 2030. Moreover, the cancer screening markets in China for other types of cancer are also expected to further grow. The cervical cancer screening market in China increased from RMB1.2 billion in 2015 to RMB1.9 billion in 2019 at a CAGR of 13.2%, and is expected to further increase to RMB13.3 billion in 2030 at a CAGR of 19.3% from 2019 to 2030. The gastric cancer screening market in China increased from less than RMB1.0 billion in 2015 to RMB2.1 billion in 2019 at a CAGR of 21.2%, and is expected to further increase to RMB15.7 billion in 2030 at a CAGR

of 20.3% from 2019 to 2030. For more details, see "Industry Overview" in this Prospectus. We believe that by leveraging our leading position and first mover advantages in the cancer screening market in China, we are well-positioned to capture the tremendous market opportunities. With the potential growth in the cancer screening market in China, we expect our results of operation and financial performance to improve in the future.

Our Ability to Successfully Increase Sales Volume of ColoClear and Pupu Tube

Our ability to successfully increase the sales volume of ColoClear and Pupu Tube significantly affects our business and results of operations. Our two proprietary cancer screening tests, ColoClear and Pupu Tube, were developed to synergistically address target population with various risk levels to capture the entire colorectal cancer screening market. Revenues generated from our ColoClear tests provided as LDT services were RMB14.4 million, RMB39.1 million, RMB23.2 million and RMB23.1 million for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2019 and 2020, respectively, accounting for 76.6%, 67.1%, 65.6% and 65.5%, respectively, of our total revenue during the same periods. Revenues generated from sales of Pupu Tube were RMB4.4 million, RMB15.1 million, RMB8.2 million and RMB11.4 million for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2019 and 2020, respectively, accounting for 23.3%, 25.9%, 23.1% and 32.3%, respectively, of our total revenue during the same periods. We expect that sales of ColoClear and Pupu Tube will account for a substantial portion of our total revenue in the near term. We intend to increase market penetration of ColoClear and Pupu Tube by leveraging our multi-pronged commercialization channels and continue to increase our sales efforts of ColoClear and Pupu Tube. We will take advantage of ColoClear's leading position as the firstand only NMPA approved colorectal cancer screening test to further promote our brand name and enhance awareness not only among KOLs and physicians but also among consumers to further capture the enormous growth potential in the colorectal cancer screening market in China. For details, see "Business – Our Strategies – Increase market penetration of ColoClear and Pupu Tube in China".

Impact of the COVID-19 Outbreak

An outbreak of a respiratory disease COVID-19 was first reported in December 2019 and continues to expand globally. Significant rises in COVID-19 cases have been reported since then, causing governments around the world to implement unprecedented measures such as city lockdowns, travel restrictions, quarantines and business shutdowns. COVID-19 outbreak disrupted the normal life and daily routine of the global population and in amidst of this global pandemic, cancer screening naturally became less a priority as compared to other more imminent health concerns. The worldwide COVID-19 outbreak had significantly impacted the cancer screening industry due to the restricted access to medical institutions. Health checkup centers are our major sales channels, and therefore, our revenue and profitability, as well as shipment, have been negatively affected by the COVID-19 outbreak in the first half of 2020. Our revenue was RMB10.5 million for the six months ended June 30, 2020, representing a year-on-year decrease of 20.1% compared to the six months ended June 30, 2019. At the beginning of the COVID-19 outbreak, it remained unclear if stool sample could transmit COVID-19 virus, which raised concern for end-users and prevented them from sending back samples to us for testing.

Our shipment volume of ColoClear was approximately 8,600 and 16,100 units in the first and second quarters of 2020, representing a year-on-year decrease of 50.4% and 20.8%, respectively. Our shipment volume of ColoClear has recovered rapidly in the second half of 2020, and we recorded approximately 61,400 and 162,100 units in the third quarter and fourth quarter of 2020, representing a 17.6% and 60.7% year-on-year increase, respectively, over the same period of 2019. Shipment volume is generally considered a leading indicator for future ColoClear revenue which would be recognized when we complete the testing service and deliver the test results or when the delivered sample collection kits are expired. The sales performance of ColoClear tests in the fourth quarter of 2020 improved as our business in general recovered from COVID-19 outbreak in the second half of 2020. The average selling price of ColoClear tests in the fourth quarter of 2020 was lower than that for the nine months ended September 30, 2020, primarily due to the higher revenue contribution from online channels with relatively lower selling price on which we made promotional efforts following NMPA approval for ColoClear IVD. As we recently obtained NMPA approval of our ColoClear IVD in November 2020 which provides more flexibility for our commercialization strategy as a standalone product or as a medical service, we expect to sell ColoClear IVD directly to hospitals and other medical institutions in China as part of our initiatives to expand our commercialization channels.

With respect to Pupu Tube, in the first quarter of 2020, the shipment volume of Pupu Tube was 18,561 units, representing a year-on-year decrease of 82%. Our shipment volume of Pupu Tube has recovered rapidly in the second half of 2020, and the shipment volume of Pupu Tube from the second quarter to the fourth quarter of 2020 was 272,274, 1,224,195 and 1,345,706 units, representing a year-on-year increase of 253%, 434% and 157% respectively. Shipment volume is generally considered a leading indicator for future Pupu Tube revenue which would be recognized when we deliver Pupu Tube to our customers. The sales performance of Pupu Tube in the fourth quarter of 2020 improved as our business in general recovered from COVID-19 outbreak in the second half of 2020. The average selling price of Pupu Tube in the fourth quarter was higher than the average selling price in the first nine months of 2020.

At the same time, due to social distancing rules and practices, contactless point-of-care screening methods which allow users to conduct tests without going to the hospitals or clinics are needed and recommended for use. Consumers tend to use contactless point-of-care screening technologies, such as at-home cancer screening tests than visiting the hospital. Moreover, due to this worldwide epidemic, medical resources are overwhelmed, with decreased number of doctors and physicians available for cancer screening tests.

Development and Commercialization of Our Product Candidates

Our business and results of operations depend on our ability to successfully develop and commercialize our product candidates. Whether our product candidates can demonstrate favorable 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. We plan to advance our pipeline products, in particular the late stage candidates UU Tube and CerviClear, to further expand our coverage within the cancer screening market. We submitted registration application for UU Tube to NMPA in November 2020 and plan to initiate the registrational clinical trial of CerviClear in 2021. See "Business – Our Strategies – Expand our research and development capabilities and develop our pipeline products". Our pipeline

products are technologically compatible with our existing products so that we can leverage our existing proprietary technologies to improve return of research and development expenditure. We believe the continued diversification of our product portfolio will enable us to achieve significant operating efficiencies that will help us reduce costs and improve profitability.

Our results of operations also depend on our ability to successfully commercialize our product candidates upon approval. With increasing public awareness of cancer screening and our multi-pronged commercialization channels, we believe that we can effectively promote our new products. However, our ability to successfully develop and commercialize new cancer screening products in the manner we contemplate and to achieve the sales we expect is subject to a number of risks, many of which are beyond our control. For further details of the risks relating to the development and commercialization of new products, see "Risk Factors – Risks Relating to the Development of Our Product Candidates".

Our Ability to Improve Operating Efficiency

Our profitability has benefited from our effective control of cost of sales and ability to improve operating efficiency. Our cost of sales primarily includes raw material costs, manufacturing overhead, staff costs, depreciation and amortization, utility costs, write-down of inventories and other costs. We have devoted efforts to control our cost of sales. Our cost of sales as a percentage of revenue was 79.6%, 41.1%, 41.4% and 53.2% for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2019 and 2020, respectively. As our production volume and revenue grow, our cost of sales as a percentage of revenue may decrease.

Similarly, our ability to efficiently control our operating expenses will also impact our profitability. Our operating expenses primarily include selling and distribution expenses, research and development expenses and administrative expenses. Our selling and distribution expenses as a percentage of revenue was 138.0%, 129.7%, 103.4% and 108.3% for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2019 and 2020, respectively. Our selling and distribution expenses mainly consist of staff cost, sales promotion expenses, travel expenses and others. We expect our selling and distribution expense to increase in future periods primarily to support the expansion of the marketing and the commercialization of ColoClear and Pupu Tube.

Our research and development expenses as a percentage of revenue was 78.5%, 45.3%, 48.8% and 49.2% for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2019 and 2020, respectively. Our research and development costs primarily consist of staff cost, clinical trial and service expenses, cost of research and development materials and equipment and other expenses. We expect to incur significant research and development costs for the next few years as we continue to advance our product candidates and develop new product candidates. See "Business – Our Strategies – Expand our research and development capabilities and develop our pipeline products".

Our administrative expenses as a percentage of revenue was 244.3%, 92.4%, 105.5% and 143.8% for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2019 and 2020, respectively. Our administrative expenses primarily consist of staff cost, professional service fees, depreciation and amortisation and others. We expect our administrative expense to increase in future periods to support our product commercialization and pipeline development efforts.

A significant portion of our costs of sales and operating expenses are fixed in nature, such as depreciation and amortization, which will not fluctuate significantly with the movement of our sales. Therefore, increases of sales volume will improve our cost efficiency and profitability through economies of scale. In addition to effective cost and expense controls, we plan to enhance our manufacturing and laboratory testing facilities by further investment in automation to reduce manufacturing and testing cost and improve our profitability. It will also shorten testing turnaround time to improve customer satisfaction for our products. We also plan to expand our manufacturing and laboratory testing capacity to support our rapid growth. As such, we believe that our efforts to control our cost of sales and increase our production and testing capacity will allow us to achieve economies of scale and enhance our overall operational efficiency. See "Business – Our Strategies – Improve profitability and support future growth by enhancing our manufacturing and laboratory testing facilities".

Seasonality

Sales of our products are subject to seasonality. Health checkup centers have been an important sales channel for us during the Track Record Period. Demands for our products and services from health checkup centers are generally higher in the fourth quarter of the year than the rest of the year as people in the PRC generally prefer to undertake medical examination at year end, according to Frost & Sullivan. On the other hand, some components of our costs and expenses such as rental expenses and staff costs are relatively fixed in nature and not affected by the seasonality impact. As a result of the seasonality effect and our relatively fixed costs and expenses structure, we may incur greater losses in the first three quarters of our financial year than in the last quarter of our financial year. For more information, please see "Risk Factors – Risks Relating to Commercialization and Distribution of our Products – Our performance is subject to seasonal fluctuations".

Funding for Our Operations

For the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2019 and 2020, we funded our operations primarily through equity financing and bank loans. Going forward, with the marketing of our current products and the successful commercialization of our product candidates, we expect to fund our operations in part with revenue generated from sales of our products. However, with the continuing expansion of our business and development of product candidates, we may require further funding through public or private equity offerings, debt financing and other sources. Any changes in our ability to fund our operations will affect our cash flow and results of operation.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

For the purpose of preparing and presenting the Historical Financial Information, our Company has applied all International Accounting Standards ("**IASs**"), International Financial Reporting Standards ("**IFRSs**"), amendments issued by the International Accounting Standards Board (the "**IASB**") and the related interpretations ("**IFRICs**") that are effective for the accounting period beginning on January 1, 2020, including IFRS 16 "Lease" and IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" which are effective for the accounting period beginning on January 1, 2018 and 2019, consistently throughout the Track Record Period.

Upon application of IFRS 16, we recognized right-of-use assets and corresponding lease liabilities in respect of all leases, except for short-term leases. For details of the accounting policies, please refer to Note 4 to the Accountants' Report as set out in Appendix I to this Prospectus. Our Directors are of the view that the adoption of IFRS 9, IFRS 15 and IFRS 16 had no material impact on the Group's financial performance and position as well as key ratios during the Track Record Period.

We have identified various accounting policies that are significant to the preparation of our Financial Information. Please refer to "Notes to the historical financial information – 4. Significant accounting policies" in Appendix I to this Prospectus for further details on our significant accounting policies.

Our management are sometimes required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources in the application of our accounting policies. The estimates and associated assumptions are based on their past experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Such assumptions and sources of estimation uncertainty are set out in "Notes to the historical financial information – 5. Critical accounting judgements and key sources of estimation uncertainty" in Appendix I to this Prospectus.

The following paragraphs set out, among others, the most significant critical accounting policies, estimates and judgements applied by our Group in preparing our financial information.

Basis of Consolidation

The Historical Financial Information incorporates the financial statements of the Company and the entities (including the Consolidated Affiliated Entities) controlled by our Company and its subsidiaries. Control is achieved when our Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When our Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. Our Group considers all relevant facts and circumstances in assessing whether or not our Group's voting rights in an investee are sufficient to give it power, including:

- the size of our Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by our Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that our Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Revenue Recognition

Our Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by our Group's performance as our Group performs;
- our Group's performance creates or enhances an asset that the customer controls as our Group performs; or
- our Group's performance does not create an asset with an alternative use to our Group and our Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents our Group's obligation to transfer goods or services to a customer for which our Group has received consideration (or an amount of consideration is due) from the customer.

If the Group expects to be entitled to a breakage amount in contract liabilities, that amount is recognised as revenue in proportion to the pattern of service treatments utilised by the customers. If the Group does not expect to be entitled to a breakage amount, revenue for the expected breakage amount should be recognised when the likelihood of the customer exercising its remaining rights becomes remote.

For ColoClear, the transaction price received by our Group is recognized as a contract liability until when revenue is recognized at a point in time at the earlier of (i) the time upon which we completed the testing service and delivered the test report to the user; and (ii) the later of the expiry of ColoClear sample collection kit delivered to the customers and the expiry of ColoClear sample collection kit exchange period granted to selected customers. As such, there could be significant delay between shipping and revenue recognition up to one year.

For Pupu Tube and others, revenue is recognized at a point in time when we deliver the products to the customers and/or service is rendered to its customers.

Refund liabilities

Our Group recognizes a refund liability if our Group expects to refund some or all of the consideration received from customers.

Sale with a right of return/exchange

For a sale of products with a right of return/exchange, our Group recognizes all of the following:

(a) revenue for the transferred products in the amount of consideration to which our Group expects to be entitled (therefore, revenue would not be recognized for the products expected to be returned/exchanged);

(b) a refund liability/contract liability; and

(c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that our Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Our Group recognizes such costs as an asset if it expects to recover these costs. The asset so recognized is subsequently amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

Costs to fulfil a contract

Our Group incurs costs to fulfil a contract in its sales of ColoClear and other products. Our Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognizes an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that our Group can specifically identify;

(b) the costs generate or enhance resources of our Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset so recognized is subsequently amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods to which the assets relate. The asset is subject to impairment review.

Leases

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, our Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Our Group also applies practical expedient not to separate non-lease components from lease component, and instead accounts for the lease component and any associated non-lease components as a single lease component.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by our Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities

At the commencement date of a lease, our Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, our Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- amounts expected to be payable by our Group under residual value guarantees.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Our Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on our Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, our Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognized in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payment reserve will be transferred to accumulated losses.

When shares granted are vested, the amount previously recognized in share-based payments reserve will be transferred to share premium.

Fair value of financial assets and liabilities

Our Company has issued a series of Preferred Shares prior to and during the Track Record Period as set out in Note 28A to the Accountants' Report as set out in Appendix I to this Prospectus. We recorded these financial instruments as financial liabilities at FVTPL for which no quoted prices in an active market exist. The fair value of the financial instruments is established by using valuation techniques, which include discounted cash flow, back-solve method and equity allocation based on the Black-Scholes Option Pricing Model ("**OPM**") involving various parameters and inputs. Valuation techniques are certified by an independent qualified professional valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the financial liabilities at FVTPL. The fair value of the Preferred Shares of the Group as of December 31, 2018 and 2019 and September 30, 2020 are set out in Note 28A to the Accountants' Report as set out in Appendix I to this Prospectus.

Our Company also recognised other financial liabilities relating to consideration payables for repurchase of its own equity and redemption of Preferred Shares from the Exit Investors. Pursuant to the Group Reorganisation Agreement entered by Hangzhou Nuohui in 2018, the consideration was determined based on agreed discount over equity value prior to Series C Preferred Shares issuance in April 2019. As such, the relevant consideration is accounted as financial liabilities at FVTPL and subject to re-measurement until Series C Preferred Shares were issued. The fair value of the consideration is measured with reference to the equity value using valuation techniques similar to Preferred Shares as stated above and should any of the estimates and assumptions changed, it may lead to a change in fair value of the consideration. The fair value of the consideration payables is set out in Note 28B to the Accountants' Report as set out in Appendix I to this Prospectus.

Further, pursuant to Early Exercise Promissory Notes entered with each of the Early Exercise Participants on August 31, 2020, the Early Exercise Promissory Notes are not interest bearing and will mature on the earlier of (i) the severance date of the Early Exercise Participant's employment or consulting relationship with our Group, whereby the note will be due and payable with respect to the exercise price of the restricted shares that have not become vested, and (ii) the date on which the restricted shares are transferred, assigned, encumbered or disposed of, whereby the note will be due and payable with respect to the restricted shares transferred, assigned, encumbered or disposed of. The Early Exercise Participant shall pay the amounts due under the Early Exercise Promissory Note in full to our Company within 90 days after the maturity date. The fair value of the receivables is measured by discounted cash flow involving inputs such as estimated time to repayment by the Early Exercise Participants and discount rate and should any of the estimates and assumptions change, it may lead to a change in fair value of the consideration. The fair value of the Early Exercise Promissory Note receivables is set out in Note 20 and 21 to the Accountants' Report as set out in Appendix I to this Prospectus.

In relation to the valuation of the Preferred Shares, our Directors, based on the professional advice received, adopted the following procedures: (i) reviewed the terms of Preferred Shares agreements and the Group Reorganisation Agreement; (ii) engaged independent business valuer, provided necessary financial and non-financial information to enable the valuer to perform valuation procedures and discussed with the valuer on relevant assumptions; (iii) carefully considered all information especially those non-market related information input, such as fair value of the ordinary shares of our Company, possibilities under different scenarios, time to liquidation and discount for lack of marketability, which require management assessments and estimates; and (iv) reviewed the valuation working papers and results prepared by the valuer. Based on the above procedures, our Directors are of the view that the valuation analysis performed by the valuer is fair and reasonable, and the financial statements of our Group are properly prepared.

Details of the fair value measurement of financial assets and liabilities, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value and reconciliation of level 3 measurements are disclosed in Note 34(c) to the Accountants' Report in Appendix I to this Prospectus. The Reporting Accountants' opinion on the Historical Financial Information of the Group for the Track Record Period as a whole is set out in Appendix I to this Prospectus. In relation to the valuation of financial assets and liabilities categorized as level 3 fair value measurement, the Joint Sponsors have conducted relevant due diligence work, including but not limited to, (i) review of relevant notes in the Accountants' Report as contained in Appendix I to this Prospectus and relevant documents provided by the independent valuer engaged by the Company (the "Independent Valuer") for the valuation of certain of financial assets and liabilities categorized as level 3 fair value measurement; and (ii) discussed with the Company, the Reporting Accountants and the Independent Valuer about the key basis and assumptions for the valuation of financial assets and liabilities categorized as level 3 fair value measurement. Having considered the work done by the Directors and Reporting Accountants and the relevant due diligence done as stated above, nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to question the valuation of financial assets and liabilities categorized as level 3 fair value measurement.

Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible assets;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any).

Financial Instruments

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial Assets

Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that

have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated at FVTOCI are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

Our Group performs impairment assessment under expected credit losses ("**ECL**") model on financial assets (including trade and other receivables, amounts due from related parties, time deposits over three months and bank balances) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting dates to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after each reporting date. Assessments are done based on our Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

Our Group always recognizes lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, our Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, our Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Write-off policy

Our Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under our Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to our Group in accordance with the contract and the cash flows that our Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. our Group's trade and other receivables, time deposits over three months and bank balances are each assessed as a separate group. Amounts due from related parties are assessed for ECL on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- Extension of credit rating where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

Derecognition of financial assets

Our Group derecognizes a financial asset only when the contractual rights to the cash flows from the assets expire.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by our Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified at FVTPL when the financial liability is held for trading or designated at FVTPL.

Preferred Shares

The Preferred Shares that our Group has no contractual obligation to redeem and the conversion option of which may be settled by the exchange of variable number of our Group's own equity are measured at FVTPL. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of preferred shares is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

Financial liabilities at amortized cost

Financial liabilities including trade and other payables, amounts due to related parties, and bank borrowings are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

Our Group derecognizes financial liabilities when, and only when, our Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTIES

In the application of our Group's accounting policies, which are described in note 4, the directors of our Company are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of our Company have made in the process of applying our Group's accounting policies and that have the most significant effect on the amounts recognized in the Historical Financial Information.

Research and development expenses

Research and development expenses incurred on our Group's product pipelines are capitalized and deferred only when our Group can demonstrate the technical feasibility of completing the intangible assets so that it will be available for use or sale, our Group's intention to complete and our Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Research and development expenses which do not meet these criteria are expensed when incurred. We assess the progress of each of the research and development projects and determine that certain of our Group's product pipelines met the above said capitalization criteria. During the years ended December 31, 2018 and 2019 and nine months ended September 30, 2019 and 2020, research and development costs of RMB1.6 million, RMB13.9 million, RMB10.9 million and RMB0.9 million, respectively, were capitalized as intangible assets.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting periods, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming twelve months, are described below.

Fair value of Preferred Shares and other financial liabilities

Our Group has issued a series of Preferred Shares during the Track Record Period. Our Group recorded these financial instruments as financial liabilities at FVTPL for which no quoted prices in an active market exist. The fair value of the financial instruments is established by using valuation techniques, which include discounted cash flow, back-solve method and equity allocation based on the Black-Scholes Option Pricing Model involving various parameters and inputs. Valuation techniques are certified by an independent qualified professional valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. However, it should be noted that some inputs, such as fair value of the ordinary shares of our Company, possibilities under different scenarios such as qualified public offering, redemption, liquidation, and other inputs, such as time to liquidation, risk-free interest rate, expected volatility value and dividend yield, require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the financial liabilities at FVTPL. The fair value of the Preferred Shares of our Group as of December 31, 2018 and 2019 and September 30, 2020 were RMB293.5 million, RMB750.4 million and RMB1,496.5 million, respectively.

Hangzhou Nuohui recognized other financial liabilities relating to consideration payables for repurchase of its own equity and redemption of Preferred Shares from the exit investors in relation to the reorganization. Pursuant to the Group Reorganization Agreement entered by Hangzhou Nuohui in 2018, the consideration was determined based on agreed discounted over equity value prior to Series C Preferred Shares issuance in April 2019. As such, the relevant consideration was accounted as financial liabilities at FVTPL and subject to re-measurement until Series C Preferred Shares were issued. The fair value of the consideration is measured with reference to the equity value using valuation techniques similar to Preferred Shares as stated above and should any of the estimates and assumptions changed, it may lead to a change in fair value of the consideration. The fair value of the consideration payables as of December 31, 2018 was RMB83.5 million.

Provision of impairment loss allowance for trade receivables

Trade receivables with significant balances and/or credit-impaired are assessed for expected credit loss ("**ECL**") individually. In addition, our Group used provision matrix to calculate ECL for trade receivables which were individually insignificant. The provision rates were based on internal credit ratings as groupings of various debtors that had similar loss patterns. The provision matrix was based on our Group's historical default rates taking into consideration forward-looking information that was reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates were reassessed and changes in the forward-looking information were considered. The provision of ECL was sensitive to changes in estimates.

Estimation on refund liabilities

In estimating the amount of refund liabilities, we had to make estimation based on its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. The estimation involved high degree of estimation and uncertainty. When the actual return rates were less than expected or more than expected, a material reversal or a material provision of refund liabilities may arise accordingly. As of December 31, 2018 and 2019 and September 30, 2020, the carrying amounts of refund liabilities were RMB0.3 million, RMB3.3 million and RMB1.2 million, respectively.

Estimate of breakage revenue of ColoClear

For the sales of ColoClear, transaction price received by the Group is recognised as a contract liability until when revenue is recognised at a point in time at the earlier of (i) the Group completed the testing service and delivered the screening report to the consumer; or (ii) the later of ColoClear product delivered to the customers are expired or the expiry of product exchange period granted to selected customers.

The transaction price is generally nonrefundable and customers may not utilize all of their contracted rights within the services period which referred as breakage. If the Group expects to be entitled to a breakage amount in contract liabilities, that amount is recognised as revenue in proportion to the pattern of service treatments utilised by the customers. If the Group does not expect to be entitled to a breakage amount, revenue for the expected breakage amount should be recognised when the likelihood of the customer exercising its remaining rights becomes remote.

As such, it requires estimation over the pattern of utilization services with reference to historical experience and any contract liabilities outstanding at the expiry of the service period is fully recognised in profit or loss.

No breakage revenue was recognised during the year ended December 31, 2018 and 2019 as there is no historical experience accumulated and contract liabilities outstanding at the expiry of the services was recognized at the later of product expiry or the exchange period granted.

During the year ended December 31, 2020, the directors of the Company have referenced to the past two years historical utilization pattern of customers and noted a stable trend for certain customer channels and an average percentage of the expected amount of unutilised service reflecting the historical pattern shall apply to such sales.

Impairment assessment of capitalised development costs

Capitalised development costs are stated at cost less accumulated amortization and impairment, if any. For intangible assets not yet available for use, we would assess the assets individually for impairment annually. In determining whether an asset is impaired, we have to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the cash-generating unit to which the assets belong. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test. In particular, with regard to the impairment assessment, the Company's management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amounts of development costs to be materially lower than their carrying amounts.

During the years ended December 31, 2018 and 2019 and nine months ended September 30, 2020, we capitalised development costs of RMB1,623,000, RMB13,863,000 and RMB902,000, respectively, in respect of the application of ColoClear IVD.

We conducted impairment assessment on development costs that is yet available for use as it is required to test for impairment at least annually. The recoverable amounts have been determined based on a value in use calculation using cash flow projection which is based on financial forecast approved by our Directors as of December 31, 2018, December 31, 2019 and September 30, 2020. The growth rate used to extrapolate the cash flows for the subsequent to the forecast period is 3%, which is closed to long-term inflation rate. The pre-tax discount rates applied to the cash flow projections are 26.7%, 26.7% and 26.7% as of December 31, 2018 and 2019 and September 30, 2020, respectively, which are determined by reference to the average discount rate with similar business risk and after taking into account the risk premium in connection with the related research and development efforts. Apart from the discount rate as stated above, the estimation of cash inflows/outflows include budgeted sales and gross margin which are based on management's expectation for the market development.

As of December 31, 2018 and 2019 and September 30, 2020, the recoverable amount of development costs exceeds the carrying amount by RMB45,182,000, RMB145,028,000 and RMB146,605,000, respectively.

Sensitivity to changes in key assumptions:

The following tables set forth the impact of reasonably possible changes in each of the key assumptions on, with all other variables held constant, impairment testing of development costs as of the dates indicated.

	Recoverable amount exceeds its carrying amount decrease by		
	December 31, 2018	**December 31, 2019**	**September 30, 2020**
	RMB'000	*RMB'000*	*RMB'000*
Possible changes of key assumptions			
Estimated average selling price decreased by 1%	10,444	13,678	47,049
Pre-tax discount rates increased by 1%	32,627	41,136	54,151

With regard to the impairment assessment, management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amounts of development costs to be materially lower than their carrying amounts. For details of impairment testing for development costs, please refer to Note 16 to the Accountants' Report as set out in Appendix I to this Prospectus.

DESCRIPTION OF SELECTED COMPONENTS OF STATEMENTS OF PROFIT OR LOSS

The table below sets forth our consolidated statements of profit or loss with line items in absolute amounts and as percentages of our revenue for the periods indicated, which are derived from our consolidated statements of profit or loss set out in the Accountants' Report included in Appendix I to this Prospectus:

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
	RMB'000	*% of Revenue*	*RMB'000*	*% of Revenue*	*RMB'000*	*% of Revenue*	*RMB'000*	*% of Revenue*
					(unaudited)			
Revenue	18,816	100.0	58,275	100.0	35,440	100.0	35,309	100.0
Cost of sales	(14,976)	(79.6)	(23,957)	(41.1)	(14,675)	(41.4)	(18,774)	(53.2)
Gross profits	3,840	20.4	34,318	58.9	20,765	58.6	16,535	46.8
Other income	1,807	9.6	6,060	10.4	4,352	12.3	7,540	21.4
Other gains and losses	(143,135)	(760.7)	32,179	55.2	25,040	70.7	(411,857)	(1,166.4)
Impairment losses on trade receivables	(204)	(1.1)	(893)	(1.5)	(813)	(2.3)	(1,832)	(5.2)
Selling and distribution expenses	(25,959)	(138.0)	(75,609)	(129.7)	(36,649)	(103.4)	(38,238)	(108.3)
Research and development expenses	(14,779)	(78.5)	(26,371)	(45.3)	(17,279)	(48.8)	(17,358)	(49.2)
Administrative expenses	(45,972)	(244.3)	(53,862)	(92.4)	(37,404)	(105.5)	(50,771)	(143.8)
Listing expenses	–	–	(338)	(0.6)	–	–	(20,162)	(57.1)
Other expenses	(9)	(0.0)	(20,468)	(35.1)	(19,824)	(55.9)	(12,853)	(36.4)
Finance costs	(458)	(2.4)	(1,251)	(2.1)	(561)	(1.6)	(4,489)	(12.7)
Loss before tax	(224,869)	(1,195.1)	(106,235)	(182.3)	(62,373)	(176.0)	(533,485)	(1,510.9)
Income tax expense	–	–	(230)	(0.4)	(135)	(0.4)	(276)	(0.8)
Loss for the year/period	**(224,869)**	**(1,195.1)**	**(106,465)**	**(182.7)**	**(62,508)**	**(176.4)**	**(533,761)**	**(1,511.7)**
Non-IFRS (reconciliation items)								
Fair value loss (gain) on Preferred Shares	151,087	803.0	(48,334)	(82.9)	(38,273)	(108.0)	394,902	1,118.4
Fair value (gain) loss on changes of other financial liabilities	(7,553)	(40.1)	19,616	33.7	19,616	55.3	–	–
Listing expenses	–	–	338	0.6	–	–	20,162	57.1
Adjusted net loss	**(81,335)**	**(432.3)**	**(134,845)**	**(231.4)**	**(81,165)**	**(229.0)**	**(118,697)**	**(336.2)**

Note: We consider fair value gain/loss on Preferred Shares, fair value gain/loss on changes of other financial liabilities, and listing expenses as non-operational or non-recurring expenses which do not affect our ongoing operating performance. We believe the net loss as adjusted by eliminating potential impacts of the fair value gain/loss on Preferred Shares, fair value gain/loss on changes of other financial liabilities, and listing expenses provides useful information to investors in facilitating a comparison of our operating performance from period to period.

Revenue

During the Track Record Period, our revenue was mainly generated from (i) ColoClear provided as LDT services, and (ii) Pupu Tube. In 2018, 2019 and the nine months ended September 30, 2020, our revenue from ColoClear provided as LDT services accounted for 76.6%, 67.1% and 65.5% of our total revenue, respectively, and our revenue from Pupu Tube accounted for 23.3%, 25.9% and 32.3% of our total revenue, respectively. We expect to continue to generate a substantial portion of our revenue from sales of ColoClear and Pupu Tube in the near future. In addition, other revenue primarily consists of revenue generated from provision of other cancer screening tests. With our pipeline products being launched into the market in the future upon approval, our sources of revenue are expected to become more diversified. The following table sets forth a breakdown of our revenue by test for the periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(unaudited)			
ColoClear[(1)]	14,419	76.6	39,098	67.1	23,238	65.6	23,141	65.5
Pupu Tube	4,392	23.3	15,101	25.9	8,202	23.1	11,404	32.3
Others	5	0.1	4,076	7.0	4,000	11.3	764	2.2
Total revenue	**18,816**	**100.0**	**58,275**	**100.0**	**35,440**	**100.0**	**35,309**	**100.0**

(1) ColoClear was provided as LDT services during the periods indicated.

Cost of Sales

The cost of sales primarily consists of staff costs, manufacturing overhead, raw material costs, depreciation and amortization, utility costs, write-down of inventories and others. The table below sets forth a breakdown of our cost of sales in absolute amount and as percentage of our total cost of sales for the periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(unaudited)			
ColoClear [(1)]	11,243	75.1	12,013	50.1	7,918	54.0%	6,523	34.7%
Pupu Tube	2,723	18.2	8,862	37.0	4,604	31.4%	9,776	52.1%
Others	4	0.0	1,479	6.2	1,566	10.7%	577	3.1%
Write-down of inventories	1,006	6.7	1,603	6.7	587	4.0%	1,898	10.1%
Total cost of sales	**14,976**	**100.0**	**23,957**	**100.0**	**14,675**	**100.0%**	**18,774**	**100.0%**

(1) ColoClear was provided as LDT services during the periods indicated.

Our cost of sales of ColoClear provided as LDT services increased from 2018 to 2019, and decreased from the nine months ended September 30, 2019 to the nine months ended September 30, 2020, which was in line with the movement in sales of ColoClear provided as LDT services during the same periods. Our cost of sales of Pupu Tube increased from 2018 to 2019, which was in line with the movement in sales of Pupu Tube during the same period, and also increased from the nine months ended September 30, 2019 to the nine months ended September 30, 2020, primarily due to the costs associated with the subsidy of government sponsored public welfare programs. Our other costs primarily include costs of sales of other cancer screening tests.

Write-down of inventories increased from 2018 to 2019 primarily because increase in our sale volumes resulted in the increasing stock of our inventories, which in turn contributed to more obsolete inventories, and increased from the nine months ended September 30, 2019 to the nine months ended September 30, 2020, which was primarily due to increased refunds and exchanges of our products in the nine months ended September 30, 2020 because of the outbreak of COVID-19.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. Our gross profit margin represents our gross profit as a percentage of our revenue. For the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2019 and 2020, our gross profit was RMB3.8 million, RMB34.3 million, RMB20.8 million and RMB16.5 million, respectively, and our gross profit margin was 20.4%, 58.9%, 58.6% and 46.8%, respectively. The table below sets forth a breakdown of our gross profit and gross profit margin by test for the periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(unaudited)			
ColoClear [(1)]	3,176	22.0	27,085	69.3	15,320	65.9	16,618	71.8
Pupu Tube	1,669	38.0	6,239	41.3	3,598	43.9	1,628	14.3
Others	1	20.0	2,597	63.7	2,434	60.9	187	24.5

(1) ColoClear was provided as LDT services during the periods indicated.

Other Income

Our other income consists of government subsidies, bank interest income and others. The table below sets forth a breakdown of our other income for the periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(unaudited)			
Other Income								
Bank interest income	1,555	86.1	1,843	30.4	927	21.3	1,676	22.2
Government subsidies	250	13.8	3,802	62.7	3,316	76.2	4,257	56.5
Interest income from subscription receviables	–	–	–	–	–	–	1,555	20.6
Others	2	0.1	415	6.9	109	2.5	52	0.7
Total	**1,807**	**100.0**	**6,060**	**100.0**	**4,352**	**100.0**	**7,540**	**100.0**

Government subsidies mainly represent incentives we received from the relevant governments for compensation of expenditure arising from our research and development and clinical trial activities, awards for new valve product development and expenditures incurred on certain projects.

Other Gains and Losses

The other gains and losses for our Group primarily consists of fair value gain/loss of Preferred Shares, net foreign exchange gain/loss, net investment gain on structured deposits, investment loss on currency swap agreement, fair value gain/loss on other financial liabilities and net gain/loss on disposal of property and equipment. The following table sets forth a breakdown of our other gains and losses for the periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Other gains and losses								
Fair value (loss) gain of Preferred Shares	(151,087)	105.6	48,334	150.2	38,273	152.8	(394,902)	95.9
Net investment gain on structured deposits	271	(0.2)	571	1.8	545	2.2	43	(0.0)
Investment loss on currency swap agreement	–	–	(1,415)	(4.4)	(2,592)	(10.4)	–	–
Net foreign exchange gain (loss)	128	(0.1)	4,284	13.3	8,430	33.7	(16,958)	4.1
Fair value gain (loss) on other financial liabilities	7,553	(5.3)	(19,616)	(61.0)	(19,616)	(78.3)	–	–
Net gain (loss) on disposal of property and equipment	–	–	21	0.1	–	–	(40)	0.0
Total	**(143,135)**	**100.0**	**32,179**	**100.0**	**25,040**	**100.0**	**(411,857)**	**100.0**

Fair value gain/loss of Preferred Shares represents the changes in fair value of the conversion option associated with the Preferred Shares. For details, please refer to Note 28A to the Accountants' Report as set out in Appendix I to this Prospectus. Our net foreign exchange gains or losses are in connection with the financial assets and liabilities denominated in U.S. dollars. Net investment loss on currency swap agreement is related to a currency swap agreement, which was disposed of by us in 2019. Fair value gain/loss on other financial liabilities represent the fair value changes on the consideration payable to exit investors in relation to the reorganization. Net investment gain on structured deposits primarily represent the realized and unrealized net investment gains from wealth management products we purchased by using our free cash.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of staff cost, sales promotion expenses, travel expenses and others. The table below sets forth a breakdown of our selling and distribution expenses in absolute amount and as percentage of our total selling and distribution expenses for the periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(unaudited)			
Selling and Distribution Expenses								
Staff costs	12,933	49.8	24,771	32.8	14,769	40.3	18,243	47.7
Sales promotion expenses	8,865	34.2	45,210	59.7	18,341	50.0	16,204	42.4
Travel expenses	2,591	10.0	2,177	2.9	1,379	3.8	1,141	3.0
Others	1,570	6.0	3,451	4.6	2,160	5.9	2,650	6.9
Total	**25,959**	**100.0**	**75,609**	**100.0**	**36,649**	**100.0**	**38,238**	**100.0**

Our staff cost primarily consists of salaries, welfare, pension and share awards for our sales and marketing employees. Our sales promotion expenses primarily consist of expenses in connection with our sales and marketing, such as product promotion and advertisement expenses fees in relation to medical summits, conferences and seminars we sponsored and sponsorship payments to industry associations. Travel expenses represent the relevant fees incurred related to our marketing and promotion activities. Others are mainly comprised of depreciation and amortization expenses, rental expenses, office supplies as well as other expenses that are directly related to our marketing and promotion activities.

Research and Development Expenses

The research and development expenses for our group primarily consist of staff cost, clinical trial and service expenses, cost of research and development materials and equipment and other expenses. The table below sets forth a breakdown of our research and development expenses in absolute amount and as percentage of our total research and development expenses for the periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(unaudited)			
Research and development expenses								
Staff costs	5,933	40.1	10,739	40.7	7,228	41.8	8,155	47.0
Cost of research and development materials and equipment	5,439	36.8	11,688	44.3	7,737	44.8	7,953	45.8
Clinical trials and service expenses	2,188	14.8	2,905	11.0	1,704	9.9	468	2.7
Others	1,219	8.3	1,039	4.0	610	3.5	782	4.5
Total	**14,779**	**100.0**	**26,371**	**100.0**	**17,279**	**100.0**	**17,358**	**100.0**

Our staff cost primarily consists of salaries, welfare and pension for our research and development employees. Our costs of research and development materials and equipment consumed represent expenses on the raw materials used for developing our product candidates, and the depreciation of equipment and renovation of our research and development facilities as well as amortization of intangible assets. Our clinical trials and service expenses include expenses incurred for conducting clinical trials, including payment to CROs in relation to our clinical trials. Others mainly comprise travel expenses, testing expenses and other general expenses incurred for the purpose of research and development. For the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020, the research and development expenses we spent on ColoClear accounted for 61%, 50% and 50% of the total research and development expenses, respectively, which were primarily for ColoClear IVD as the most critical component of ColoClear.

Administrative Expenses

The administrative expenses for our group primarily consist of staff cost, professional service fees, depreciation and amortisation and others. The table below sets forth a breakdown of our administrative expenses in absolute amount and as percentage of our total administrative expenses for the periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(unaudited)			
Administrative expenses								
Staff costs	21,921	47.7	28,601	53.1	19,640	52.5	27,246	53.7
Professional service fees	5,619	12.2	7,052	13.1	5,308	14.2	10,473	20.6
Depreciation and amortisation	10,218	22.2	11,250	20.9	7,527	20.1	7,587	14.9
Others	8,214	17.9	6,959	12.9	4,929	13.2	5,465	10.8
Total	**45,972**	**100.0**	**53,862**	**100.0**	**37,404**	**100.0**	**50,771**	**100.0**

Our staff cost primarily consists of salaries, welfare and pension for our administrative staff. Our professional service fees primarily represent the fees paid to professionals, such as legal advisors, intellectual property agents, and recruiting agents. Our depreciation and amortisation are primarily related to our properties and equipment for administrative purpose. Others mainly comprise, and intangible assets operational tax, donations, traveling and transportation expenses and other general expenses incurred for administrative purposes.

Impairment Losses on Trade Receivables

Our impairment losses on trade receivables were RMB0.2 million, RMB0.9 million, RMB0.8 million and RMB1.8 million for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2019 and 2020, respectively.

Other Expenses

Our other expenses were RMB9 thousand, RMB20.5 million, RMB19.8 million and RMB12.9 million for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2019 and 2020, respectively. Our other expenses mainly consist of transaction costs directly attributable to the issuance of Preferred Shares and write-off of advances to a supplier for purchase of raw materials which did not meet our quality control requirement.

Finance Costs

Our finance costs were RMB0.5 million, RMB1.3 million, RMB0.6 million and RMB4.5 million for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2019 and 2020, respectively. Our finance costs mainly consist of interest expense on bank borrowings and interest expense on lease liabilities.

Listing expenses

Our listing expenses were RMB0.3 million and RMB20.2 million for the year ended December 31, 2019 and the nine months ended September 30, 2020, respectively. Our listing expenses represent the legal and other professional fees paid and payable to the professional parties, and printing and other expenses for their services rendered in relation to the Listing and the Global Offering.

Income Tax Expense

We are tax exempt under the laws of the Cayman Islands.

No provision of Hong Kong Profit Tax was made in these consolidated financial statements as our Group had no assessable profit subject to Hong Kong Profit Tax during the Track Record Period.

Under the U.S. Tax Cuts and Jobs Act, the U.S. corporate income tax rate has been applied to our U.S. subsidiary at a flat rate of 21%.

Under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and implementation regulations of the EIT Law, the basic tax rate of the Company's PRC subsidiaries is 25%.

Hangzhou New Horizon has been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau of Hangzhou City and relevant authorities on November 30, 2018, and has been registered with the local tax authorities for enjoying the reduced 15% EIT rate from 2018 to 2020.

During the Track Record Period and up to the Latest Practicable Date, we paid all relevant taxes in accordance with tax regulations and did not have any disputes or unresolved tax issues with the relevant tax authorities.

Nine Months ended September 30, 2019 Compared to Nine Months ended September 30, 2020

Revenue

Our total revenue stayed relatively stable with RMB35.4 million for the nine months ended September 30, 2019 and RMB35.3 million for the nine months ended September 30, 2020.

Our revenue generated from provision of ColoClear tests provided as LDT services stayed relatively stable with RMB23.2 million for the nine months ended September 30, 2019 and RMB23.1 million for the nine months ended September 30, 2020.

Our revenue generated from sale of Pupu Tube increased by 39.0%, from RMB8.2 million for the nine months ended September 30, 2019 to RMB11.4 million for the nine months ended September 30, 2020, primarily due to increase in sales volume of Pupu Tube as a result of our participation in government sponsored public welfare programs.

Cost of Sales

Our cost of sales increased by 27.9% from RMB14.7 million for the nine months ended September 30, 2019 to RMB18.8 million for the nine months ended September 30, 2020 as we subsidized government sponsored public welfare programs by offering our Pupu Tube at a discount price. Our cost of sales accounted for 41.4% and 53.2% of our revenue for the nine months ended September 30, 2019 and 2020, respectively.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of sales described above, our gross profit decreased by 20.4%, from RMB20.8 million for the nine months ended September 30, 2019 to RMB16.5 million for the nine months ended September 30, 2020. Our gross profit margin decreased from 58.6% for the nine months ended September 30, 2019 to 46.8% for the nine months ended September 30, 2020, primarily due to the decrease in gross profit margin of Pupu Tube, partially offset by the increase in gross profit margin of ColoClear provided as LDT services.

Our gross profit generated from ColoClear tests provided as LDT services remained relatively stable with approximately RMB15.3 million for the nine months ended September 30, 2019 and RMB16.6 million for the nine months ended September 30, 2020. Our gross profit margin from ColoClear provided as LDT services increased from 65.9% for the nine months ended September 30, 2019 to 71.8% for the nine months ended September 30, 2020 due to economies of scale generated from more recognized revenue of our ColoClear especially in the third quarter of 2020.

Our gross profit generated from Pupu Tube decreased by 54.8%, from RMB3.6 million for the nine months ended September 30, 2019 to RMB1.6 million for the nine months ended September 30, 2020. Our gross profit margin from Pupu Tube decreased from 43.9% for the nine months ended September 30, 2019 to 14.3% for the nine months ended September 30, 2020, primarily due to our participation in and subsidy of government sponsored public welfare programs, where we offer Pupu Tube at a discount price to healthcare institutions such as hospitals and community health service centers, while fixed costs such as depreciation and amortization remained stable. Such public welfare programs were based on discussions with the government and were one-off events in nature. We expect our participation in and subsidy of such programs will have lesser impact over the gross profit margin of Pupu Tube going forward as our sales continue to grow in other commercialization channels as a result of our marketing efforts.

Other Income

Our other income increased by 73.3%, from RMB4.4 million for the nine months ended September 30, 2019 to RMB7.5 million for the nine months ended September 30, 2020. Such increase was mainly attributable to our increased government subsidies from PRC local governments to support our business operations and research and development activities, from RMB3.3 million for the nine months ended September 30, 2019 to RMB4.3 million for the nine months ended September 30, 2020, and an increase of RMB1.6 million in the interest income from subscription receivables due from directors for the issuance of restricted shares.

Other Gains and Losses

We had other gains of RMB25.0 million for the nine months ended September 30, 2019 as compared to other losses of RMB411.9 million for the nine months ended September 30, 2020. Such change was mainly because we recorded gains from changes in fair value of Preferred Shares of RMB38.3 million for the nine months ended September 30, 2019 as compared to losses from changes in fair value of Preferred Shares of RMB394.9 million for the nine months ended September 30, 2020, primarily due to the increase in fair value of our Preferred Shares.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 4.3%, from RMB36.6 million for the nine months ended September 30, 2019 to RMB38.2 million for the nine months ended September 30, 2020. Such increase was primarily attributable to our increased staff costs from RMB14.8 million for the nine months ended September 30, 2019 to RMB18.2 million for the nine months ended September 30, 2020, as a result of increased number of sales and marketing employees to support our commercialization for ColoClear. Selling and distribution expenses as a percentage of our revenue increased from 103.4% for the nine months ended September 30, 2019 to 108.3% for the nine months ended September 30, 2020. We are still at early development stage and therefore have incurred substantial amount of expenses in marketing and promotion of our products in anticipation of NMPA approval as compared to the revenue generated from sales of our commercialized products.

Research and Development Expenses

Our research and development expenses remained relatively stable with RMB17.3 million and RMB17.4 million for the nine months ended September 30, 2019 and 2020. Our total research and development expenses as a percentage of our revenue increased from 48.8% for the nine months ended September 30, 2019 to 49.2% for the nine months ended September 30, 2020.

Administrative Expenses

Our administrative expenses increased by 35.7% from RMB37.4 million for the nine months ended September 30, 2019 to RMB50.8 million for the nine months ended September 30, 2020. Such increase was primarily attributable to (i) our increased staff costs from RMB19.6 million for the nine months ended September 30, 2019 to RMB27.2 million for the nine months ended September 30, 2020, as a result of increased number of administrative employees to support our operational needs for the growth of business, including the addition of the chief financial officer to the senior management and increased staff in the medical and treasury functions to support product commercialization and our financing, and (ii) our increased professional service fees from RMB5.3 million for the nine months ended September 30, 2019 to RMB10.5 million for the nine months ended September 30, 2020 primarily in relation to our Series D and Series E financing. Administrative expenses as a percentage of our revenue increased from 105.5% for the nine months ended September 30, 2019 to 143.8% for the nine months ended September 30, 2020.

Impairment Losses on Trade Receivables

Our impairment losses on trade receivables increased from RMB0.8 million for the nine months ended September 30, 2019 to RMB1.8 million for the nine months ended September 30, 2020, primarily due to longer payment cycle from our customers as a result of the COVID-19 outbreak, which resulted in increased overdue of our trade receivables.

Other expenses

Our other expenses decreased by 35.2% from RMB19.8 million for the nine months ended September 30, 2019 to RMB12.9 million for the nine months ended September 30, 2020, primarily due to the significant decrease of the transaction costs directly attributable to the issuance of Preferred Shares from RMB19.8 million in the nine months ended September 30, 2019 to RMB1.7 million in the nine months ended September 30, 2020 despite advances to a supplier of RMB11.1 million were written-off in the nine months ended September 30, 2020 because such inventories previously provided by the supplier failed to meet our quality standards.

Finance Costs

Our finance costs increased by 700.2%, from RMB0.6 million for the nine months ended September 30, 2019 to RMB4.5 million for the nine months ended September 30, 2020, primarily in line with our increased bank borrowings and lease liabilities.

Listing Expense

We incurred listing expense of RMB20.2 million in the nine months ended September 30, 2020 in relation to the Listing and the Global Offering. The listing expense we incurred in the nine months ended September 30, 2019 was nil.

Income Tax Expense

We incurred income tax expense of RMB135 thousand and RMB276 thousand in the nine months ended September 30, 2019 and 2020.

Net loss for the Year/Period

As a result of the above, we incurred net loss of RMB62.5 million for the nine months ended September 30, 2019 and RMB533.8 million for the nine months ended September 30, 2020.

Year ended December 31, 2018 Compared to Year ended December 31, 2019

Revenue

Our total revenue increased by 209.7%, from RMB18.8 million for the year ended December 31, 2018 to RMB58.3 million for the year ended December 31, 2019, primarily attributable to an increase in our revenue generated from both ColoClear provided as LDT services and Pupu Tube.

Our revenue generated from provision of ColoClear test provided as LDT services increased by 171.2%, from RMB14.4 million in 2018 to RMB39.1 million in 2019, primarily due to the increased sales volume of ColoClear provided as LDT services as a result of its broader market acceptance and our continued efforts in marketing and expansion.

Our revenue generated from sales of Pupu Tube increased by 243.8%, from RMB4.4 million in 2018 to RMB15.1 million in 2019, primarily due to the increased sales volume of Pupu Tube driven by wider market adoption.

Cost of Sales

Our cost of sales increased by 60.0% from RMB15.0 million for the year ended December 31, 2018 to RMB24.0 million for the year ended December 31, 2019, primarily attributable to our increased sales volume of both ColoClear provided as LDT services and Pupu Tube. Our cost of sales accounted for 79.6% and 41.1% of our revenue for the year ended December 31, 2018 and 2019, respectively.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of sales described above, our gross profit increased by 793.7%, from RMB3.8 million for the year ended December 31, 2018 to RMB34.3 million for the year ended December 31, 2019. Our gross profit margin increased from 20.4% for the year ended December 31, 2018 to 58.9% for the year ended December 31, 2019, primarily due to increased gross profit margin in both ColoClear provided as LDT services and Pupu Tube.

Our gross profit generated from ColoClear provided as LDT services increased by 752.8%, from RMB3.2 million in 2018 to RMB27.1 million in 2019, primarily due to the increase in revenue from ColoClear provided as LDT services. Our gross profit margin from ColoClear provided as LDT services increased from 22.0% in 2018 to 69.3% in 2019, primarily due to the economies of scale as our sales volume from ColoClear provided as LDT services increased.

Our gross profit generated from Pupu Tube increased by 273.8%, from RMB1.7 million in 2018 to RMB6.2 million in 2019, primarily due to the increase in revenue from Pupu Tube. Our gross profit margin from Pupu Tube increased from 38.0% in 2018 to 41.3% in 2019, primarily due to the economies of scale as our sales volume from Pupu Tube increased.

Other Income

Our other income increased by 235.4%, from RMB1.8 million for the year ended December 31, 2018 to RMB6.1 million for the year ended December 31, 2019. Such increase was mainly attributable to our increased government subsidies from PRC local governments to support our business operations and research and development activities, from RMB0.3 million for the year ended December 31, 2018 to RMB3.8 million for the year ended December 31, 2019.

Other Gains and Losses

Our other gains and losses changed from a net loss of RMB143.1 million for the year ended December 31, 2018 to a net gain of RMB32.2 million for the year ended December 31, 2019. This was mainly attributable to a change from fair value loss of Preferred Shares of RMB151.1 million in 2018 to a fair value gain of RMB48.3 million in 2019 in relation to our issuance of Preferred Shares, and partially offset by our increased fair value loss on changes of other financial liabilities from RMB7.6 million in 2018 to a loss of RMB19.6 million in 2019, primarily in relation to the equity value change of our Company.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 191.3%, from RMB26.0 million for the year ended December 31, 2018 to RMB75.6 million for the year ended December 31, 2019, which was in line with our revenue growth and our enhanced marketing and promotion efforts. Such increase was primarily attributable to our (i) increased sales promotion expenses from RMB8.9 million in 2018 to RMB45.2 million in 2019 as a result of our enhanced marketing and promotion efforts and (ii) increased staff costs from RMB12.9 million in 2018 to RMB24.8 million in 2019, as a result of increased number of sales and marketing employees to support our commercialization. Selling and distribution expenses as a percentage of our revenue decreased from 138.0% for the year ended December 31, 2018 to 129.7% for the year ended December 31, 2019.

Research and Development Expenses

Our research and development expenses increased by 78.4%, from RMB14.8 million for the year ended December 31, 2018 to RMB26.4 million for the year ended December 31, 2019. Such increase was primarily attributable to our (i) increased cost of research and development materials consumed and depreciation and amortization from RMB5.4 million in 2018 to RMB11.7 million in 2019 primarily in relation to the clinical trials of our ColoClear test, which was primarily conducted in 2019, and (ii) increased staff costs from RMB5.9 million in 2018 to RMB10.7 million in 2019, as a result of increased number of research and development employees to support our research and development needs. Our total research and development expenses as a percentage of our revenue decreased from 78.5% for the year ended December 31, 2018 to 45.3% for the year ended December 31, 2019.

Administrative Expenses

Our administrative expenses increased by 17.2%, from RMB46.0 million for the year ended December 31, 2018 to RMB53.9 million for the year ended December 31, 2019. Such increase was primarily attributable to our increased staff costs from RMB21.9 million in 2018 to RMB28.6 million in 2019, as a result of increased number of administrative employees to support our operational needs as a result of our growth. Administrative expenses as a percentage of our revenue decreased from 244.3% for the year ended December 31, 2018 to 92.4% for the year ended December 31, 2019.

Impairment Losses on Trade Receivables

Our impairment losses on trade receivables increased from RMB0.2 million for the year ended December 31, 2018 to RMB0.9 million for the year ended December 31, 2019, primarily due to our increased trade receivables.

Other Expenses

Our other expenses increased significantly from RMB9 thousand for the year ended December 31, 2018 to RMB20.5 million for the year ended December 31, 2019, primarily due to the transaction costs directly attributable to the issuance of Preferred Shares of RMB19.8 million in 2019.

Finance Costs

Our finance costs increased by 173.1%, from RMB0.5 million for the year ended December 31, 2018 to RMB1.3 million for the year ended December 31, 2019, primarily due to our increased interest expense on lease liabilities from RMB0.5 million in 2018 to RMB0.9 million in 2019.

Listing Expense

We incurred listing expense of RMB0.3 million in 2019 in relation to the Listing. We did not incur any listing expense in 2018.

Income Tax Expense

Our income tax expense was nil for the year ended December 31, 2018 and RMB230.0 thousand for the year ended December 31, 2019.

Net loss for the Year

As a result of the above, we incurred net loss of RMB224.9 million for the year ended December 31, 2018 and RMB106.5 million for the year ended December 31, 2019.

NON-IFRS MEASURES

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS, we also use adjusted net loss as non-IFRS measures, which are not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures provides useful information to investors and management in facilitating a comparison of our operating performance from period to period by eliminating potential impacts of certain non-operational or non-recurring expenses that do not affect our ongoing operating performance, including fair value gain/loss on Preferred Shares, fair value loss on changes of other financial liabilities, and listing expenses. Such non-IFRS measures allow investors to

consider metrics used by our management in evaluating our performance. Fair value gain/loss of Preferred Shares represent the changes in fair value of the conversion option associated with the Preferred Shares, which is non-recurring and non-operational in nature. Fair value gain/loss on changes of other financial liabilities represent the fair value changes on the consideration payable to exit investors in relation to the reorganization, which is non-recurring and non-operational in nature. Listing expenses are in relation to the Listing and the Global Offering, which are non-recurring in nature. Therefore, we do not consider fair value gain/loss on Preferred Shares, fair value loss on changes of other financial liabilities, and listing expenses to be indicative of our ongoing core operating performance and exclude them in reviewing our financial results. From time to time in the future, there may be other items that we may exclude in reviewing our financial results. The use of the non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

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

	For the year ended December 31,		For the nine months ended September 30,	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net loss for the year/period	**(224,869)**	**(106,465)**	**(62,508)**	**(533,761)**
Fair value loss (gain) on Preferred Shares	151,087	(48,334)	(38,273)	394,902
Fair value (gain) loss on changes of other financial liabilities	(7,553)	19,616	19,616	–
Listing expenses	–	338	–	20,162
Adjusted net loss	**(81,335)**	**(134,845)**	**(81,165)**	**(118,697)**

Note: We consider fair value gain/loss on Preferred Shares, fair value gain/loss on changes of other financial liabilities, and listing expenses as non-operational or non-recurring expenses which do not affect our ongoing operating performance. We believe the net loss as adjusted by eliminating potential impacts of the fair value gain/loss on Preferred Shares, fair value gain/loss on changes of other financial liabilities, and listing expenses provides useful information to investors in facilitating a comparison of our operating performance from period to period.

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

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

	As of December 31,		As of September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	58,463	89,124	114,419
Total current assets	243,658	457,242	756,143
Total assets	**302,121**	**546,366**	**870,562**
Total current liabilities	271,856	98,727	131,600
Net current (liabilities) assets	**(28,198)**	**358,515**	**624,543**
Total non-current liabilities	299,743	813,215	1,579,497
Total liabilities	**571,599**	**911,942**	**1,711,097**
Net liabilities	**(269,478)**	**(365,576)**	**(840,535)**
Share capital	40	40	48
Treasury shares	–	–	(1)
Share premium	47,144	48,227	116,494
Reserves	(316,662)	(413,843)	(957,076)
Total deficit	**(269,478)**	**(365,576)**	**(840,535)**

NET CURRENT ASSETS/LIABILITIES

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

	As of December 31,		As of September 30,	As of December 31,
	2018	2019	2020	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current assets				
Inventories	4,531	4,719	7,196	6,130
Trade and other receivables	66,064	38,759	41,994	56,664
Amounts due from related parties	93,085	61,831	49,558	48,705
Contract costs	3,287	4,973	4,578	5,724
Time deposits over three months	–	526	136,890	130,498
Bank balances and cash	76,691	346,434	515,927	451,796
Total current assets	243,658	457,242	756,143	699,517
Current liabilities				
Trade and other payables	60,967	18,651	44,609	48,132
Accrued payroll and welfare expenses	7,737	12,469	5,345	15,785
Contract liabilities	16,740	27,198	15,069	10,872
Refund liabilities	309	3,291	1,196	2,594
Tax payable	–	230	36	–
Amounts due to related parties	95,942	16,016	21	–
Borrowings	–	13,403	56,207	70,209
Lease liabilities	6,636	7,469	9,117	8,997
Other financial liabilities	83,525	–	–	–
Total current liabilities	271,856	98,727	131,600	156,589
Net current (liabilities) assets	**(28,198)**	**358,515**	**624,543**	**542,928**

We had net current assets of RMB542.9 million as of December 31, 2020, being the latest practicable date for the purpose of liquidity disclosure in this Prospectus, compared to net current assets of RMB624.5 million as of September 30, 2020. The change was primarily due to a decrease in our bank balances and cash from RMB515.9 million to RMB451.8 million, and a decrease in time deposits over three months from RMB136.9 million to RMB130.5 million.

We had net current assets of RMB624.5 million as of September 30, 2020, compared to net current assets of RMB358.5 million as of December 31, 2019. The change was primarily due to (i) an increase in time deposits over three months of RMB136.4 million and (ii) an increase in bank balances and cash of RMB169.5 million, partially offset by a decrease in amounts due from related parties of RMB12.3 million which have been repaid in 2020. Among the above, the increase in time deposits over three months and bank balances and cash was in connection with our Series D and Series E financing from certain investors in 2020. The decrease in amounts due from related parties represents the payment of subscription receivables due from directors for the issuance of restricted shares.

We had net current assets of RMB358.5 million as of December 31, 2019, as compared to net current liabilities of RMB28.2 million as of December 31, 2018. The change was primarily due to (i) an increase in bank balances and cash of RMB269.7 million, (ii) a decrease in other financial liabilities of RMB83.5 million and (iii) a decrease in amounts due to related parties of RMB79.9 million, partially offset by a decrease in amounts due from related parties of RMB31.3 million. Among the above, the increase in bank balances and cash was in connection with the series C financing from certain investors in 2019. For details, please refer to "History, Restructuring and Corporate Structure – Major Corporate Development, Shareholding Changes and Reorganization of Our Group – Our Company – (iii) Series C Financing." The decrease in other financial liabilities was primarily due to our settlement of considerations payable to exit investors. The decrease in amounts due to related parties was attributable to our payment to onshore investors in connection with our reorganizations and establishment of the Contractual Arrangement in 2019. For details, please refer to "History, Restructuring and Corporate Structure – Major Corporate Development, Shareholding Changes and Reorganization of Our Group – Reorganization." The decrease in amount due from related parties was due to the settlement of investment amount from certain investors in connection with the series C financing in 2019.

Inventories

Our inventories consist of raw materials, work in progress, finished goods and goods in transit to customers. Goods in transit to customers primarily consist of Pupu Tube that are already delivered but the revenue will not be recognized until the products are accepted by the customers. We formulate the purchase plan of raw materials according to our production and sales targets. We formulate and supervise production progress, inventory levels and projected sales of our products, and adjust our sales and purchase plans accordingly every month according to sales performance, to minimize the risk of inventory shortage or accumulation. We have also established an inventory management system that monitors each stage of the

warehousing process. We did not experience any material shortage or accumulation of inventory during the Track Record Period. For further details of our inventory management, see "Business – Inventory". The tables below set forth our inventory balances as of the dates indicated:

	As of December 31,		As of September 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	1,227	1,238	2,617
Raw materials	3,298	3,195	4,132
Goods in transit to customers	–	163	337
Work in progress	6	123	110
Total	**4,531**	**4,719**	**7,196**

Our inventory balance remained stable from RMB4.5 million as of December 31, 2018 to RMB4.7 million as of December 31, 2019.

Our inventory balance increased from RMB4.7 million as of December 31, 2019 to RMB7.2 million as of September 30, 2020. The increase in inventory was primarily attributable to an increase in finished goods of RMB1.4 million. The increase was primarily attributable to reduced orders from customers as a result of the COVID-19 outbreak and inventory stock-up in preparation for future sales in anticipation of NMPA approval of ColoClear IVD.

The table below sets forth our inventory and finished goods turnover days for the periods indicated:

	For the year ended December 31,		For the nine months ended September 30,
	2018	2019	2020
Inventory turnover days[(1)]	92	71	87
Average finished goods turnover days[(2)]	29	19	28

Notes:

(1) Inventory turnover days for a year/period is the arithmetic mean of the beginning and ending balances of inventory for the relevant year/period divided by cost of sales for the relevant year/period and multiplied by 365 days for the full-year period and 273 days for the nine-month period.

(2) Average finished goods turnover days for a year/period is the arithmetic mean of the beginning and ending balances of finished goods for the relevant year/period divided by the cost of sales for the relevant year/period and multiplied by 365 days for the full-year period and 273 days for the nine-month period.

For the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020, our inventory turnover days were 92 days, 71 days and 87 days, respectively. The decrease from the year ended December 31, 2018 to the year ended December 31, 2019 in inventory turnover days was primarily due to increase in sales volume as a result of increased demands for our product. The increase in inventory turnover days from the year ended December 31, 2019 to the nine months ended September 30, 2020 was primarily due to our reduced orders from customers as a result of the COVID-19 outbreak and inventory stock-up in preparation for future sales in anticipation of NMPA approval of ColoClear IVD.

As of December 31, 2020, RMB5.2 million, representing 71.9% of the RMB7.2 million inventory as of September 30, 2020, was utilized.

Trade and Other Receivables

Our trade receivables primarily represent the balances due from certain customers. We generally allow for a credit period of up to three months, and for certain customers we may grant an extended credit term of up to 180 days. We consider a number of factors in determining the credit term of a customer, including its cash flow conditions and creditworthiness as well as the local medical care policy and market environment. We do not hold any collateral or other credit enhancements over our trade receivables balance and such receivables are non-interest bearing. For details, see "Business – Sales and Marketing – Our Sales Arrangements". Our other receivables mainly consist of rental deposits, advances to suppliers, value added tax recoverable and others.

The table below sets forth our trade and other receivables as of the dates indicated:

	As of December 31,		As of September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	11,094	19,107	22,721
Less: Impairment loss allowance	(329)	(1,222)	(3,054)
Net trade receivables	10,765	17,885	19,667
Other receivables	55,299	20,874	22,327
Total	**66,064**	**38,759**	**41,994**

Our trade receivables increased from RMB10.8 million as of December 31, 2018 to RMB17.9 million as of December 31, 2019, primarily driven by our revenue growth. Our trade receivables further increased to RMB19.7 million as of September 30, 2020, primarily due to the longer payment cycle from our customers as a result of the COVID-19 outbreak.

Our other receivables decreased from RMB55.3 million as of December 31, 2018 to RMB20.9 million as of December 31, 2019, and further to RMB22.3 million as of September 30, 2020, which was mainly due to the payment from investors of subscription receivables for Preferred Shares in our pre-IPO investments.

The table below sets forth our trade receivables turnover days for the periods indicated:

	For the year ended December 31,		For the nine months ended September 30,
	2018	2019	2020
Average trade receivables turnover days[(1)]	155	95	162

Note:

(1) Trade receivable turnover days for a period equals the arithmetic mean of the beginning and ending trade receivable balances divided by revenue for that period and multiplied by 365 days for the full-year period and 273 days for the nine-month period.

The average trade receivables turnover days were 155 days in 2018, which were longer than the credit term we generally provide for our customers. This was primarily because we provided extended credit terms of 180 days to certain customers. The average trade receivables turnover days decreased from 155 days in 2018 to 95 days in 2019, primarily due to our enhanced payment collection efforts and shorter credit terms we granted to new customers. The average trade receivables turnover days were 162 days in the nine months ended September 30, 2020, which was primarily due to longer payment settlement period from certain customers as a result of the COVID-19 outbreak. As of December 31, 2020, among the RMB9.5 million trade receivables aged over 180 days as of September 30, 2020, approximately RMB4.8 million, representing 50.5% of the total amount of such trade receivables, was subsequently settled and we did not have any material disputes with our customers as of the Latest Practicable Date.

The trade receivable balance aged over 180 days was relatively high as of September 30, 2020 as a result of the COVID-19 pandemic, which had a significant impact to the Group's major customers, such as health checkup centers, in the first half of 2020, and leads to longer settlement period out of the credit period of 90 days granted by us to our customers. This situation had been gradually relieved with the economic recovery while we have taken measures to follow up with all customers with long outstanding balances and negotiated with the key customers to agree on repayment plans for the long-aged trade receivable balance in order to accelerate the debt collection. We have managed to have steady collection as of the Latest Practicable Date and no customers with credit impaired situation have been identified which require us to recognize additional credit loss. We have adopted IFRS 9 with the expected credit loss model and thus have factored in the expected credit loss on our trade receivables. For details of the average loss rate analysis of our trade receivables, please refer to Note 35(b)

of the Accountants' Report set out in Appendix I to this Prospectus. We believe that there is no recoverability issue for trade receivables aged over 180 days based on our risk analysis and the progress we have made on settling outstanding trade receivables.

The following table sets forth an aging analysis based on the invoice date of our net trade receivables as of the dates indicated:

	As of December 31,		As of September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
0 – 60 days	5,577	8,921	5,141
61 – 90 days	1,000	1,670	2,661
91 – 180 days	2,173	3,480	2,360
181 – 365 days	1,639	2,719	7,504
over 1 years	376	1,095	2,001
Total	**10,765**	**17,885**	**19,667**

In order to minimize the credit risk, our management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we perform impairment assessment under expected credit loss model on trade balances individually or based on provision matrix. Except for debtors with significant outstanding balances and credit-impaired, which are assessed for impairment individually, the remaining trade receivables are grouped under a provision matrix based on shared credit-risk characteristics by reference to debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Assessments are done based on our historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. As of December 31, 2018 and 2019 and September 30, 2020, we recorded impairment loss allowances for trade receivables of RMB0.3 million, RMB1.2 million and RMB3.1 million, respectively.

As of December 31, 2019 and September 30, 2020, all of our trade receivables balances, and our future trade receivables were pledged to secure certain of our bank borrowings. See "– Indebtedness – Bank Borrowings".

As of December 31, 2020, RMB9.4 million, representing 47.9% of the RMB19.7 million trade receivables outstanding as of September 30, 2020 were subsequently settled.

Trade and Other Payables

Our trade and other payables primarily consist of trade payables, other payables, advances from customers, accruals, and others. Trade payables mainly consist of balances due to our suppliers of raw materials and equipment. Other payables mainly consist of payables to hospitals and CROs in connection with our clinical trials. Accruals primarily consist of accrued professional fees and business development and entertainment fees. The table below sets forth our trade and other payables as of the dates indicated:

	As of December 31,		As of September 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Trade and other payables			
Trade payables	2,826	6,716	6,945
Payables for:			
Consideration payables to shareholders	48,873	–	–
Research and development expenses	–	272	265
Security deposit	590	772	70
Others	1,639	206	647
Accruals for			
Accrued legal and professional fee	672	474	826
Accrued business promotion fee	531	1,412	2,029
Accrued research and development expenses	757	2,247	726
Accrued travel expense	570	679	600
Accrued listing fee	–	–	17,957
Accrued interest expense	–	98	171
Accrued service fees	931	697	264
Accrued other expenses	–	–	7,200
Accrued prefer-shares transaction cost	–	–	325
Retention monies payable to constructors	–	147	1,097
Other tax payables	3,578	4,931	5,487
Total	**60,967**	**18,651**	**44,609**

Our current portion of trade and other payables decreased from RMB61.0 million as of December 31, 2018 to RMB18.7 million as of December 31, 2019, primarily due to a decrease in other payables of RMB48.9 million as a result of consideration payables to Shareholders in relation to the reorganization, which was partially offset by an increase in trade payables of RMB3.9 million as a result of our business growth. Our trade and other payables increased to RMB44.6 million as of September 30, 2020 primarily due to accruals for accrued listing expenses in connection with our Listing and Global Offering.

The table below sets forth our average trade payables turnover days for the periods indicated:

	For the year ended December 31,		For the nine months ended September 30,
	2018	**2019**	**2020**
Average trade payables turnover days[(1)]	60	73	100

Note:

(1) Trade payables turnover days for a year/period equals the arithmetic mean of the beginning and ending trade payables balances divided by cost of sales for the relevant year/period and multiplied by 365 days for the full-year period and 273 days for the nine-month period.

Our trade payables turnover days increased from 60 days for the year ended December 31, 2018 to 73 days for the year ended December 31, 2019 primarily due to our longer payment settlement period to our suppliers as a result of longer credit period as agreed by our suppliers given our increased purchase volume. Our trade payables turnover days increased from 73 days for the year ended December 31, 2019 to 100 days for the nine months ended September 30, 2020, primarily due to our longer payment settlement period to our suppliers as a result of the COVID-19 outbreak.

The following table sets forth an aging analysis of the trade payables as of the dates indicated:

	As of December 31,		As of September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
0 – 60 days	2,826	5,811	6,300
61 – 90 days	–	802	645
91 – 180 days	–	103	–
Total	**2,826**	**6,716**	**6,945**

As of December 31, 2020, RMB6.1 million, representing 87.3% of the RMB6.9 million trade payables outstanding as of September 30, 2020, were subsequently settled.

Accrued Payroll and Welfare Expenses

Our accrued payroll and welfare expenses were RMB7.7 million, RMB12.5 million and RMB5.3 million as of December 31, 2018 and 2019 and September 30, 2020, respectively. The increase in our accrued payroll and welfare expenses from December 31, 2018 to December 31, 2019 was primarily due to our increased number of employees. The decrease in our accrued payroll and welfare expenses from December 31, 2019 to September 30, 2020 was primarily due to the payment of bonuses for 2019 in the nine months ended September 30, 2020.

Contract liabilities

Our contract liabilities represent our obligations to provide test services to our customers for which we have received advanced payments from such customers under the relevant agreements or work orders. Amounts billed in accordance with contracted payment schedules but in excess of revenues earned are recognized as contract liabilities. Our contract liabilities were RMB16.7 million, RMB27.2 million and RMB15.1 million as of December 31, 2018 and 2019 and September 30, 2020, respectively. The increase in our contract liabilities from December 31, 2018 to December 31, 2019 was primarily due to the advances received from customers for new contracts obtained as a result of our business growth. The decrease in our contract liabilities from December 31, 2019 to September 30, 2020 was primarily due to the increased recognized revenue of our products as a result of the contract liabilities from the first half of 2020 meeting the condition for revenue recognition.

As of December 31, 2020, RMB8.1 million, representing 53.6% of the RMB15.1 million contract liabilities as of September 30, 2020, were subsequently utilized.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period, we relied on capital contributions by our shareholders and bank loans as the major sources of liquidity. We also generate cash from sales of cancer screening products and provision of cancer screening test services. As our business develops and expands, we expect to generate more net cash from our operating activities, through increasing sales of our commercialized products and launching new products, as a result of the broader market acceptance of our existing products and our continued efforts in marketing and expansion, improving cost control and operating efficiency and accelerating the turnover of trade receivables by tightening our credit policy.

With respect to cash management, our objective is to optimize liquidity to gain a better return for Shareholders in a risk-averse manner. Specifically, we have policies in place to monitor and manage the settlement of trade receivables. When determining the credit term of a customer, we consider a number of factors, including its cash flow conditions and creditworthiness. To monitor the settlement of our trade receivables and avoid credit losses, we conduct annual review of each customer's financial performance, which is primarily based on the amount and aging of the trade receivables due from such customer in the respective period.

Cash Flows

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

	For the year ended December 31,		For the nine months ended September 30,	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cash flows from operating activities before movements in working capital	(56,076)	(80,676)	(43,405)	(71,904)
Change in working capital	250	5,688	17,024	(17,076)
Income tax paid	–	–	–	(470)
Net cash flows used in operating activities	(55,826)	(74,988)	(26,381)	(89,450)
Net cash flows used in investing activities	(16,734)	(36,011)	(45,975)	(160,418)
Net cash flows (used in)/from financing activities	(6,204)	375,816	312,778	435,485
Net increase/(decrease) in cash and cash equivalents	(78,764)	264,817	240,422	185,617
Effect of exchange rate changes	125	4,926	7,642	(16,124)
Cash and cash equivalents at beginning of year/period	155,330	76,691	76,691	346,434
Cash and cash equivalents at end of year/period	**76,691**	**346,434**	**324,755**	**515,927**

Net Cash Flows Used in Operating Activities

Since the commencement of our business operation, we have incurred negative cash flows from our operations.

For the nine months ended September 30, 2020, our net cash used in operating activities was RMB89.5 million, which was primarily attributable to our net loss before tax of RMB533.5 million, adjusted for non-cash and non-operating item. Positive adjustments for non-cash and non-operating items primarily include loss on changes in fair value of Preferred Shares of RMB394.9 million. The amount was then adjusted downward by changes in working capital, primarily including increase in trade and other payables of RMB7.4 million and decrease in trade and other receivables of RMB9.7 million.

In 2019, our net cash used in operating activities was RMB75.0 million, which was primarily attributable to our net loss before tax of RMB106.2 million, adjusted for non-cash and non-operating item. Positive adjustments for non-cash and non-operating items primarily include gain on changes in fair value of Preferred Shares of RMB48.3 million, share-based payment expenses of RMB10.4 million, depreciation of right-of-use assets of RMB7.1 million and depreciation of property and equipment of RMB5.9 million. The amount was then adjusted upward by changes in working capital, primarily including increase in contract liabilities of RMB10.5 million and increase in trade and other payables of RMB3.6 million, partially offset by an increase in trade and other receivables of RMB6.9 million.

In 2018, our net cash used in operating activities was RMB55.8 million, which was primarily attributable to our net loss before tax of RMB224.9 million, adjusted for non-cash and non-operating item. Positive adjustments for non-cash and non-operating items primarily include loss on changes in fair value of Preferred Shares of RMB151.1 million, depreciation of property and equipment of RMB6.8 million, share-based payment expenses of RMB4.4 million and depreciation of right-of-use assets of RMB4.9 million. The amount was then adjusted upward by changes in working capital, primarily including increase in trade and other payables of RMB9.1 million and increase in contract liabilities of RMB7.1 million, partially offset by an increase in trade and other receivables of RMB7.4 million.

Net Cash Flows Used in Investing Activities

For the nine months ended September 30, 2020, our net cash used in investing activities was RMB160.4 million, mainly attributable to placement of time deposits of RMB264.2 million and advances to related party of RMB24.7 million, partially offset by the withdrawal of time deposits of RMB127.0 million.

In 2019, our net cash used in investing activities was RMB36.0 million, mainly attributable to purchase of structured deposits of RMB162.1 million and purchase of and deposits paid for property and equipment of RMB22.9 million, partially offset by disposal of structured deposits of RMB162.6 million.

In 2018, our net cash used in investing activities was RMB16.7 million, mainly attributable to purchase of and deposits paid for property and equipment of RMB11.5 million.

Net Cash Flows from Financing Activities

During the Track Record Period, we derived our cash inflows from financing activities primarily from capital injections by our shareholders and bank loans.

For the nine months ended September 30, 2020, we had RMB435.5 million of net cash flows from financing activities, primarily attributable to proceeds from issuance of Series E Preferred Shares of RMB209.5 million.

In 2019, we had RMB375.8 million of net cash flows from financing activities, primarily attributable to proceeds from issuance of Series C Preferred Shares of RMB457.5 million, partially offset by the acquisition of equity interest of Hangzhou New Horizon by NHJK of RMB143.7 million in connection of the reorganization.

In 2018, we had RMB6.2 million of net cash flows used in financing activities, primarily attributable to repayments of lease liabilities of RMB5.8 million.

WORKING CAPITAL

The Directors are of the opinion that, taking into account of the following financial resources available to us described below, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, selling and distribution expenses, administrative expenses, finance costs and other operating expenses for at least the next 12 months from the date of this Prospectus:

- our future operating cash flows in respective periods;
- cash and cash equivalents on hand;
- available bank facilities; and
- the estimated net proceeds from the Global Offering.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, which includes research and development expenses, and (ii) capital expenditures. We had bank balance and cash of RMB451.8 million as of December 31, 2020. We estimate that we will receive net proceeds of approximately HK$1,754.1 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$24.68 per Offer Share, being the mid-point of the indicative Offer Price range of HK$22.70 to HK$26.66 per Offer Share in this Prospectus. Assuming an average cash burn rate going forward of three times the level in 2019, we estimate that our cash and cash equivalents as of December 31, 2020 will be able to maintain our financial viability for 17 months or, if we take into account 10% of the estimated net proceeds from the Listing (namely, the portion allocated for our working capital and other general corporate purposes), 22 months or, if we also take into account the estimated net proceeds from the Listing, 71 months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the periods indicated:

	For the year ended December 31,		For the nine months ended September 30,
	2018	**2019**	**2020**
	RMB'000 (unaudited)	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Research and Development Costs for Core Product			
Clinical trial expenses	4,445	9,318	2,200
Staff costs	346	3,304	1,533
Third-party contracting costs	1,604	729	170
Raw material costs	2,299	3,946	2,362
Intellectual property expenses	5	–	–
Others	550	158	201
Subtotal	**9,249**	**17,455**	**6,466**
Research and Development Costs for Other Product Candidates			
Staff costs	3,998	5,824	3,627
Clinical trial expenses	64	63	414
Raw material costs	1,336	4,997	1,587
Intellectual property expenses	21	–	–
Third-party contracting costs	917	4,114	688
Others	245	528	718
Subtotal	**6,581**	**15,526**	**7,034**
Research and Development Costs	**15,830**	**32,981**	**13,500**
Workforce Employment	**29,715**	**39,921**	**38,834**
Product Marketing	**12,985**	**50,810**	**13,294**
Direct Production Cost	**10,442**	**19,265**	**19,973**
Non-income taxes, royalties and other	–	–	–
Governmental charges	–	–	–
Contingency allowances	–	–	–
Any other significant costs	–	–	–

INDEBTEDNESS

The following table sets forth the breakdown of our financial indebtedness as of the dates indicated:

	As of December 31,		As of September 30,	As of December 31,
	2018	2019	2020	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Bank borrowings	–	50,500	112,678	116,235
Lease liabilities (secured and unguaranteed)	12,000	32,438	35,130	33,320
Preferred shares (unsecured and unguaranteed)	293,450	750,367	1,496,472	1,680,357
Total	**305,450**	**833,305**	**1,644,280**	**1,829,912**

Bank Borrowings

	As of December 31,		As of September 30,	As of December 31,
	2018	2019	2020	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Secured	–	50,000	92,529	96,235
Unsecured	–	500	20,149	20,000
Total	**–**	**50,500**	**112,678**	**116,235**

Our unsecured bank borrowing as of December 31, 2019 was unguaranteed, and carried a fixed interest rate (also being the effective interest rate) of 6% per annum. The borrowing was repaid in full in June 2020. One of the unsecured bank borrowings as of September 30, 2020 was unguaranteed and carried at fixed interest rate (also being the effective interest rate) of 0.98% per annum, amounting to RMB149,000. The borrowing was repaid in full in 2020. The other unsecured bank borrowing as of September 30, 2020, amounting to RMB20,000,000, was unguaranteed, and carried a fixed interest rate (also being the effective interest rate) of 4.80% per annum. The borrowing will be repayable in full in March 2021.

Our secured bank borrowing was unguaranteed, repayable by installments and mature in November 2022, and carried a fixed rate interest rate (also being the effective interest rate) of 6.5% per annum. Such bank borrowing was secured by our historical and future trade receivables.

As of December 31, 2020, we had utilized RMB100 million from our banking facilities, and RMB50 million remained unutilized under our banking facilities. The utilization of the remaining balance of this secured banking facilities is subject to certain conditions, including time limits and certain financial performance requirements.

Generally, the bank loan agreements we have entered into contain covenants that impose certain restrictions or maintenance requirements on the Company, our subsidiaries and/or the guarantor, including among others:

- the guarantor and/or borrower, as applicable, may not change the general nature of its business; and

- the guarantor and/or borrower, as applicable, may not make additional borrowings from third-parties or create any liens on its property or assets without the lender's approval.

The bank loan agreements contain standard events of default such as the occurrence of a change of control, bankruptcy and an event that has a material adverse effect. Our Directors further confirm that we had no material defaults in bank and other borrowings, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment.

Lease Liabilities

Since IFRS 16 was adopted by our Group throughout the Track Record Period, we recognized right-of-use assets and the corresponding lease liabilities in respect of all leases, except for short-term leases and low value assets. The table below sets forth our lease for the period indicated:

	As of December 31,		As of September 30,	As of December 31,
	2018	2019	2020	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Within one year	6,636	7,469	9,117	8,997
Within a period of more than one year but not exceeding two years	4,020	5,131	6,083	5,857
Within a period of more than two years but not exceeding five years	1,344	19,838	19,930	18,466
Total	**12,000**	**32,438**	**35,130**	**33,320**

Our total lease liabilities increased from RMB12.0 million as of December 31, 2018 to RMB32.4 million as of December 31, 2019, primarily attributable to our additional leased properties to support our business growth and expansions. The lease liabilities remained relatively stable as of September 30, 2020 as compared to that of December 31, 2019.

Preferred Shares

As of December 31, 2018, 2019, September 30, 2020 and December 31, 2020, our Preferred Shares (unsecured and unguaranteed, presented as convertible redeemable preferred shares in the Accountant's Report) had fair values of RMB293.5 million, RMB750.4 million, RMB1,496.5 million and RMB1,680.4 million, respectively. For further information regarding the Preferred Shares, see note 28A to the Accountant's Report in Appendix I to this Prospectus.

Except as discussed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the Latest Practicable Date.

CAPITAL EXPENDITURES

We regularly make capital expenditures to expand our operations, upgrade our facilities and increase our operating efficiency. The table below sets forth our capital expenditures for the periods indicated:

	For the year ended December 31,		For the nine months ended September 30,	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Purchases of and deposits paid for property, plant and equipment	11,471	22,908	15,441	10,558
Purchases of intangible assets	5,838	10,870	10,721	3,024
Total	**17,309**	**33,778**	**26,162**	**13,582**

We expect to incur capital expenditures in 2020 primarily for purchase of property, plant and equipment. We expect to finance such capital expenditures through a combination of operating cash flows, net proceeds from the Global Offering and bank and other borrowings. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CONTRACTUAL OBLIGATIONS

Capital Commitments

As of December 31, 2018 and 2019 and September 30, 2020, we had capital commitments of RMB53.0 thousand, RMB4.1 million and RMB11.8 million, respectively, primarily in connection with our capital expenditure in respect of property, plant and equipment.

CONTINGENT LIABILITIES

As of December 31, 2018 and 2019 and September 30, 2020, we did not have any contingent liabilities. We confirm that as of the Latest Practicable Date, there have been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

KEY FINANCIAL RATIOS

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

	For the year ended/As of December 31,		For the nine months ended/ As of September 30,	
	2018	**2019**	**2019**	**2020**
Gross profit margin	20.4%	58.9%	58.6	46.8
Current ratio[(1)]	0.9	4.6	N/A	5.7

Note

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

Our gross profit margin increased from 20.4% for the year ended December 31, 2018 to 58.9% for the year ended December 31, 2019 primarily because increase of gross profit margin in both ColoClear and Pupu Tube due to the economies of scale as our sales volumes from ColoClear and Pupu Tube increased. Our gross profit margin for the nine months ended September 30, 2020 decreased to 46.8% from 58.6% for the nine months ended September 30, 2019, which was primarily due to a decreased gross profit margin of Pupu Tube as a result of

our participation in and subsidy of government sponsored public welfare programs, where we offered Pupu Tube at a discount price to healthcare institutions such as hospitals and community health service centers, while fixed costs such as depreciation and amortization remained stable.

Our current ratio increased from 0.9 as of December 31, 2018 to 4.6 as of December 31, 2019, and further to 5.7 as of September 30, 2020 because our current assets increased during the Track Record Period primarily as a result of the increases in bank balances and cash and time deposit over three months primarily due to our cash generated from financing activities in relation to our Pre-IPO financings, while our current liabilities decreased during the Track Record Period, primarily as a result of our decreased amounts due from related parties due to settlement of investment amount from certain investors.

MARKET RISK DISCLOSURE

We are exposed to a variety of financial risks, including currency risk, interest rate risk, credit risk and other price risk, as set out below.

Currency Risk

Certain of our time deposits, cash and bank balances, other financial assets, trade and other receivables, trade and other payables, Preferred Shares and gross obligation from Share Purchase Option written are denominated in foreign currency which are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise. For further details, including relevant sensitivity analysis, please see Note 35 to the Accountants' Report set out in Appendix I to this Prospectus.

Interest Rate Risk

We are primarily exposed to fair value interest rate risk in relation to lease liabilities, fixed-rate time deposits, bank deposits and bank borrowings. We currently do not have an interest rate hedging policy to mitigate interest rate risk. Nevertheless, our management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Credit Risk

We trade with recognized and creditworthy third parties. It is our policy that counterparties who wish to trade on credit terms are subject to credit verification procedures. In addition, we conduct ongoing monitoring on receivable balances.

Our maximum exposure to credit risk which will cause a financial loss arises from the amount of each class of financial assets. We do not hold any collateral or other credit enhancements to cover its credit risks associated with our financial assets. For further details, see Note 35 to the Accountants' Report set out in Appendix I to this Prospectus.

Other Price Risk

We are exposed to other price risk arising from Preferred Shares, and gross obligation from Share Purchase Option, which were classified as financial liabilities at FVTPL. For further details, including relevant sensitivity analysis, please see Note 35 to the Accountants' Report set out in Appendix I to this Prospectus.

DIVIDEND

No dividend has been proposed, paid or declared by our Company or Hangzhou Nuohui since our incorporation till the Latest Practicable Date.

We are a holding company incorporated in the Cayman Islands. We may need dividends and other distributions on equity from our PRC subsidiary to satisfy our liquidity requirements. Current PRC regulations permit our PRC subsidiary to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, our PRC subsidiary is required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of their respective registered capital. Our PRC subsidiary may also allocate a portion of its after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends. Furthermore, if our PRC subsidiary incurs debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. In addition, the PRC tax authorities may require us to adjust our taxable income under the contractual arrangements we currently have in place in a manner that would materially and adversely affect our PRC subsidiary's ability to pay dividends and other distributions to us.

We currently expect to retain all future earnings for use in the operation and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Act. The declaration and payment of any dividends in the future will be determined by our Board, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our Cayman counsel, under the Cayman Companies Act a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. In light of our accumulated losses as disclosed in this

Prospectus, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future. We may, however, pay a dividend out of our share premium account unless the payment of such a dividend would result in our Company being unable to pay our debts as they fall due in the ordinary course of business. There is no assurance that dividends of any amount will be declared to be distributed in any year.

DISTRIBUTABLE RESERVES

As of September 30, 2020, our distributable reserve was nil.

LISTING-RELATED EXPENSE INCURRED AND TO BE INCURRED

The total listing expenses payable by our Company are estimated to be approximately HK$136.4 million (or approximately RMB114.1 million) assuming the Over-allotment Option is not exercised and based on an Offer Price of HK$24.68 (being the mid-point of our Offer Price range of HK$22.70 to HK$26.66 per Offer Share). These listing expenses mainly comprise legal and other professional fees paid and payable to the professional parties, commissions payable to the Underwriters, and printing and other expenses for their services rendered in relation to the Listing and the Global Offering.

For the full year of 2019 and nine months ended September 30, 2020, the listing expenses (excluding underwriting commissions) incurred by our Company in relation to the Listing and the Global Offering were RMB24.9 million. No such expenses were recognized or charged to our consolidated statements of profit or loss for the year ended December 31, 2018. In the year ended December 31, 2019, the listing expenses charged to profit or loss were RMB0.3 million (approximately HK$0.4 million) and the listing expenses capitalized to deferred listing expenses were nil. In the nine months ended September 30, 2020, the listing expenses charged to profit or loss were RMB20.2 million (approximately HK$24.1 million) and the listing expenses capitalized to deferred listing expenses were RMB4.4 million (approximately HK$5.3 million). We estimate that additional listing expenses of approximately RMB89.2 million (including underwriting commissions and other expenses, assuming the Over-allotment Option is not exercised and based on the mid-point of our Offer Price range of HK$22.70 to HK$26.66 per Offer Share) will be incurred by our Company, approximately RMB18.8 million of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB70.4 million of which is expected to be capitalized.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative and pro forma statement of our adjusted consolidated net tangible assets as of September 30, 2020, which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if it had taken place on September 30, 2020, and is based on our consolidated tangible assets less liabilities as of September 30, 2020, as set out in Appendix I to this Prospectus.

This unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true and fair picture of our financial position had the Global Offering been completed as of September 30, 2020 or at any future dates following the Global Offering.

	Audited consolidated tangible asset less liabilities attributable to the owners of the Company as of September 30, 2020	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company as of September 30, 2020**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company per Share as of September 30, 2020**	
	RMB'000 (note 1)	*RMB'000 (note 2)*	*RMB'000*	*RMB (note 3)*	*HK$ (note 4)*
Based on an Offer Price of HK$22.70 per Share . . .	(860,264)	1,366,853	506,589	2.54	3.04
Based on an Offer Price of HK$26.66 per Share . . .	(860,264)	1,608,633	748,369	3.75	4.49

Notes:

1. The consolidated tangible assets less liabilities of our Group attributable to owners of our Company as of September 30, 2020 is arrived at after deducting intangible assets of RMB19,729,000 from the audited consolidated net liabilities of RMB840,535,000 attributable to owners of our Company as of September 30, 2020 as extracted from the Accountants' Report set out in Appendix I to this document.

2. The estimated net proceeds from the issue of the new shares pursuant to the Global Offering are based on 76,598,000 Shares at the Offer Price of HK$22.70 and HK$26.66 per Share, being the low-end and high-end of the stated Offer Price Range, after deduction of the estimated underwriting fees and commissions and other related expenses (and without deducting any additional discretionary incentive fees) not yet recognised in profit or loss up to September 30, 2020. It does not take into account of any share which may be allotted and issued upon the exercise of the Over-allotment Option and any share which may be issued or repurchased by our Company under Pre-IPO Share Incentive Plan and under the general mandates for the allotment and issue or repurchase of shares granted to the Directors.

   For the purpose of this unaudited pro forma statement, the estimated net proceeds from the Global Offering, the amount denominated in HK$ has been converted into RMB at the rate of HK$1 to RMB0.83647, which was the exchange rate prevailing on January 28, 2021 with reference to the rate published by the People's Bank of China. No representation is made that the HK$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or any other rates or at all.

3. The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is arrived at on the basis that 199,370,486 Shares were in issue (retrospectively adjusted for share subdivision as disclosed in Appendix I to the Prospectus) assuming that the Global Offering had been completed on September 30, 2020 and without taking into account of any share which may be allotted and issued upon the exercise of the Over-allotment Option and any share which may be issued or repurchased by our Company under Pre-IPO Share Incentive Plan and under the general mandates for the allotment and issue or repurchase of shares granted to the directors of our Company or the conversion of the Preferred Shares or any unvested restricted shares. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company have not been adjusted to illustrate the effect of the conversion of Preferred Shares into ordinary shares of the Company.

4. For the purpose of unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share, the amount stated in RMB is converted into Hong Kong dollar at the rate of HK$1 to RMB0.83647, which was the exchange rate prevailing on January 28, 2021 with reference to the rate published by the People's Bank of China. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or any other rates or at all.

5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of our Group as of September 30, 2020 to reflect any trading result or other transaction of our Group entered into subsequent to September 30, 2020. In particular, the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company have not been adjusted to illustrate the effect of the conversion of Preferred Shares into ordinary shares of our Company. The conversion of Preferred Shares upon completion of the Global Offering would then have reclassified Preferred Shares amounting to RMB1,496,472,000 to equity. The conversion of Preferred Shares would have increased the total share in issue based on the assumption as stated in note 3 by 199,944,144 shares to a total of 399,314,630 shares in issue. The adjustment to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after the conversion of Preferred Shares would be as follows:

	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at September 30, 2020 after the conversion of the Preferred Shares to equity	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at September 30, 2020 after the conversion of the Preferred Shares to equity per Share**	
	RMB'000	*RMB (Note 5)*	*HK$ (Note 5)*
Based on an Offer Price of HK$22.70 per Share	2,003,061	5.02	6.00
Based on an Offer Price of HK$26.66 per Share	2,244,841	5.62	6.72

Please refer to "Appendix II – Unaudited Pro Forma Financial Information" for further details.

LOSS ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2020

Our Directors estimate, on the bases set out in Appendix IIA to this Prospectus, and in the absence of unforeseen circumstances, the estimated consolidated loss of our Group and unaudited pro forma estimated loss per Share for the year ended December 31, 2020 as follows:

Estimated consolidated loss of our Group for the year ended December 31, 2020 attributable to:

Owners of the Company	No more than RMB790 million
Unaudited pro forma estimated basic and diluted loss per Share for the year ended December 31, 2020[(2)(3)]	No more than RMB4.04

Notes:

(1) The loss estimate, for which our Directors are solely responsible, has been prepared by them based on (i) the audited consolidated results of our Group for the nine months ended September 30, 2020 and (ii) the unaudited consolidated results based on the management accounts of the Group for the three months ended December 31, 2020. The loss estimate has been prepared on a basis consistent in all material respects with the accounting policies that we normally adopt as set out in the Accountants' Report, the text of which is set out in Appendix I to this Prospectus.

(2) The unaudited pro forma estimated loss per Share for the year ended December 31, 2020 has been prepared in accordance with paragraph 4.29(1) of the Listing Rules on the basis set out in the notes below for the purpose of illustrating the effect of the Global Offering, as if they had taken place on January 1, 2020. The unaudited pro forma estimated loss per Share has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of our financial results following the Global Offering.

(3) The calculation of the unaudited pro forma estimated loss per Share is based on the estimated consolidated loss attributable to owners of the Company for the year ended December 31, 2020, assuming that the Share Subdivision and the Global Offering had been completed on January 1, 2020 and a weighted average of 195,385,389 Shares were in issue for the year ended December 31, 2020. The calculation takes no account of (a) any Shares which may be allotted and issued upon the exercise of the Over-allotment Option (b) any Shares which may be issued or repurchased by the Company under Pre-IPO Share Incentive Plan and under the general mandates for the allotment and issue or repurchase of shares granted to the directors of the Company, and (c) any Shares to be issued upon the conversion of the Preferred Shares or any unvested restricted shares, as their inclusion would be anti-dilutive.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this Prospectus, save as disclosed in this Prospectus, there has been no material adverse change in our financial, operational or trading positions or prospects since September 30, 2020, being the end of the period reported on as set out in the Accountants' Report included in Appendix I to this Prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

For details of our future plans, see "Business – Our Strategies".

USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering payable by us and assuming that the Over-allotment Option is not exercised and an Offer Price of HK$24.68 per Share, being the mid-point of the indicative Offer Price range stated in this Prospectus) will be approximately HK$1,754.1 million.

We currently intend to use the net proceeds from the Global Offering for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately HK$701.6 million, being 40.0% of the net proceeds from the Global Offering, to fund the commercialization and further development of ColoClear as medical services or as a standalone product, which includes:

  i. approximately HK$350.8 million, being 20% of the net proceeds from the Global Offering, to be invested in market expansion and related sales and marketing activities from 2021 to 2024 with relatively more investment in 2023 and 2024 as we will need to expand our sales force and conduct more marketing activities when our customer base and sales volume increase after the initial commercialization period from 2021 to 2022, and planned commercialization, through promoting awareness of colorectal cancer screening and increasing market penetration. Such sales and marketing activities include education offered to hospitals and physicians on the use of ColoClear IVD. Specifically, we plan to (a) allocate approximately HK$175.4 million, being 10% of the net proceeds from the Global Offering in carrying out various online and offline nationwide marketing events and campaigns for ColoClear in China, such as hosting and participating in industry conferences on a regular basis and establishing product displays in various sales channels; (b) allocate approximately HK$87.7 million, being 5% of the net proceeds from the Global Offering in hosting and sponsoring both confirmed and planned medical or academic summits, conferences and seminars on an estimated scale of at least 100 per year to enhance awareness among KOLs and physicians, with 65 such conferences currently confirmed for 2021; and (c) allocate approximately HK$87.7 million, being 5% of the net proceeds from the Global Offering in hiring, training and retaining commercialization talents for ColoClear. We plan to cover at least additional 500 hospitals to promote ColoClear and engage a sales force of at least 500 sales representatives;

ii. approximately HK$263.1 million, being 15% of the net proceeds from the Global Offering, to be invested in expanding manufacturing and laboratory testing facilities as part of our commercialization plan for ColoClear IVD in order to meet anticipated increasing sales due to the increasing marketing efforts post the issuance of NMPA registration certificate of ColoClear IVD while maintaining quality standards for ColoClear. For details of our manufacturing and laboratory testing facilities, please see "Business – Testing and Manufacturing Capacity." Specifically, we plan to further invest in automation to reduce manufacturing and testing cost and improve our profitability, and to expand our existing manufacturing and laboratory testing facilities; and

iii. approximately HK$87.7 million, being 5% of the net proceeds from the Global Offering, to further develop ColoClear through post-approval studies including both studies recommended by NMPA and our voluntary clinical studies. NMPA-recommended studies are still at the early planning stage. For our voluntary clinical studies, we plan to include two studies, one on the post-surgery colorectal cancer patient population and the other one on family members of colorectal cancer patients. For details, please see "Business – Our Product and Product Pipeline – ColoClear – Post-approval Studies."

- Approximately HK$87.7 million, being 5.0% of the net proceeds from the Global Offering, to fund ongoing sales and marketing of Pupu Tube through promoting awareness of colorectal cancer screening and increasing market penetration, and to conduct additional clinical assessment of Pupu Tube in various populations; and
- Approximately HK$526.2 million, being 30.0% of the net proceeds from the Global Offering, to fund ongoing and planned research and development to further develop UU Tube, CerviClear and our other early stage pipeline products, which includes:

  i. approximately HK$87.7 million, being 5% of the net proceeds from the Global Offering, to be invested in advancing our late stage candidate UU Tube, including future commercialization of UU Tube through promoting awareness of gastric cancer screening and increasing market penetration after the regulatory approval is granted and post-approval studies on different populations in different geographical locations;

  ii. approximately HK$175.4 million, being 10% of the net proceeds from the Global Offering, to be invested in advancing our late stage candidate CerviClear, including (a) conducting registrational clinical trials (including costs for CROs, SMOs, cost for raw materials and consumables used in clinical trials, and potential future costs on post-marketing clinical trials); (b) preparation of registration filings; and (c) funding costs and expenses for our research and development staff and activities. We expect to initiate the registrational clinical trial of CerviClear in 2021;

iii. approximately HK$263.1 million, being 15% of the net proceeds from the Global Offering, to be invested in the continuing research and development activities for other new products and technological innovations including advancing our in-house multi-omics platform such as NGS laboratory and operations; we plan to enhance the development of our platforms of genomics, epigenomics and proteomics and build up the platforms of transcriptomics and metabolomics;

- Approximately HK$263.1 million, being 15.0% of the net proceeds from the Global Offering, to be used for continued expansion and diversification of our product portfolio through potential acquisition or in-licensing of product candidates in the cancer screening field. We plan to pursue potential acquisition or in-licensing of late-stage product candidates for cancer screening that will complement our current pipeline and allow us to fully utilize our sales force and manufacturing capacity. For details, please see "Business – Our Strategies – Selectively pursue geographic expansion, strategic partnerships and acquisition opportunities." As of the Latest Practicable Date, we have not identify any specific acquisition or in-licensing target; and
- Approximately HK$175.4 million, being 10.0% of the net proceeds from the Global Offering, to be used for our working capital and other general corporate purposes.

If the Offer Price is determined at the highest point of the stated range, the net proceeds to our Company would be increased by approximately HK$144.5 million. If the Offer Price is determined at the lowest point of the stated range, the net proceeds to our Company would be decreased by approximately HK$144.5 million. The above allocation of the net proceeds 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$2,024.3 million, assuming an Offer Price of HK$24.68 per Share (being the mid-point of the indicative Offer Price range). In the event that the Over-allotment Option is exercised in full, we intend to apply the additional net proceeds to the above purpose in the proportions stated above.

To the extent that our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings.

To the extent that the net proceeds from the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in short-term demand deposits with licensed banks or financial institutions in Hong Kong.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

Goldman Sachs (Asia) L.L.C.

UBS AG Hong Kong Branch

Haitong International Securities Company Limited

BOCI Asia Limited

China Industrial Securities International Capital Limited

Daiwa Capital Markets Hong Kong Limited

VMS Securities Limited

Futu Securities International (Hong Kong) Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on February 4, 2021. As set out in the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong Offer Shares (subject to adjustment and re-allocation set out in "Structure of the Global Offering") for subscription by way of the Hong Kong Public Offering at the Offer Price on and subject to the terms and conditions of this Prospectus (the "**Hong Kong Public Offering Documents**").

Subject to the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering as mentioned herein (including any additional Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) and such listing and permission not having been subsequently revoked prior to the commencement of trading of the Shares on the Stock Exchange and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares which are now being offered but are not taken up under the Hong Kong Public Offering on and subject to the terms and conditions of this Prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

For applicants applying under the Hong Kong Public Offering, this Prospectus contains the terms and conditions of the Hong Kong Public Offering. The International Offering is expected to be fully underwritten by the International Underwriters.

Grounds for Termination

The Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters and the Joint Lead Managers) shall be entitled, in its absolute discretion, by written notice to the Company, to terminate the Hong Kong Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. on the Listing Date:

(a) there shall develop, occur, exist or come into effect:

(i) any local, national, regional or international event or circumstance in the nature of force majeure (including any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting the Cayman Islands, the BVI, Hong Kong, the PRC, the United States, the United Kingdom or the European Union (collectively, the "Relevant Jurisdictions"); or

(ii) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any Relevant Jurisdictions; or

(iii) any moratorium, suspension or restriction (including 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 or the London Stock Exchange; or

(iv) any general moratorium on commercial banking activities in the Cayman Islands, 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, or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or

(v) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a 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, in whatever form, directly or indirectly, under any sanction laws, or regulations in, Hong Kong, the PRC or any other Relevant Jurisdiction; or

(vii) a change or development involving a prospective change in or affecting taxes or exchange control, currency exchange rates or foreign investment regulations (including a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(viii) any litigation or claim of any third party being threatened or instigated against any member of the Group; or

(ix) a Director or a member of the Group's senior management as named in this Prospectus being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company; or

(x) the chairman, the chief executive officer or the chief financial officer of the Company vacating his or her office; or

(xi) an authority or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or

(xii) a contravention by any member of the Group of the Listing Rules or applicable laws; or

(xiii) a prohibition by an authority on the Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including the Shares to be issued upon exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xiv) non-compliance of this 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

(xv) 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 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 SEHK and/or the SFC; or

(xvi) any change or development involving a prospective change in, or a materialisation of any of the risks set out in the section headed "Risk Factors" of this Prospectus; or

(xvii) an order or petition for the winding up 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,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Representatives (1) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or (2) has or will have or may have a material adverse effect on the success 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 for the Global Offering to proceed or to market the Global Offering; 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 Representatives:

(i) that any statement contained in any of the offering documents, the operative documents, the preliminary offering circular, the post hearing information pack and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the company in connection with the Hong Kong Public Offering (collectively, the "Offer Related Documents") (including any supplement or amendment thereto, but excluding the information relating to the Underwrites for use in the Offer Related Documents, namely the marketing name, legal name, logo and address of such underwriters) was, when it was issued, or has become, untrue or incorrect 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 (including any supplement or amendment thereto) is not fair and honest and based on 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 any of the Offer Related Documents (including any supplement or amendment thereto); or

(iii) any 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 investment 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; or

(v) any material adverse change, or any development involving a prospective material adverse change; or

(vi) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the warranties; or

(vii) that approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional 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, qualified (other than by customary conditions) or withheld; or

(viii) the Company withdraws any of the Offer Related Documents or the Global Offering; or

(ix) 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.

Undertakings by the Company Pursuant to the Listing Rules

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that it will not issue any shares or other securities convertible into equity securities (whether or not of a class already listed) of the Company or enter into any agreement or arrangement to issue such Shares or securities at any time within six months from the Listing Date (whether or not such issue of shares or securities will be completed within six months from the Listing Date), except pursuant to the Global Offering, the exercise of the Over-allotment Option, or under any of the circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Undertakings by the Company

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Joint Representatives, Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Joint Sponsors not to, without the prior written consent of the Joint Sponsors and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, except for the offer, allotment and issue of the Offer Shares pursuant to the Global Offering including pursuant to the Over-Allotment Option and the Pre-IPO Share Incentive Plan and otherwise pursuant to the Listing Rules, 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"):

(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, hedge, 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 over, or contract or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, 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 subscribe for or purchase, any Shares), or deposit any Shares or other securities of the Company, as applicable, 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 Shares or other securities of the Company, as applicable, 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 paragraphs (a) and (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (a), (b) and (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, as applicable, 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) and (c) above or offers to or agrees to or announces any intention to effect any such transaction, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

General Lock-up Undertaking by Shareholders

Each of Dr. Chen (for himself and as the trustee of the Yiyou Chen Grantor Retained Annuity Trust), Dr. Ning Lu, NHYJ Holdings, NHXC Holdings, Christopher Keyin Chen, MST Development Limited, Ever Thriving Ventures Limited, SeeSi Universal Limited, Acorn Campus China Fund I, LP, High Diamond Limited, Good Rise Holdings Limited, SBCVC V PH Company Limited, ShanghaiMed Inc., Qiming Venture Partners V L.P., Qiming Managing Directors Fund V, L.P., Sino Felicity Limited, Misland Capital Limited, Ocxprouro Limited, Acorn Pacific Ventures Fund I, LP, Acorn Pacific Opportunities Fund, LP, G LTP LLC, G HSP LLC, G ERP LLC, G JBD LLC, Global VC Plus Fund, L.P., Sunny Essence Limited, Majuven Fund 2 L.P., Omniscience Holdings Ltd., Emerging Markets Healthcare Partners LLC, Worldwide Healthcare Partners LLC, Rock Springs Capital Master Fund LP, Four Pines Master Fund LP, LAV Biosciences Fund V L.P., High Gallant Investment Limited, Cormorant Private Healthcare Fund II, LP, Cormorant Global Healthcare Master Fund, LP, Octagon Investments Master Fund LP, and NHXT Holdings Ltd., (the "**General Lock-up Shareholders**", and each, a "**General Lock-up Shareholder**") has entered into a lock-up undertaking (the "**Lock-up Undertakings**") in favor of the Company, the Joint Representatives (for themselves and on behalf of the Underwriters) and the Joint Sponsors. Pursuant to the Lock-up Undertakings the General Lock-up Shareholders undertook, subject to certain conditions, that, *inter alia*, the General Lock-up Shareholders will not, and will procure that none of the relevant registered

holder(s), companies controlled by the General Lock-up Shareholder any nominee or trustee holding on trust for the General Lock-up Shareholder will, at any time during the period of six (6) months from the Listing Date (the "**Lock-up Period**") without the prior written consent of the Company and the Joint Representatives:

(i) 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 any Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, certain 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 or other securities of the Company) held by the General Lock-up Shareholders as at the date of the relevant Lock-up Undertaking (the "**General Lock-up Shares**"), or deposit any General Lock-up Shares with a depositary in connection with any issue of depositary receipts; or

(ii) 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 General Lock-up Shares 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 or other securities of the Company); or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

((i) to (iv) together, the "**General Lock-up Restrictions**")

in each case, whether any of the transactions specified in (i), (ii) or (iii) 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 Lock-up Period).

Pursuant to the Lock-up Undertakings, the General Lock-up Restrictions do not prevent the General Lock-up Shareholder from, *inter alia*:

a. any transfer of Investor Shares to any nominee for the purposes of holding such General Lock-up Shares in CCASS;

b. any use of the General Lock-up Shares as security by the General Lock-up Shareholder of the Investor Shares during the Lock-up Period in favor of an authorized institution (as defined in the Banking Ordinance, Cap. 155 of the laws of Hong Kong) for a bona fide commercial loan made to us (the "**Loan**") if the person making the Loan undertakes to be bound by the restrictions on disposal specified under (i) to (iv) above during the Lock-up Period and which restrictions shall include any disposal of the General Lock-up Shares on exercise of any enforcement action or foreclosure following a default under the Loan;

c. any transfer of General Lock-up Shares as may be required by applicable law or regulations; or

d. any transfer of Investor Shares with the prior written consent of each of the Company, the Joint Representatives and the Joint Sponsors.

The General Lock-up Shares amounted to 213,783,394 Shares.

Undertaking by OrbiMed

Each of Worldwide Healthcare Trust PLC and OrbiMed New Horizons Master Fund, L.P. (together, "**OrbiMed**"), has entered into a lock-up undertaking letter in favor of the Company, the Joint Representatives (for themselves and on behalf of the Underwriters) and the Joint Sponsors. Pursuant to such lock-up undertaking letters, OrbiMed undertook, subject to certain conditions, *inter alia*, to be bound by the General Lock-up Restrictions within the Lock-up Period with respect to the Shares they held; *provided,* if any other Director, officer or record or beneficial owner of 1% or more of the Shares as of the date of the Hong Kong Underwriting Agreement is granted an early release from such person's lock-up undertaking during the Lock-up Period, OrbiMed will then also be granted an early release from the General Lock-up Restrictions under their respective lock-up undertaking letter on a *pro rata* basis based on the maximum percentage of shares held by any such person being released from such holder's lock-up letter agreement, provided that the Joint Representatives shall not be obligated to grant such pro rata release unless the Joint Representatives have first released more than 1% in the aggregate of the Shares (on an as-converted basis) as of the date of the Prospectus. Shares held by OrbiMed, which are subject to such lock-up restrictions, amounted to 4,283,340 Shares.

The International Offering

In connection with the International Offering, it is expected that the Company will enter into the International Underwriting Agreement with the Joint Representatives and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, severally and not jointly agree to purchase the International Offer Shares being offered pursuant to the International Offering or procure subscribers or purchasers for such International Offer Shares.

The International Underwriting Agreement is expected to provide that it may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors will be reminded that in the event the International Underwriting Agreement is not entered into, the Global Offering will not proceed. It is expected that pursuant to the International Underwriting Agreement, the Company will give undertakings similar to those given pursuant to the Hong Kong Underwriting Agreement set out in "Underwriting Arrangements and Expenses – Hong Kong Public Offering – Undertakings Pursuant to the Hong Kong Underwriting Agreement" above.

The Company intends to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Representatives (for themselves and on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until March 12, 2021, being the 30th day from the last day for lodging applications under the Hong Kong Public Offering, to require the Company to allot and issue up to an aggregate of 11,489,500 additional Offer Shares, representing approximately 15.0% of the number of Offer Shares initially being offered under the Global Offering, at the Offer Price to, among other things, cover over-allocations in the International Offering.

Commission and Expenses

Under the terms and conditions of the Underwriting Agreements, the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) will receive an underwriting commission of 3.2% of the aggregate Offer Price payable for such Hong Kong Offer Shares initially offered under the Hong Kong Public Offering (before adjustment and reallocation) less the number of unsubscribed Hong Kong Offer Shares reallocated to the International Offering, out of which the Hong Kong Underwriters will pay any sub-underwriting commissions. The Joint Representatives (on behalf of the International Underwriters) are also expected to receive an underwriting commission of 3.2% of the aggregate Offer Price payable for the International Offer Shares. The Company may pay to the Joint Representatives a discretionary incentive fee of up to but not exceeding 1.5% of the Offer Price for each Offer Share. Assuming the Over-allotment Option is not exercised at all, and based on an Offer Price of HK$24.68 per Share (being the mid-point of the indicative Offer Price range of HK$22.70 to HK$26.66 per Share), the aggregate commissions and fees (including the maximum discretionary incentive fee), together with the Stock Exchange listing fees, the SFC transaction levy, the Stock Exchange trading fee, legal and other professional

fees and printing and other expenses relating to the Global Offering to be borne by the Company (collectively the "**Commissions and Fees**") are estimated to amount to approximately HK$136.4 million in aggregate.

The Commissions and Fees were determined after arm's length negotiations between the Company and the Hong Kong Underwriters and/or other parties by reference to the current market conditions.

Indemnity

The Company has agreed to indemnify the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company of the Hong Kong Underwriting Agreement. The Company and the major shareholders has agreed to jointly and severally indemnify the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including losses incurred arising from any breach by the Company and the major shareholders of the Hong Kong Underwriting Agreement or any of the warranties given by the Company and the major shareholders being untrue, inaccurate or misleading in any respect.

Hong Kong Underwriters' Interests in the Company

Save for their respective obligations under the Hong Kong Underwriting Agreement or as otherwise disclosed in this Prospectus, none of the Hong Kong Underwriters is interested legally or beneficially in any shares in any member of the Company or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of the Company.

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.

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 relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares,

entering into transactions with those buyers and sellers in a principal capacity, securities investment and proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity 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 Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the 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 Stock Exchange or on any other stock exchange, the rules of the stock 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 set out in "Structure of the Global Offering". 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 followings:

(a) the Syndicate Members (other than the Stabilizing Manager, its affiliates 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.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

This Prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(a) the Hong Kong Public Offering of initially 7,660,000 Shares (subject to adjustment/reallocation as mentioned below) in Hong Kong set out in "The Hong Kong Public Offering" below; and

(b) the International Offering of initially 68,938,000 Shares (subject to adjustment and the Over-allotment Option below) outside the United States in offshore transactions in reliance on Regulation S and in the United States only to QIBs in reliance on Rule 144A or any other exemption from registration under the U.S. Securities Act.

Investors may either apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 18.3% of the enlarged issued share capital of the Company immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 20.5% of the enlarged issued share capital of the Company immediately after completion of the Global Offering.

Conditions of the Global Offering

Acceptance of all applications for Offer Shares will be conditional on, among other things:

(a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) and the approval for such listing and permission not subsequently having been revoked prior to the commencement of trading in the Shares on the Stock Exchange;

(b) the Offer Price being duly agreed between the Joint Representatives (for themselves and on behalf of the Underwriters) and the Company on or before the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or before the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional 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 Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 8:00 a.m. on Thursday, February 18, 2021.

If, for any reason, the Offer Price is not agreed between the Joint Representatives (for themselves and on behalf of the Underwriters) and the Company on or before Thursday, February 11, 2021, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will not proceed and will lapse immediately, and the Stock Exchange will be notified immediately. Notice of the lapse of the Global Offering will be published by the Company on the website of the Company (**www.newhorizonbio.com**) and the website of the Stock Exchange (**www.hkexnews.hk**) on the day following such lapse. In such situation, all application monies will be returned, without interest, to the applicants on the terms set out in "How to Apply for Hong Kong Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies". In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates issued in respect of the Offer Shares will only become valid certificates of title at 8:00 a.m. on Thursday, February 18, 2021 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination set out in "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

The Company is initially offering 7,660,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.0% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer

Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 1.8% of the Company's enlarged issued share capital immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in "Conditions of the Global Offering" above.

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 that he and any person(s) for whose benefit he is making the application has 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 is liable to 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.

The listing of the Shares on the 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$26.66 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner set out in "Pricing" below, is less than the maximum Offer Price of HK$26.66 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. See "How to Apply for Hong Kong Offer Shares".

References in this Prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Subject to reallocation set out below, the International Offering will consist of an initial offering of 68,938,000 Offer Shares, representing approximately 90.0% of the total number of Offer Shares initially available under the Global Offering and approximately 16.5% of the Company's enlarged issued share capital immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

The Stabilizing Manager or its affiliates or any person acting for it may over-allocate up to and not more than an aggregate of 11,489,500 additional Offer Shares, which is approximately 15.0% of the Offer Shares initially available under the Global Offering, and cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part or by using Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangement or a combination of these means.

The Joint Representatives (for themselves and on behalf of 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 so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Representatives on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Joint Representatives (for themselves and on behalf of the International Underwriters) at any time from the commencement of trading in the Shares on the Stock Exchange until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to allot and issue, up to 11,489,500 additional Offer Shares, representing approximately 15.0% of the Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering, to solely cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 2.7% of the Company's enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

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 newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, 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 over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period which begins on the commencement date of trading of the Shares on the Stock Exchange and ends on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. Any market purchases of the Shares will be effected in compliance with all applicable laws and regulatory requirements. However, the Stabilizing Manager has been or will be appointed as stabilizing manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules, as amended, under the SFO and hence, there is no obligation on the Stabilizing Manager, its affiliates or any persons acting for it, to conduct any such stabilizing action. Such stabilizing action, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it and may be discontinued at any time, and is required to be brought to an end after a limited period.

Stabilization actions permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, include (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares, (ii) selling or agreeing to sell the 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 Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the 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 Offer Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager, its affiliates or any person acting for it, will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it and selling in the open market, may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilization period which will begin on the Listing Date, and is expected to expire on Friday, March 12, 2021 being 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 Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, acquiring the Offer Shares.

The Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilization period.

Following any over-allocation of Offer Shares in connection with the Global Offering, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, its affiliates or any person acting on its behalf may cover such over-allocation by, among other methods, using Shares purchased by Stabilizing Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilization, the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Offer Shares which can be over-allocated will not exceed the number of Offer Shares which may be sold pursuant to the exercise in full of the Over-allotment Option, being 11,489,500 Offer Shares, representing approximately 15.0% of the Offer Shares initially available under the Global Offering.

PRICING

Determining the Offer Price

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 Offer 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 around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Wednesday, February 10, 2021 (Hong Kong time) and in any event on or before Thursday, February 11, 2021 (Hong Kong time), by agreement between the Joint Representatives (for themselves and on behalf of the Underwriters) and the Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price per Hong Kong Offer Share under the Hong Kong Public Offering will be identical to the Offer Price per International Offer Share under the International Offering based on the Hong Kong dollar price per International Offer Share under the International Offering, as determined by the Joint Representatives (for themselves and on behalf of the Underwriters) and the Company.

The Offer Price will not be more than HK$26.66 per Offer Share and is expected to be not less than HK$22.70 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the maximum Offer Price of HK$26.66 per Offer Share plus 1% brokerage, 0.027% SFC transaction levy and 0.005% Stock Exchange trading fee. 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 bottom end of the indicative Offer Price range stated in this Prospectus.

The Joint Representatives (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of the Company, reduce the number of Offer Shares or the indicative Offer Price range below that stated in this Prospectus 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, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause there to be published on the website of the Company (**www.newhorizonbio.com**) and the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) notices of the reduction in the number of Offer Shares or the indicative Offer Price range. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Representatives (for themselves and on behalf of the Underwriters) and the Company, will be fixed within such revised offer price range.

Supplemental listing documents will also be issued by the Company in the event of a reduction in the number of Offer Shares or the Offer Price. Such supplemental listing documents will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this Prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares and/or the Offer Price will not be reduced.

If the number of Offer Shares being offered under the Global Offering or the indicative Offer Price range is so reduced, applicants who have already submitted an application will be notified that they are required to confirm their applications. All applicants who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement and all unconfirmed applications will not be valid.

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 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. Such notice will also include such information as agreed with the Hong Kong Stock Exchange which may change materially as a result of any such reduction. In the absence of any such notice of reduction published as described in this paragraph, the number of Offer Shares will not be reduced and/or the Offer

Price, if agreed upon with the Company and the Joint Representatives (for themselves and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this Prospectus. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received.

In the event of a reduction in the number of Offer Shares, the Joint Representatives may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Hong Kong Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised).

The Offer Price for Shares under the Global Offering is expected to be announced on Wednesday, February 17, 2021. The level of indications of interest in the Global Offering, the level of applications and the basis of allotment of Hong Kong Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Wednesday, February 17, 2021 on the website of the Company (**www.newhorizonbio.com**) and the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**).

ALLOCATION

Allocation Under the Hong Kong Public Offering

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation 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.

The total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (subject to the reallocation of the Offer Shares between the Hong Kong Public Offering and the International Offering set out below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B (with any odd lot being allocated to pool A). The Hong Kong Offer Shares in pool A will consist of 3,830,000 Hong Kong Offer Shares and will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will consist of 3,830,000 Hong Kong Offer Shares and will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value of pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the 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. For the purpose of this paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 3,830,000 Offer Shares, being the number of Hong Kong Offer Shares initially allocated to each pool, being 50% of the 7,660,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering, are to be rejected.

Allocation Under the International Offering

The International Offering will include selective marketing of International Offer Shares in the United States only to QIBs in reliance on Rule 144A, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, as well as to institutional and professional investors and other investors who are anticipated to have a sizeable demand for such International Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of International Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process and based on a number of factors, including the level and timing of demand, the 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 Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base for the benefit of the Company and its shareholders as a whole.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules and the Guidance Letter HKEX-GL91-18 require a clawback mechanism to be put in place which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering under certain circumstances.

The initial allocation of Offer Shares under the Hong Kong Public Offering shall not be less than 10.0% of the Global Offering. In the event of full or over-subscription in both the Hong Kong Public Offering and the International Offering, the Joint Representatives shall apply a clawback mechanism following the closing of application lists on the following basis:

(a) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, the Joint Representatives, in its absolute discretion, may (but shall not be obliged to) reallocate up to 7,660,000 Offer Shares from the International Offering to the Hong Kong Public Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 15,320,000 Offer Shares, representing approximately 20% of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), and the final Offer Price shall be fixed at HK$22.70 per Offer Share (being the low-end of the Offer Price range stated in this Prospectus);

(b) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 22,979,500 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering;

(c) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 30,639,500 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering;

(d) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more than the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 38,299,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In the event of under-subscription in the International Offering but full or over-subscription in the Hong Kong Public Offering, the Joint Representatives, in their absolute discretion, may (but shall not be obliged to) reallocate up to 7,660,000 Offer Shares from the International Offering to the Hong Kong Public Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 15,320,000 Offer Shares, representing approximately 20% of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), and the final Offer Price shall be fixed at HK$22.70 per Offer Share (being the low-end of the Offer Price range stated in this Prospectus).

In each case, the 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 deem appropriate.

If the Hong Kong Public Offering is not fully subscribed, the Joint Representatives have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Representatives deem appropriate. However, if neither the Hong Kong Public Offering nor the International Offering is fully subscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this Prospectus and the Underwriting Agreements.

DEALING ARRANGEMENT

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, February 18, 2021, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, February 18, 2021. The Shares will be traded in board lots of 500 Shares each. The stock code of the Shares is 6606.

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.newhorizonbio.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 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.

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.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar, at +852 3907 7333 during (i) 9:00 a.m. to 9:00 p.m. on Friday, February 5, 2021, Monday, February 8, 2021 and Tuesday, February 9, 2021; (ii) 9:00 a.m. to 6:00 p.m. on Saturday, February 6, 2021; and (iii) 9:00 a.m. to 12:00 noon on Wednesday, February 10, 2021.

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 **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**) or at **www.hkeipo.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 **HK eIPO White Form** 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

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; and
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act).

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) 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.

If an application is made by a person under a power of attorney, the Joint Representatives may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **HK eIPO White Form** 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;
- are a Director or chief executive officer of the Company and/or any of its subsidiaries;
- are an associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for or indicated an interest in any Offer Shares or otherwise participate in the International Offering.

3. TERMS AND CONDITIONS OF AN APPLICATION

By applying through the application channels specified in this Prospectus, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Representatives (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 Cayman Companies Act, 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, in the **IPO App** and on the designated website under the **HK eIPO White Form** service, 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 Representatives, the Underwriters, the **HK eIPO White Form** Service Provider, their respective directors, officers, employees, partners, agents, advisers 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 Hong Kong Share Registrar, receiving banks, the Joint Representatives, the Underwriters and/or their respective advisers 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 Representatives and the Underwriters nor any of their respective officers or advisers 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, in the **IPO App** and on the designated website under the **HK eIPO White Form** service;

(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 (as defined in Regulation S) 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 Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund

check(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 are eligible to collect the Share certificate(s) and/or refund check(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 and the Joint Representatives 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 **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (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 by 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 document 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 the **HK eIPO White Form** service or the **CCASS EIPO** service must be for a minimum of 500 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.

New Horizon Health Limited
(HK$26.66 per Offer Share)
NUMBER OF 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$*
500	13,464.33	6,000	161,571.92	40,000	1,077,146.11	400,000	10,771,461.13
1,000	26,928.65	7,000	188,500.57	45,000	1,211,789.38	500,000	13,464,326.41
1,500	40,392.98	8,000	215,429.22	50,000	1,346,432.64	600,000	16,157,191.69
2,000	53,857.31	9,000	242,357.88	60,000	1,615,719.17	700,000	18,850,056.97
2,500	67,321.63	10,000	269,286.53	70,000	1,885,005.70	800,000	21,542,922.26
3,000	80,785.96	15,000	403,929.80	80,000	2,154,292.23	900,000	24,235,787.54
3,500	94,250.29	20,000	538,573.06	90,000	2,423,578.75	1,000,000	26,928,652.82
4,000	107,714.61	25,000	673,216.33	100,000	2,692,865.28	2,000,000	53,857,305.64
4,500	121,178.94	30,000	807,859.58	200,000	5,385,730.56	3,000,000	80,785,958.46
5,000	134,643.27	35,000	942,502.85	300,000	8,078,595.85	3,830,000(1)	103,136,740.30

(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 HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria as described in the "2. Who Can Apply" section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the **IPO App** or the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are in the **IPO App** or 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 **IPO App** or the designated website, you authorize the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this Prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

If you have any questions on how to apply through the **HK eIPO White Form** service for the Hong Kong Offer Shares, please contact the telephone enquiry line of the Hong Kong Share Registrar at +852 3907 7333 which is available during (i) 9:00 a.m. to 9:00 p.m. on Friday, February 5, 2021, Monday, February 8, 2021 and Tuesday, February 9, 2021; (ii) 9:00 a.m. to 6:00 p.m. on Saturday, February 6, 2021; and (iii) 9:00 a.m. to 12:00 noon on Wednesday, February 10, 2021.

Time for Submitting Applications under the HK eIPO White Form Service

You may submit your application through the **HK eIPO White Form** service in the **IPO App** or on the designated website at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, February 5, 2021 until 11:30 a.m. on Wednesday, February 10, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, February 10, 2021 or such later time under the "10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Applications Lists" in this section.

6. APPLYING THROUGH CCASS EIPO SERVICE

General

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 Phone System by calling +852 2979 7888 or through the CCASS Internet System at **https://ip.ccass.com** (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 you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place, Central, Hong Kong

and complete an input request form.

If you are not a CCASS Investor Participant, 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.

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 and our Hong Kong Share Registrar.

Applying through CCASS EIPO Service

Where you have given electronic application instructions to apply for the Hong Kong Offer Shares 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 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 and the Joint Representatives 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 allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us 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 Underwriters, their respective directors, officers, employees, partners, agents, advisers 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 it);
- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Representatives, the Underwriters and/or their respective advisers 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 a 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 (as applied by Section 342E 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 Cayman Companies Act, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; 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 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 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, February 5, 2021 – 9:00 a.m. to 8:30 p.m.
- Saturday, February 6, 2021 – 8:00 a.m. to 1:00 p.m.
- Monday, February 8, 2021 – 8:00 a.m. to 8:30 p.m.
- Tuesday, February 9, 2021 – 8:00 a.m. to 8:30 p.m.
- Wednesday, February 10, 2021 – 8:00 a.m. to 12:00 noon

Note:

(1) These times in this sub-section 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.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Friday, February 5, 2021 until 12:00 noon on Wednesday, February 10, 2021 (24 hours daily, except on Wednesday, February 10, 2021, the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Wednesday, February 10, 2021, the last application day or such later time as described in "10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" in this section.

Personal Data

The following Personal Information Collection Statement applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Representatives, the Underwriters 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 or the **HK eIPO White Form** 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 Hong Kong 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 Hong Kong 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 Hong Kong 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 Hong Kong 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 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 Hong Kong 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 refund check or e-Auto Refund payment instruction, 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;
- compliance with 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;
- 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 Hong Kong 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 Hong Kong Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but the Company and its Hong Kong 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 advisers, 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 Hong Kong 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 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 Hong Kong 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 (Chapter 486 of the Laws of Hong Kong).

Access to and Correction of Personal Data

Holders of the Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong 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 Hong Kong 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 Hong Kong Share Registrar for the attention of the privacy compliance officer.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of 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 **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** 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 Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service 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/CCASS Internet System for submission of electronic application instructions, they should go to HKSCC's Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Wednesday, February 10, 2021, or such later time as described in "10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" in this section.

8. HOW MANY APPLICATIONS CAN YOU 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 **HK eIPO White Form** 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 **HK eIPO White Form** 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 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$26.66 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%. This means that for one board lot of 500 Hong Kong Offer Shares, you will pay HK$13,464.33.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Hong Kong Offer Shares.

You may submit an application through the **HK eIPO White Form** service or the **CCASS EIPO** service in respect of a minimum of 500 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 500 Hong Kong 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 in the **IPO App** or on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, 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, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure of the Global Offering – Pricing".

10. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above;
- 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 Wednesday, February 10, 2021. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings and/or Extreme Conditions in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Wednesday, February 10, 2021 or if there is/are a tropical cyclone warning signal number 8 or above, 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", an announcement will be made in such event.

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 Wednesday, February 17, 2021 on the Company's website at **www.newhorizonbio.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 date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.newhorizonbio.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Wednesday, February 17, 2021;
- from "IPO Results" function in the **IPO App** or the designated results of allocations website at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, February 17, 2021 to 12:00 midnight on Tuesday, February 23, 2021;
- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, February 17, 2021 to Monday, February 22, 2021 (excluding Saturday, Sunday and public holiday in Hong Kong);

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".

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 ALLOTTED 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 the **HK eIPO White Form** service, you agree that your application or the 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 such fifth day 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.

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, the **HK eIPO White Form** 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 **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions in the **IPO App** or 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 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 3,830,000 Offer Shares, being approximately 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 of HK$26.66 per Offer Share (excluding brokerage, SFC 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 "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 and the Stock Exchange trading fee, will be refunded, without interest or the check or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, February 17, 2021.

14. DISPATCH/COLLECTION OF 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 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 checks and Share certificates are expected to be posted on or around Wednesday, February 17, 2021. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, February 18, 2021 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this Prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, February 17, 2021, or such other date as notified by the Company in the newspapers as the date of dispatch/collection of Share certificates/e-Auto Refund payment instructions/refund checks.

If you do not collect your Share certificate(s) 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 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, February 17, 2021 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 dispatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund check(s) by ordinary post at your own risk.

(ii) If you apply through the 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 stock account on Wednesday, February 17, 2021, 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 "11. Publication of Results" above on Wednesday, February 17, 2021. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, February 17, 2021 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 Wednesday, February 17, 2021. 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 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 Wednesday, February 17, 2021.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the 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 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 Business 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 adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-93 received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF NEW HORIZON HEALTH LIMITED, GOLDMAN SACHS (ASIA) L.L.C. AND UBS SECURITIES HONG KONG LIMITED

INTRODUCTION

We report on the historical financial information of New Horizon Health Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages I-5 to I-93, which comprises the consolidated statements of financial position of the Group as at December 31, 2018 and 2019 and September 30, 2020, the statements of financial position of the Company as at December 31, 2018 and 2019 and September 30, 2020, and 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 years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020 (collectively referred to as the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-93 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated February 5, 2021 (the "Prospectus") in connection with the initial listing of 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 preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company 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 (the "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 the preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, 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 Group's and the Company's financial positions as at December 31, 2018 and 2019 and September 30, 2020 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended September 30, 2019 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period 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 issued by the HKICPA 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 Stub Period Comparative Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

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 14 to the Historical Financial Information which states that no dividend was declared or paid by the Company and entities now comprising the Group in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
February 5, 2021

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB") and were audited by us 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 December 31,		Nine months ended September 30,	
	NOTES	**2018**	**2019**	**2019**	**2020**
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	*6*	18,816	58,275	35,440	35,309
Cost of sales		(14,976)	(23,957)	(14,675)	(18,774)
Gross profits		3,840	34,318	20,765	16,535
Other income	*7A*	1,807	6,060	4,352	7,540
Other gains and losses	*8*	(143,135)	32,179	25,040	(411,857)
Impairment losses on trade receivables		(204)	(893)	(813)	(1,832)
Selling and distribution expenses		(25,959)	(75,609)	(36,649)	(38,238)
Research and development expenses		(14,779)	(26,371)	(17,279)	(17,358)
Administrative expenses		(45,972)	(53,862)	(37,404)	(50,771)
Listing expenses		–	(338)	–	(20,162)
Other expenses	*7B*	(9)	(20,468)	(19,824)	(12,853)
Finance costs	*9*	(458)	(1,251)	(561)	(4,489)
Loss before tax	*10*	(224,869)	(106,235)	(62,373)	(533,485)
Income tax expense	*11*	–	(230)	(135)	(276)
Loss and total comprehensive expenses for the year/period		(224,869)	(106,465)	(62,508)	(533,761)
Loss per share	*13*				
– Basic (RMB)		(1.97)	(0.92)	(0.54)	(4.55)
– Diluted (RMB)		(1.97)	(1.03)	(0.75)	(4.55)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	At December 31, 2018	At December 31, 2019	At September 30, 2020
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property and equipment	*15*	22,533	31,514	33,596
Intangible assets	*16*	4,204	19,119	19,729
Right-of-use assets	*17*	11,572	33,661	33,473
Deposits paid for acquisition of property and equipment		307	2,212	1,172
Other receivables and deposits	*20*	1,912	2,618	6,508
Amounts due from related parties	*21A*	17,935	–	19,941
		58,463	89,124	114,419
Current assets				
Inventories	*19*	4,531	4,719	7,196
Trade and other receivables	*20*	66,064	38,759	41,994
Amounts due from related parties	*21A*	93,085	61,831	49,558
Contract costs	*22*	3,287	4,973	4,578
Time deposits over three months	*23*	–	526	136,890
Bank balances and cash	*23*	76,691	346,434	515,927
		243,658	457,242	756,143
Current liabilities				
Trade and other payables	*24*	60,967	18,651	44,609
Accrued payroll and welfare expenses		7,737	12,469	5,345
Contract liabilities	*25A*	16,740	27,198	15,069
Refund liabilities	*25B*	309	3,291	1,196
Tax payable		–	230	36
Amounts due to related parties	*21B*	95,942	16,016	21
Bank borrowings	*26*	–	13,403	56,207
Lease liabilities	*27*	6,636	7,469	9,117
Other financial liabilities	*28B*	83,525	–	–
		271,856	98,727	131,600
Net current (liabilities) assets		(28,198)	358,515	624,543
Total assets less current liabilities		30,265	447,639	738,962
Non-current liabilities				
Bank borrowings	*26*	–	37,097	56,471
Other payables	*24*	929	782	541
Lease liabilities	*27*	5,364	24,969	26,013
Convertible redeemable preferred shares ("Preferred Shares")	*28A*	293,450	750,367	1,496,472
		299,743	813,215	1,579,497
Net liabilities		(269,478)	(365,576)	(840,535)
Capital and reserves				
Share capital	*29*	40	40	48
Treasury shares		–	–	(1)
Share premium		47,144	48,227	116,494
Reserves		(316,662)	(413,843)	(957,076)
Total deficit		(269,478)	(365,576)	(840,535)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	At December 31, 2018	At December 31, 2019	At September 30, 2020
		RMB'000	RMB'000	RMB'000
Non-current assets				
Investments in subsidiaries	*18*	200,822	462,742	712,981
Other receivables	*20*	–	–	3,860
Amounts due from related parties	*21A*	17,935	–	19,941
		218,757	462,742	736,782
Current assets				
Other receivables	*20*	48,873	14,384	8,983
Amounts due from related parties	*21A*	71,856	40,968	36,863
Amount due from a subsidiary	*21C*	–	132,543	129,391
Time deposits over three months	*23*	–	–	136,202
Bank balances	*23*	3	193,248	190,949
		120,732	381,143	502,388
Current liabilities				
Other payables	*24*	3	–	18,282
Amount due to a subsidiary	*21C*	–	500	2,250
		3	500	20,532
Net current assets		120,729	380,643	481,856
Total assets less current liabilities		339,486	843,385	1,218,638
Non-current liability				
Preferred Shares	*28A*	293,450	750,367	1,496,472
Net assets (liabilities)		46,036	93,018	(277,834)
Capital and reserves				
Share capital	*29*	40	40	48
Treasury shares	*30*	–	–	(1)
Share premium	*30*	47,144	48,227	116,494
Reserves	*30*	(1,148)	44,751	(394,375)
Total equity/(deficit)		46,036	93,018	(277,834)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Paid-in/ share capital	Treasury capital/ shares	Capital reserve/ Share premium	Other reserves	Share-based payments reserve	Accumulated losses	Total deficits
	RMB'000 (Note 29)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2018	1,031	(69)	21,659	(12,888)	1,633	(22,305)	(10,939)
Loss and total comprehensive expenses for the year	–	–	–	–	–	(224,869)	(224,869)
Capital reduction to a shareholder of Hangzhou Nuohui (as defined below) *(note b)*	(74)	–	–	(30,552)	–	–	(30,626)
Effect of Group Reorganisation (as defined in Note 2) *(note a)*	(957)	69	(22,767)	(28,857)	–	–	(52,512)
Issue of ordinary shares of the Company	40	–	45,033	–	–	–	45,073
Recognition of equity-settled share-based payments *(note 31)*	–	–	–	–	4,395	–	4,395
Vesting of restricted shares	–	–	3,219	–	(3,219)	–	–
At December 31, 2018	40	–	47,144	(72,297)	2,809	(247,174)	(269,478)
Loss and total comprehensive expenses for the year	–	–	–	–	–	(106,465)	(106,465)
Recognition of equity-settled share-based payments *(note 31)*	–	–	–	–	10,367	–	10,367
Vesting of restricted shares	–	–	1,083	–	(1,083)	–	–
At December 31, 2019	40	–	48,227	(72,297)	12,093	(353,639)	(365,576)

	Attributable to owners of the Company						
	Paid-in/ share capital	Treasury capital/ shares	Capital reserve/ Share premium	Other reserves	Share-based payments reserve	Accumulated losses	Total deficits
	RMB'000 (Note 29)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loss and total comprehensive expenses for the period	–	–	–	–	–	(533,761)	(533,761)
Recognition of equity-settled share-based payments *(note 31)*	–	–	–	–	9,141	–	9,141
Exercise of share options *(note 31a)*	7	–	67,231	–	(17,577)	–	49,661
Vesting of restricted shares	–	–	1,036	–	(1,036)	–	–
Issurance of shares held on trust *(note 29x)*	1	(1)	–	–	–	–	–
At September 30, 2020	48	(1)	116,494	(72,297)	2,621	(887,400)	(840,535)
At January 1, 2019	40	–	47,144	(72,297)	2,809	(247,174)	(269,478)
Loss and total comprehensive expenses for the period	–	–	–	–	–	(62,508)	(62,508)
Recognition of equity-settled share-based payments *(note 31)*	–	–	–	–	8,603	–	8,603
Vesting of restricted shares	–	–	994	–	(994)	–	–
At September 30, 2019 (unaudited)	40	–	48,138	(72,297)	10,418	(309,682)	(323,383)

Notes:

a On July 26, 2018, as part of the Group Reorganisation (as defined in note 2), NHJK Holding Corporation Limited ("NHJK Holding") acquired 53.86% equity interests of Hangzhou New Horizon Health Technology Co., Ltd.# (杭州諾輝健康科技有限公司) ("Hangzhou Nuohui") from onshore PRC ordinary shareholders for an aggregate consideration of RMB52,512,000. The difference between the consideration and the net amount of the paid-in capital, treasury capital and capital reserve of Hangzhou Nuohui, amounting to RMB28,857,000 had been credited to other reserves as deemed distribution.

b On the same date, pursuant to the Group Reorganisation Agreement (as defined in note 2), NHJK Holding acquired 4.34% equity interest of Hangzhou Nuohui from Zhejiang Lingqing Venture Capital Investment Co., Ltd.# (浙江領慶創業投資有限公司) ("Zhejiang Lingqing"), an onshore PRC ordinary equity owner, and one of the Exit Investors (as defined in note 2) for a cash consideration as described in note 28B. The difference between the consideration and net amount of the paid-in capital of Hangzhou Nuohui amounting to RMB30,552,000 had been credited to other reserves.

English name is for identification purpose only.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		Nine months ended September 30,	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
OPERATING ACTIVITIES				
Loss before tax	(224,869)	(106,235)	(62,373)	(533,485)
Adjustments for:				
Fair value loss (gain) on Preferred Shares	151,087	(48,334)	(38,273)	394,902
Fair value (gain) loss on changes of other financial liabilities	(7,553)	19,616	19,616	–
Net investment gain on structured deposits	(271)	(571)	(545)	(43)
Investment loss on currency swap agreement	–	1,415	2,592	–
Write-down of inventories	1,006	1,603	587	1,898
Write-down of contract costs	783	452	244	1,097
Impairment losses on trade receivables	204	893	813	1,832
Written-off of advances to a supplier	–	640	–	11,128
Bank interest income	(1,555)	(1,843)	(927)	(1,676)
Interest income from subscription receivables	–	–	–	(1,555)
Net (gain) loss on disposal of property and equipment	–	(21)	–	40
Depreciation of property and equipment	6,827	5,879	4,031	5,305
Depreciation of right-of-use assets	4,874	7,062	4,719	4,546
Amortisation of intangible assets	232	437	278	594
Amortisation of contract costs	8,434	9,284	6,174	5,783
Transaction costs directly attributable to the issuance of Preferred Shares	–	19,822	19,822	1,720
Finance costs	458	1,251	561	4,489
Share-based payment expenses	4,395	10,367	8,603	9,141
Initial fair value change recognised for early exercise promissory notes	–	–	–	3,239
Non-cash settlement of director remuneration	–	–	–	1,360
Net unrealised foreign exchange (gain) loss	(128)	(2,393)	(9,327)	17,781
Operating cash flow before movements in working capital	(56,076)	(80,676)	(43,405)	(71,904)
Increase in trade and other receivables	(7,427)	(6,949)	(6,196)	(9,731)
(Increase) decrease in inventories	(6,592)	(2,248)	(1,994)	181
Increase in contract costs	(2,240)	(2,138)	(715)	(702)
Increase in trade and other payables	9,136	3,583	6,107	7,400
Increase (decrease) in contract liabilities	7,064	10,458	18,953	(12,129)
Increase (decrease) in refund liabilities	309	2,982	869	(2,095)
Cash used in operations	(55,826)	(74,988)	(26,381)	(88,980)
Income tax paid	–	–	–	(470)
NET CASH USED IN OPERATING ACTIVITIES	(55,826)	(74,988)	(26,381)	(89,450)

	Year ended December 31,		Nine months ended September 30,	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
INVESTING ACTIVITIES				
Bank interest received	1,555	1,843	927	1,676
Placement of time deposits	–	(526)	(526)	(264,205)
Withdrawal of time deposits	–	–	–	127,022
Upfront payments for right-of-use assets	–	(3,000)	(3,000)	–
Payments for rental deposits	(308)	(706)	(605)	(30)
Purchase of intangible assets	(5,838)	(10,870)	(10,721)	(3,024)
Purchase of and deposits paid for property and equipment	(11,471)	(22,908)	(15,441)	(10,558)
Proceed from disposal of property and equipment	57	–	–	119
Placement of structured deposits	(40,000)	(162,050)	(161,505)	(8,000)
Disposal of structured deposits	40,271	162,621	144,050	8,043
Payments for a currency swap agreement	–	(63,108)	–	–
Receipt from a currency swap agreement	–	61,693	–	–
Advances to related parties	(1,000)	–	–	(24,708)
Repayments from related parties	–	1,000	846	15,995
Loans to employees	–	–	–	(2,748)
NET CASH USED IN INVESTING ACTIVITIES	(16,734)	(36,011)	(45,975)	(160,418)
FINANCING ACTIVITIES				
Proceeds from issuance of ordinary shares for the Group Reorganisation *(note 29)*	–	26,950	12,319	–
Proceeds from capital injection and additional capital injection of Beijing Xincheng (as defined in Note 1)	–	10,101	–	22,080
Proceeds from issuance of Series C Preferred Shares *(note 28A)*	–	457,517	457,517	–
Proceeds from issuance of Series D Preferred Shares *(note 28A)*	–	–	–	141,658
Proceeds from issuance of Series E Preferred Shares	–	–	–	209,545
Transaction costs directly attributed to the issuance of Preferred Shares paid	–	(22,297)	(22,297)	(1,720)
Proceeds from issuance of Preferred Shares for the Group Reorganisation	–	62,299	57,693	14,041
Acquisition of equity interest of Hangzhou Nuohui by NHJK Holding	–	(143,702)	(129,481)	–

	Year ended December 31,		Nine months ended September 30,	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Acquisition of equity interest of Hangzhou Nuohui from Zhejiang Lingqing	–	(55,965)	(55,965)	–
New bank borrowings raised	–	55,500	5,000	66,443
Repayments of bank borrowings	–	(5,000)	(5,000)	(4,265)
Repayments of lease liabilities	(5,751)	(8,412)	(6,480)	(7,203)
Interest paid	(458)	(1,153)	(534)	(4,416)
Issue cost paid	–	(28)	–	(1,223)
Advances from related parties	5	6	6	5
Proceeds from exercise of share options	–	–	–	540
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(6,204)	375,816	312,778	435,485
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(78,764)	264,817	240,422	185,617
Effects of exchange rate changes	125	4,926	7,642	(16,124)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	155,330	76,691	76,691	346,434
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD, REPRESENTING BY BANK BALANCES AND CASH	76,691	346,434	324,755	515,927

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 7, 2018. The respective address of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" to the Prospectus.

The Company is an investment holding company and the Company became the holding company of the entities now comprising the Group upon completion of the group reorganisation as set out in note 2. The Company and its subsidiaries and Consolidated Affiliated Entities (as defined below) (collectively referred to as the "Group") are principally engaged in research and development of screening products for colorectal cancer, cervical cancer and other types of cancer. Details of particulars of the Company's subsidiaries and Consolidated Affiliated Entities are disclosed in note 37.

The Group conducts a portion of the business through Beijing New Horizon Xincheng Health Technology Co., Ltd.# (北京諾輝新程健康科技有限公司) ("Beijing Xincheng") which held equity interest in Beijing Nuoan Medical Examination Lab Co., Ltd.# (北京諾安醫學檢驗實驗室有限公司) ("Beijing Nuoan Lab"), Hangzhou Nuokang Medical Examination Lab Co., Ltd.# (杭州諾康醫學檢驗實驗室有限公司) ("Hangzhou Nuokang Lab") and Guangzhou Nuohui Medical Examination Lab Co., Ltd# (廣州諾輝醫學檢驗實驗室) ("Guangzhou Nuohui Lab") (collectively referred to as "Consolidated Affiliated Entities") under Contractual Arrangements (as detailed and defined in note 2) in the People's Republic of China (the "PRC").

The functional currency of the Company and its subsidiaries and Consolidated Affiliated Entities is RMB, which is the same as the presentation currency of the Historical Financial Information.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with IFRSs issued by the IASB.

Prior to the incorporation of the Company and the completion of the group reorganisation, the principal business of the Group had been operated by Hangzhou Nuohui and the relevant laboratory testing of medical diagnostics technology for cancer screening business through its wholly-owned subsidiary Beijing Xincheng which held equity interest in Beijing Nuoan Lab and Hangzhou Nuokang Lab.

In preparation for the initial public offering and listing of the shares of the Company on the Stock Exchange (the "Listing"), the Group further underwent the group reorganisation as described below (the "Group Reorganisation").

1. Due to the restrictions imposed by the relevant laws and regulatory regime of the PRC on foreign ownership of companies engaged in laboratory testing of medical diagnostics technology for cancer screening business, on May 3, 2018, Hangzhou Nuohui entered into various contractual arrangements with Beijing Xincheng and Mr. Yeqing Zhu ("Mr. Zhu") and his sister, collectively being the registered shareholders of Beijing Xincheng, through which Hangzhou Nuohui is entitled to all economic benefits generated by the business operated by Beijing Xincheng, (the "Contractual Arrangements"). For further details, see "Contractual Arrangements" in the Prospectus.

   With the Contractual Arrangements entered into, they enable Hangzhou Nuohui to:

   - expose, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over these Consolidated Affiliated Entities;
   - exercise equity holders' voting rights of these Consolidated Affiliated Entities;
   - receive substantially all of the economic interest returns generated by these Consolidated Affiliated Entities in consideration for the business support, technical and management consultancy services provided by Hangzhou Nuohui;

English name for identification purpose only

- obtain an irrevocable and exclusive right to purchase all or part of the interests in these Consolidated Affiliated Entities and/or any assets that are held by these Consolidated Affiliated Entities for a consideration of RMB1, being the lowest purchase price permitted under PRC laws and regulations and exercise such right from time to time in the event that PRC laws and regulations permitted;

- prevent these Consolidated Affiliated Entities and their registered shareholders to sell, assign, transfer, or otherwise dispose of or create encumbrance over their interests in the equity and/or the assets of these Consolidated Affiliated Entities without prior consent of Hangzhou Nuohui; and

- prevent these Consolidated Affiliated Entities to make any distributions to their registered shareholders without prior consent of Hangzhou Nuohui.

Hangzhou Nuohui does not have any equity interest in these Consolidated Affiliated Entities. However, the Contractual Arrangements enable Hangzhou Nuohui to have the power over these Consolidated Affiliated Entities, rights to variable returns from its involvement with these Consolidated Affiliated Entities and the ability to affect those returns through its power over these Consolidated Affiliated Entities and is therefore considered to have control over these Consolidated Affiliated Entities. Consequently, these Consolidated Affiliated Entities are regarded as indirect subsidiaries of the Company.

2. On June 7, 2018, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of United States dollar ("US$") 50,000 divided into 500,000,000 shares of US$0.0001 each. As at the date of its incorporation, the initial subscribing shareholder transferred one issued share to NHYJ Holdings Ltd. ("NHYJ Holdings"), a company incorporated in the British Virgin Islands and wholly-owned by Mr. Zhu, at par. The Company further allotted and issued 9,999,999 shares at par to NHYJ Holdings on the same date.

3. On July 4, 2018, the Company and NHJK Holding, a wholly-owned entity by Dr. Yiyou Chen ("Dr. Chen"), entered into a share exchange agreement pursuant to which the Company acquired the entire share capital of NHJK Holding by exchanging 24,167,268 shares of the Company. The shares exchange was completed on July 12, 2018.

4. On July 26, 2018, Hangzhou Nuohui, the Company and NHJK Holding entered into group reorganisation agreement with all onshore PRC investors (including Series A and B Preferred Shares investors as these Preferred Shares were issued to onshore PRC investors and their relevant investments were injected to Hangzhou Nuohui with details set out in note 28A) as to reorganise the group structure in preparation for the Listing (the "Group Reorganisation Agreement").

   Pursuant to the Group Reorganisation Agreement, NHJK Holding purchased the relevant interest owned by Beijing Junlian Yikang Equity Investment Partnership (Limited Partnership)[#] (北京君聯益康股權投資合夥企業(有限合夥)) ("Junlian") and Zhejiang Lingqing (collectively referred to as "the Exit Investors"). Junlian was a Series A-1, A-2 and B Preferred Shares holder and Zhejiang Lingqing was an onshore ordinary equity owner. The equity transfer and consideration settlement were completed by the year ended December 31, 2019 with details set out in note 28B.

   For equity interest held by Mr. Zhu, via NHXC Holding Ltd. ("NHXC") and Hangzhou New Horizon Zhihui Investment Management Partnership (Limited Partnership)[#] (杭州諾輝智匯投資管理合夥企業(有限合夥)) ("Nuohui Zhihui"), which represented a total effective interest of 13.07% of paid-in capital of Hangzhou Nuohui, the above said interest was held on behalf of Hangzhou Nuohui for issuance of employees share option plan and was recognised as treasury capital on or before July 26, 2018. The above said interest was acquired by NHJK Holding pursuant to the Group Reorganisation Agreement and the relevant consideration received by Mr. Zhu was injected as paid-in capital to Beijing Xincheng in December 2019 and January 2020, respectively.

   For the remaining onshore PRC investors ("Remaining Onshore Investors"), they transferred all of their equity interests in Hangzhou Nuohui to NHJK Holding for a total consideration of US$12,883,000 (equivalent to RMB88,886,000) and at the same time subscribed for ordinary shares or Preferred Shares of the Company in which each of the Remaining Onshore Investors shall retain the same interest in the Group before and after share exchange. Since then, Hangzhou Nuohui became a wholly-owned subsidiary of the Company. The settlement of the consideration and subscription receivables was completed by batches during the years ended December 31, 2018 and 2019 and the balances for the unsettled portion are disclosed in other receivables (note 20), amount due from/to related parties (note 21) and other payables (note 24) as at December 31, 2018 and 2019, respectively.

[#] English name for identification purpose only

As the shares are proportionately issued to the ordinary equity owners and Preferred Share investors of the Company, which involves interspersing certain investment holding companies including the Company and NHJK Holding between Hangzhou Nuohui and its shareholders or Preferred Shares investors and execution of the Contractual Arrangements, the Group comprising the Company and its subsidiaries and Consolidated Affiliated Entities resulting from the Group Reorganisation is regarded as a continuing entity throughout the Track Record Period, regardless of the actual date when they legally form part of a group. Accordingly, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period have been prepared to include the results, changes in equity and cash flows of the companies now comprising the Group as if the group structure upon the completion of the Group Reorganisation had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where there is a shorter period.

No audited statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there is no statutory audit requirements.

As at September 30, 2020, the Group is in net liabilities position of RMB840.5 million in which the balance consists of Preferred Shares liabilities of RMB1,496.5 million that the earliest redemption dates of the issued Preferred Shares will be on or after May 31, 2023 and the Group shall turn into an adjusted net asset position of RMB656 million as the Preferred Shares do not fall due in the foreseeable future. In addition the Group's current assets exceeded its current liabilities by approximately RMB624.5 million which consists of bank balance and cash of RMB515.9 million. After taking into account of the Group's cashflow projection and the expected working capital requirements, the directors of the Company are satisfied that the Group is able to meet in full its financial obligations as they fall due for a period of twelve months and it is appropriate to prepare these consolidated financial statements on a going concern basis.

3. APPLICATION OF NEW AND REVISED IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted the accounting policies which conform with the IFRSs issued by the IASB, which are effective for the accounting period beginning on January 1, 2020, including IFRS 16 *Leases* ("IFRS 16") consistently throughout the Track Record Period.

New and revised IFRSs in issue but not yet effective

At the date of this report, the following new and amendments to IFRSs have been issued which are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to IFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to IFRS 3	Reference to the Conceptual Framework[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[3]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[3]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020[3]

[1] Effective for annual periods beginning on or after January 1, 2023

[2] Effective for annual periods beginning on or after a date to be determined

[3] Effective for annual periods beginning on or after January 1, 2022

[4] Effective for annual periods beginning on or after June 1, 2020

[5] Effective for annual periods beginning on or after January 1, 2021

The directors of the Company anticipate that the application of all these new and amendments to IFRSs will have no material impact on the Group's financial position and performance when they become effective.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the following accounting policies conform with IFRSs issued by the IASB. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost, basis except for certain financial instruments that are measured at fair values, at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and the entities (including the Consolidated Affiliated Entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries

Investments in subsidiaries are included in the statements of financial position of the Company at cost less any identified impairment loss.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

If the Group expects to be entitled to a breakage amount in contract liabilities, that amount is recognised as revenue in proportion to the pattern of service treatments utilised by the customers. If the Group does not expect to be entitled to a breakage amount, revenue for the expected breakage amount should be recognised when the likelihood of the customer exercising its remaining rights becomes remote.

Refund liabilities

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

Sale with a right of return/exchange

For a sale of products with a right of return/exchange, the Group recognises all of the following:

(a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned/exchanged);

(b) a refund liability/contract liability; and

(c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers.

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its sales of ColoClear and other products. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods to which the assets relate. The asset is subject to impairment review.

Leases

Definition of 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 assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to 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 lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* ("IFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- amounts expected to be payable by the Group under residual value guarantees.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Equity-settled share-based payment transactions

Shares/share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to accumulated losses.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

The effects of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employees are required to recognized. If the modification increases the fair value of the equity instruments granted, the Group is required to measured immediately before and after the modification and include the incremental fair value granted (i.e. the difference between the fair value of the modified equity instrument and that of the date of the modification) in the measurement of the amount recognized for services received as consideration for the equity instruments granted. If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Property and equipment

Property and equipment are tangible assets that are held for use in production or supply of services, or for administrative purpose are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Assets under installation for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Such assets under installation are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;

- the ability to use or sell the intangible assets;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any).

Impairment on property and equipment, intangible assets, right-of-use assets and contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment, intangible assets with finite useful lives, right-of-use assets and contract costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property and equipment, intangible assets and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGU, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Before the Group recognises an impairment loss for assets capitalised as contract costs under Revenue from Contracts with Customers ("IFRS 15"), the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the CGU to which they belong for the purpose of evaluating impairment of that CGU.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimate selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on

the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated at FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets (including trade and other receivables, amounts due from related parties, time deposits over three months and bank balances and cash) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting dates to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after each reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or credit-impaired, and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at each reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, time deposits over three months and bank balances and cash are each assessed as a separate group. Amounts due from related parties are assessed for ECL on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit rating where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term;

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Preferred Shares

The Preferred Shares that the Group has contractual obligation to redeem and the conversion option of which may be settled by the exchange of variable number of the Group's own equity are measured at FVTPL. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of Preferred Shares is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability. Fair value is determined in the manner described in note 28A.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amounts due to related parties and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at each end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Research and development expenses

Development expenses incurred on the Group's product pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible assets so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. The management of the Group assesses the progress of each of the research and development projects and determine that certain of the Group's product pipelines met the above said capitalisation criteria. During the years ended December 31, 2018 and 2019 and nine months ended September 30, 2019 and 2020, development costs of RMB1,623,000, RMB13,863,000, RMB10,888,000 (unaudited) and RMB902,000, respectively, are capitalised as intangible assets as set out in note 16.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming twelve months, are described below.

Fair value of Preferred Shares and other financial liabilities

The Group has issued a series of Preferred Shares prior to and during the Track Record Period as set out in note 28A. The Group recorded these financial instruments as financial liabilities at FVTPL for which no quoted prices in an active market exist. The fair value of the financial instruments is established by using valuation techniques, which include discounted cash flow, back-solve method and equity allocation based on the Black-Scholes Option Pricing Model ("OPM") involving various parameters and inputs. Valuation techniques are certified by an independent qualified professional valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. However, it should be noted that some inputs, such as fair value of the ordinary shares of the Company, possibilities under different scenarios, such as qualified initial public offering, redemption, liquidation, and other inputs, such as time to liquidation, risk-free interest rate, expected volatility value and dividend yield, require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the financial liabilities at FVTPL. The fair value of the Preferred Shares of the Group as at December 31, 2018 and 2019 and September 30, 2020 are RMB293,450,000, RMB750,367,000 and RMB1,496,472,000, respectively.

Hangzhou Nuohui recognised other financial liabilities relating to consideration payables for repurchase of its own equity and redemption of Preferred Shares from the Exit Investors. Pursuant to the Group Reorganisation Agreement entered by Hangzhou Nuohui in 2018, the consideration was determined based on agreed discount over equity value prior to Series C Preferred Shares issuance in April 2019. As such, the relevant consideration is accounted as financial liabilities at FVTPL and subject to re-measurement until Series C Preferred Shares were issued. The fair value of the consideration is measured with reference to the equity value using valuation techniques similar to Preferred Shares as stated above and should any of the estimates and assumptions changed, it may lead to a change in fair value of the consideration. The fair value of the consideration payables as at December 31, 2018 is RMB83,525,000.

Provision of impairment loss allowance for trade receivables

Trade receivables with significant balances are assessed for ECL individually. In addition, the Group uses provision matrix to calculate ECL for trade receivables which are individually insignificant. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in note 35.

Estimation on refund liabilities

In estimating the amount of refund liabilities, the management of the Group has to make estimation based on its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. The estimation involves high degree of estimation and uncertainty. When the actual return rates are less than expected or more than expected, a material reversal or a material provision of refund liabilities may arise accordingly. As at December 31, 2018 and 2019 and September 30, 2020, the carrying amounts of refund liabilities are RMB309,000, RMB3,291,000 and RMB1,196,000, respectively.

Estimate of breakage revenue of ColoClear

For the sales of ColoClear, transaction price received by the Group is recognised as a contract liability until when revenue is recognised at a point in time at the earlier of (i) the Group completed the testing service and delivered the screening report to the consumer; or (ii) the later of ColoClear product delivered to the customers are expired or the expiry of product exchange period granted to selected customers.

The transaction price is generally nonrefundable and customers may not utilize all of their contracted rights within the services period which referred as breakage. If the Group expects to be entitled to a breakage amount in contract liabilities, that amount is recognised as revenue in proportion to the pattern of service treatments utilised by the customers. If the Group does not expect to be entitled to a breakage amount, revenue for the expected breakage amount should be recognised when the likelihood of the customer exercising its remaining rights becomes remote. As such, it requires estimation over the pattern of utilization services with reference to historical experience and any contract liabilities outstanding at the expiry of the service period is fully recognised in profit or loss.

No breakage revenue was recognised during the year ended December 31, 2018 and 2019 as there is no historical experience accumulated and contract liabilities outstanding at the expiry of the services was recognized at the later of product expiry or the exchange period granted.

During the nine months ended September 30, 2020, the directors of the Company have referenced to the past two years historical utilization pattern of customers and noted a stable trend for certain customer channels and an average percentage of the expected amount of unutilised service reflecting the historical pattern shall apply to such sales, however, no breakage revenue was recognized as the amount involved is considered insignificant.

Impairment assessment of capitalised development costs

Capitalised development costs are stated at cost less accumulated amortisation and impairment, if any. For intangible assets not yet available for use, the Group would assess the assets individually for impairment annually. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates, including the discount rates, estimated average selling price or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at December 31, 2018 and 2019 and September 30, 2020, the carrying amounts of capitalized development costs are RMB1,623,000, RMB15,486,000 and RMB16,388,000, respectively. Details of the assessment of impairment of intangible assets not yet available for use are disclosed in note 16.

6. REVENUE AND SEGMENT INFORMATION

The Group derives its revenue from the transfer of goods and services in the following major product lines:

	Year ended December 31,		Nine months ended September 30,	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
ColoClear	14,419	39,098	23,238	23,141
Pupu tube	4,392	15,101	8,202	11,404
Others	5	4,076	4,000	764
	18,816	58,275	35,440	35,309

The Group sells ColoClear, Pupu tube and other products to customers through its own network, contracted sales organisations ("CSOs") and internet sales or e-platform operated by healthcare clinics.

For sale through CSOs and certain internet sales, the Group receives the payment of the transaction price prior to the delivery of the product to the customer. For sale through other sale channels, the Group normally grants a credit period of 0 to 90 days upon issuance of invoice and may grant a credit term up to 180 days to certain long term customers. The Group may request advances from new or certain customers upon signing sales agreements or placing orders.

Based on the Group's sales contract with individual customers, selected customers can request for one-time exchange of products within 3 months upon expiry of ColoClear products and 2 months prior to expiry of Pupu tube products; whereas the other customers can only return or request for refund if the product delivered to the customer does not meet the pre-specified quality requirement.

ColoClear

The transaction price received by the Group is recognised as a contract liability until when revenue is recognised at a point in time at the earlier of (i) the Group completed the testing service and delivered the screening report to the consumer; or (ii) the later of ColoClear product delivered to the customers are expired or the expiry of product exchange period granted to selected customers.

Pupu tube and others

Revenue is recognised at a point in time when the Group delivers the products to the customers and/or service are rendered to its customers.

Transaction price allocated to the remaining performance obligation for contracts with customers

The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied in respect of Pupu tube and others as the Group's contract has an original expected duration of less than one year.

Occasionally, customers enter into framework agreements with the Group and place orders when they require delivery. Advances received from customers with no orders have been placed are recognised as contract liabilities. The expected timing of revenue recognition is uncertain as it is based on the request by them.

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) in respect of sale of ColoClear as at the end of each reporting period and the expected timing of recognising revenue that orders have been placed.

	At December 31,		At September 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Within one year	6,056	24,824	12,834
More than one year but not more than two years	231	–	–
	6,287	24,824	12,834

Segment information

For the purpose of resource allocation and assessment of segment performance, the executive directors of the Company, being the chief operating decision maker, focus and review on the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies set out in note 4. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

Geographical information

Substantially all of the Group's operations and non-current assets are located in the PRC while all of the Group's revenue from external customers are located in the PRC.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group during the Track Record Period are as follows:

	Year ended December 31,		Nine months ended September 30,	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Customer A	11,429	19,999	11,588	8,109

7A. OTHER INCOME

	Year ended December 31,		Nine months ended September 30,	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Bank interest income	1,555	1,843	927	1,676
Government subsidies *(note)*	250	3,802	3,316	4,257
Interest income from subscription receivables *(note 21a)*	–	–	–	1,555
Others	2	415	109	52
	1,807	6,060	4,352	7,540

Note: The amount represents government grants received from various PRC government authorities in connection with the enterprise development support and fiscal subsidies which had no conditions imposed by the respective PRC government authorities.

7B. OTHER EXPENSES

	Year ended December 31,		Nine months ended September 30,	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Transaction costs directly attributable to the issuance of Preferred Shares	–	19,822	19,822	1,720
Written-off of advances and payments to a supplier *(note)*	–	640	–	11,128
Others	9	6	2	5
	9	20,468	19,824	12,853

Note: In April 2018, the Group entered into a strategic collaboration agreement with a supplier pursuant to which the Group is committed to purchase the diagnostic testing kits of an aggregate amount of RMB80,000,000 with a pre-specified purchase amount on an annual basis from 2019 to 2023 (the "Strategic Collaboration Agreement"). During the year ended December 31, 2018 and nine months ended September 30, 2020, the Group paid RMB1,000,000 and RMB4,000,000, respectively, as advances for the purchase of inventories. During the years ended December 31, 2018 and 2019 and nine months ended September 30, 2020, inventories amounting to RMB324,000, RMB36,000 and RMB72,000, respectively, were supplied. However, the inventories did not meet with the quality control requirement of the Group, and after negotiation and taking into consideration of the production ability of the supplier, the directors of the Company considered that there is uncertainty that the supplier can refund the remaining advances or supply up to quality products in the foreseeable future. As such, the Group had written-off the amounts paid. In August 2020, the supplier brought a breach of contract claim against Hangzhou Nuohui and alleged that Hangzhou Nuohui did not perform the contractual payment obligations according to the Strategic Collaboration Agreement and sought for the second annual payment of RMB10 million plus any accrued interest from Hangzhou Nuohui. On November 18, 2020, Hangzhou Nuihui and the supplier entered into a settlement agreement that Hangzhou Nuohui agreed to pay a total amount of RMB7.2 million to terminate the Strategic Collaboration Agreement and the litigation was withdrawn. Therefore, the advances and the settlement amount has been recognised as other expenses during the nine months ended September 30, 2020.

8. OTHER GAINS AND LOSSES

	Year ended December 31,		Nine months ended September 30,	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net investment gain on structured deposits	271	571	545	43
Investment loss on currency swap agreement	–	(1,415)	(2,592)	–
Net foreign exchange gain (loss)	128	4,284	8,430	(16,958)
Fair value (loss) gain of Preferred Shares *(note 28A)*	(151,087)	48,334	38,273	(394,902)
Fair value gain (loss) on other financial liabilities *(note 28B)*	7,553	(19,616)	(19,616)	–
Net gain (loss) on disposal of property and equipment	–	21	–	(40)
	(143,135)	32,179	25,040	(411,857)

9. FINANCE COSTS

	Year ended December 31,		Nine months ended September 30,	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on bank borrowings	–	313	115	2,976
Interest on lease liabilities	458	938	446	1,513
	458	1,251	561	4,489

10. LOSS BEFORE TAX

	Year ended December 31,		Nine months ended September 30,	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss before tax for the year/period has been arrived at after charging (crediting):				
Depreciation of property and equipment	9,882	11,889	8,362	9,116
Depreciation of right-of-use assets	6,179	9,761	5,954	10,083
Amortisation of intangible assets	232	437	278	644
	16,293	22,087	14,594	19,843
Capitalised in inventories	(4,360)	(8,709)	(5,566)	(9,398)
	11,933	13,378	9,028	10,445
Analysed as:				
Charged in administrative expenses	10,218	11,250	7,527	7,587
Charged in selling and distribution expenses	43	27	20	41
Charged in research and development expenses	1,672	2,101	1,481	2,817
	11,933	13,378	9,028	10,445
Auditors' remuneration	143	153	153	170
Cost of inventories recognised as cost of sales	11,019	19,030	11,989	14,609
Write-down of inventories	1,006	1,603	587	1,898
Write-down of contract costs on finished goods delivered (included in cost of sales)	783	452	244	1,097
Directors' remuneration *(note 12)*	7,897	11,311	8,072	10,124
Other staff cost				
Salaries and other benefits	28,849	48,570	33,282	41,922
Retirement benefit scheme contributions	2,374	3,037	2,229	1,343
Discretionary bonus *(note)*	4,610	5,648	–	–
Share-based payments	1,719	3,459	3,231	5,057
	45,449	72,025	46,814	58,446
Capitalised in inventories	(4,662)	(7,914)	(5,177)	(4,805)
	40,787	64,111	41,637	53,641

	Year ended December 31,		Nine months ended September 30,	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Analysed as:				
Charged in administrative expenses	21,921	28,601	19,640	27,246
Charged in selling and distribution expenses	12,933	24,771	14,769	18,240
Charged in research and development expenses	5,933	10,739	7,228	8,155
	40,787	64,111	41,637	53,641
Research and development expenses				
Staff cost	5,933	10,739	7,228	8,155
Depreciation and amortisation	1,672	2,101	1,481	2,817
Clinic test expenses	2,416	14,749	11,134	1,066
Materials consumed	3,767	9,587	6,255	5,136
Consultancy fee	601	1,822	1,332	303
Cooperative development fees	794	197	126	–
Travel expenses	536	332	234	171
Others	683	707	377	612
	16,402	40,234	28,167	18,260
Capitalised in intangible assets	(1,623)	(13,863)	(10,888)	(902)
	14,779	26,371	17,279	17,358

During the nine months ended September 30, 2020, pursuant to the notice released by the relevant PRC authority, certain domestic subsidiaries of the Company have been fully or partially waived to undertake a number of social securities contribution including endowment insurance, medical insurance, unemployment insurance and employment injury insurance due to the outbreak of COVID-19, totaling approximately RMB2,468,000 during the period from February to September 2020.

Note: Discretionary bonus is determined at the year end based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

11. INCOME TAX EXPENSE

The Company is tax exempt under the laws of the Cayman Islands.

Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first Hong Kong dollar ("HK$") 2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. No provision of Hong Kong Profit Tax was made in these consolidated financial statements as the group entities or entities comprising the group had no assessable profit subject to Hong Kong Profit Tax during the Track Record Period.

Under the US Tax Cuts and Jobs Act, the US corporate income tax rate has charged at flat rate of 21%.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law, the basic tax rate of the Company's PRC subsidiaries is 25%.

Hangzhou Nuohui has been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau of Hangzhou City and relevant authorities on November 30, 2018, and has been registered with the local tax authorities for enjoying the reduced 15% Enterprise Income Tax ("EIT") rate from 2018 to 2020.

The tax charge for the Track Record Period can be reconciled to the loss before tax per the consolidated statements of profit or loss and other comprehensive expenses as follows:

	Year ended December 31,		Nine months ended September 30,	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss before tax	(224,869)	(106,235)	(62,373)	(533,485)
Tax charge at the PRC EIT rate of 25%	(56,217)	(26,559)	(15,593)	(133,371)
Tax effect of expenses not deductible for tax purpose	40,507	14,189	10,320	113,402
Tax effect of income not taxable for tax purpose	(2,370)	(11,896)	(9,380)	–
Tax effect of research and development expenses that are additionally deducted *(note)*	(2,854)	(5,645)	(4,366)	(2,629)
Tax effect of tax losses not recognised	19,814	28,238	17,188	19,680
Utilisation of tax losses previously not recognised	–	(3)	(3)	(2)
Tax effect of deductible temporary differences not recognised	1,120	2,312	2,233	3,610
Tax effect of tax concessionary rates	–	(98)	(96)	–
Tax effect of different tax rates of subsidiaries	–	(308)	(168)	(414)
	–	230	135	276

Note: Pursuant to Caishui 2018 circular No. 99, Hangzhou Nuohui enjoys super deduction of 175% on qualifying research and development expenditures throughout the Track Record Period.

As at December 31, 2018 and 2019 and September 30, 2020, the Group has unrecognised deductible temporary differences of RMB5,473,000, RMB14,723,000 and RMB29,164,000, respectively. The unrecognised deductible temporary difference mainly consists of expenses accruals and provision of impairment loss allowance for trade and other receivables. As at December 31, 2018 and 2019 and September 30, 2020, the Group has tax losses of approximately RMB137,308,000, RMB264,110,000 and RMB343,722,000, and taxable temporary difference on capitalisation of research and development expenses of RMB1,623,000, RMB15,486,000 and RMB16,388,000, respectively. As at December 31, 2018 and 2019 and September 30, 2020, deferred tax assets and liabilities on tax losses and expense capitalisation of RMB243,000, RMB2,323,000 and RMB2,458,000, have been recognised, respectively, and offset for presentation purpose. No deferred tax asset has been recognised in respect of the remaining deductible temporary differences or tax losses due to the unpredictability of future profit streams. The unrecognised tax losses will be carried forward and expire in years as follows:

	At December 31,		At September 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
2021	16	16	16
2022	7,542	7,542	7,542
2023	24	11	10
2024	–	1,766	1,761
2025	–	–	5,123
2026	15,253	15,253	15,253
2027	33,606	33,606	33,606
2028	79,244	79,244	79,244
2029	–	110,515	110,515
2030	–	–	70,483
Indefinite	–	671	3,781
	135,685	248,624	327,334

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Details of the emoluments paid to the individuals who were appointed as the directors and Chief Executive Officer of the Company (including emoluments for services as employees/directors of the group entities prior to becoming the directors of the Company), during the Track Record Period, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

	Date of appointment as director of the Company	Salaries and other benefits	Retirement benefit scheme contributions	Share-based payments	Discretionary bonus	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (note)*	*RMB'000*
For the year ended December 31, 2018						
Chief Executive Officer and executive director:						
Mr. Zhu	June 7, 2018	1,870	55	2,676	732	5,333
Executive director:						
Dr. Chen	June 7, 2018	1,815	17	–	732	2,564
Non-executive directors						
Mr. Naxin Yao ("Mr. Yao")	July 26, 2018	–	–	–	–	–
Zhou Quan	July 26, 2018	–	–	–	–	–
Leung Nisa Bernice Wing-Yu	July 26, 2018	–	–	–	–	–
Ng Siu Wai	May 14, 2019	–	–	–	–	–
		3,685	72	2,676	1,464	7,897

	Date of appointment as director of the Company	Salaries and other benefits	Retirement benefit scheme contributions	Share-based payments	Discretionary bonus	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (note)*	*RMB'000*
For the year ended December 31, 2019						
Chief Executive Officer and executive director:						
Mr. Zhu	June 7, 2018	1,948	52	6,053	540	8,593
Executive director:						
Dr. Chen	June 7, 2018	1,846	17	855	–	2,718
Non-executive directors						
Mr. Yao	July 26, 2018	–	–	–	–	–
Zhou Quan	July 26, 2018	–	–	–	–	–
Leung Nisa Bernice Wing-Yu	July 26, 2018	–	–	–	–	–
Ng Siu Wai	May 14, 2019	–	–	–	–	–
		3,794	69	6,908	540	11,311
For the nine months ended September 30, 2019 (unaudited)						
Chief Executive Officer and executive director:						
Mr. Zhu	June 7, 2018	1,360	40	4,857	–	6,257
Executive Director:						
Dr. Chen	June 7, 2018	1,287	13	515	–	1,815
Non-executive directors						
Mr. Yao	July 26, 2018	–	–	–	–	–
Zhou Quan	July 26, 2018	–	–	–	–	–
Leung Nisa Bernice Wing-Yu	July 26, 2018	–	–	–	–	–
Ng Siu Wai	May 14, 2019	–	–	–	–	–
		2,647	53	5,372	–	8,072
For the nine months ended September 30, 2020						
Chief Executive Officer and executive director:						
Mr. Zhu	June 7, 2018	3,539	26	3,410	–	6,975
Executive director:						
Dr. Chen	June 7, 2018	2,474	1	674	–	3,149
Non-executive directors						
Mr. Yao	July 26, 2018	–	–	–	–	–
Zhou Quan	July 26, 2018	–	–	–	–	–
Leung Nisa Bernice Wing-Yu	July 26, 2018	–	–	–	–	–
Ng Siu Wai	May 14, 2019	–	–	–	–	–
		6,013	27	4,084	–	10,124

During the nine months ended September 30, 2020, RMB1,360,000 of the remuneration of Mr. Zhu was settled by offseting its current account.

The directors' emoluments shown above were for their service in connection with the management of the affairs of the Company and the Group. None of the directors of the Company has waived any emoluments during the Track Record Period.

During the Track Record Period, certain directors were granted restricted shares/share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 31.

Five highest paid employees

The five highest paid individuals of the Group included 2 directors of the Company for the Track Record Period, details of whose remuneration are set out above. Details of the remuneration for the remaining 3 highest paid employees for the Track Record Period are as follows:

	Year ended December 31,		Nine months ended September 30,	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salary and other benefits	1,122	1,422	1,168	3,282
Retirement benefit scheme contribution	109	103	81	52
Share-based payments	1,119	1,636	1,460	3,341
Discretionary bonus *(note)*	504	734	–	–
	2,854	3,895	2,709	6,675

Note: Discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

The emoluments of these employees (excluding the directors) are within the following bands:

	Number of individual			
	Year ended December 31,		Nine months ended September 30,	
	2018	**2019**	**2019**	**2020**
			(unaudited)	
HK$0 to HK$1,000,000	1	–	2	1
HK$1,000,001 to HK$1,500,000	2	2	1	–
HK$1,500,001 to HK$2,000,000	–	1	–	–
HK$3,000,001 to HK$3,500,000	–	–	–	1
HK$3,500,001 to HK$4,000,000	–	–	–	1
	3	3	3	3

During the Track Record Period, certain non-director and non-chief executive highest paid employees were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 31.

13. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Year ended December 31,		Nine months ended September 30,	
	2018	2019	2019	2020
			(unaudited)	
(RMB'000)				
Loss for the year/period attributable to the owners of the Company for the purpose of basic per share	(224,869)	(106,465)	(62,508)	(533,761)
Effect of dilutive potential ordinary shares:				
Fair value gain of Series B Preferred Shares	–	(48,930)	(49,458)	–
Loss for the purpose of diluted loss per share	(224,869)	(155,395)	(111,966)	(533,761)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	114,282,569	115,199,241	114,843,931	117,313,571
Effect of dilutive potential ordinary shares:				
Series B Preferred Shares	–	35,640,220	35,119,519	–
Weighted average number of ordinary share for the purpose of diluted loss per share	114,282,569	150,839,461	149,963,450	117,313,571

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share has been determined on the assumption that the Group Reorganisation as disclosed in note 2 and the share subdivision as disclosed in note 40 had been effected since January 1, 2018.

The computation of basic loss per share for all years/periods excluded the unvested restricted shares (note 31) of the Company. Additionally, for the year ended December 31, 2018, the weighted average number of shares have been arrived at after adjusting the treasury capital held by Hangzhou Nuohui.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had three categories of potential ordinary shares which consists of unvested restricted shares of the Company (note 31), Preferred Shares issued by the Company (note 28A) and share options outstanding under the Plan (defined in note 31). For the year ended December 31, 2018 and the nine months ended September 30, 2020, the potential ordinary shares were not included in the calculation of diluted loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended December 31, 2018 and the nine months ended September 30, 2020 are the same as basic loss per share of the respective year/period.

Diluted loss per share for the year ended December 31, 2019 and the nine months ended September 30, 2019, did not assume vesting of restricted shares, conversion of Series A-1 and A-2 and C Preferred Shares, and exercise of share options as their inclusion would be anti-dilutive.

14. DIVIDENDS

No dividend was paid or declared by Hangzhou Nuohui during the Track Record Period or the Company since its incorporation.

15. PROPERTY AND EQUIPMENT

The Group

	Leasehold improvement	Machinery	Motor vehicle	Furniture and fixture	Assets under installation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
At January 1, 2018	12,731	8,169	–	2,176	156	23,232
Additions	6,273	4,495	82	1,243	–	12,093
Disposals	–	(7)	–	(82)	–	(89)
Transfers	–	156	–	–	(156)	–
At December 31, 2018	19,004	12,813	82	3,337	–	35,236
Additions	15,143	4,512	–	482	866	21,003
Disposals	–	(146)	–	–	–	(146)
At December 31, 2019	34,147	17,179	82	3,819	866	56,093
Additions	2,461	2,711	–	347	5,838	11,357
Disposals	–	(178)	–	(132)	–	(310)
At September 30, 2020	36,608	19,712	82	4,034	6,704	67,140
DEPRECIATION						
At January 1, 2018	1,218	1,309	–	326	–	2,853
Provided for the year	7,349	1,846	2	685	–	9,882
Eliminated on disposals	–	(2)	–	(30)	–	(32)
At December 31, 2018	8,567	3,153	2	981	–	12,703
Provided for the year	8,596	2,385	19	889	–	11,889
Eliminated on disposals	–	(13)	–	–	–	(13)
At December 31, 2019	17,163	5,525	21	1,870	–	24,579
Provided for the period	5,765	2,610	15	726	–	9,116
Eliminated on disposals	–	(57)	–	(94)	–	(151)
At September 30, 2020	22,928	8,078	36	2,502	–	33,544
CARRYING AMOUNT						
At December 31, 2018	10,437	9,660	80	2,356	–	22,533
At December 31, 2019	16,984	11,654	61	1,949	866	31,514
At September 30, 2020	13,680	11,634	46	1,532	6,704	33,596

The above items of property and equipment, other than assets under installation, are depreciated on a straight-line basis, after taking into account of the residual value, at the rate per annum as follows:

Leasehold improvement	Shorter of the lease term or 20% per annum
Machinery	19% per annum
Motor vehicle	23.75% per annum
Furniture and fixture	19%-31.67% per annum

16. INTANGIBLE ASSETS

The Group

	Patent right	Computer software	Trademarks	Development costs	Software under development	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
At January 1, 2018	350	902	–	–	185	1,437
Additions	–	–	120	1,623	1,310	3,053
At December 31, 2018	350	902	120	1,623	1,495	4,490
Additions	–	–	–	13,863	1,489	15,352
Transfers	–	2,984	–	–	(2,984)	–
At December 31, 2019	350	3,886	120	15,486	–	19,842
Additions	–	352	–	902	–	1,254
At September 30, 2020	350	4,238	120	16,388	–	21,096
DEPRECIATION						
At January 1, 2018	44	10	–	–	–	54
Provided for the year	35	185	12	–	–	232
At December 31, 2018	79	195	12	–	–	286
Provided for the year	35	390	12	–	–	437
At December 31, 2019	114	585	24	–	–	723
Provided for the period	26	608	10	–	–	644
At September 30, 2020	140	1,193	34	–	–	1,367
CARRYING AMOUNT						
At December 31, 2018	271	707	108	1,623	1,495	4,204
At December 31, 2019	236	3,301	96	15,486	–	19,119
At September 30, 2020	210	3,045	86	16,388	–	19,729

Patent and trademarks consists of registration costs incurred for Pupu tube, which is amortized over a period of 10 years, being the shorter of patent protection period and the license term of trademark. Development cost is capitalised on cost incurred for the IVD certification of ColoClear which is amortised over the rest of the patent protection period of ColoClear through 2035.

The above intangible assets, other than software under development, have finite useful lives, which are determined based on estimated economic lives of the relevant assets, and are amortised on a straight-line basis as follows:

Patent right	10% per annum
Computer software	20% per annum
Trademarks	10% per annum
Development costs	6.70% per annum

During the years ended December 31, 2018 and 2019 and nine months ended September 30, 2020, the Group capitalised development costs of RMB1,623,000, RMB13,863,000 and RMB902,000, respectively, in respect of the application of the In Vitro Diagnostic ("IVD") certification for ColoClear which is still subject to approval by the relevant authority at the respective date of the end of the reporting period and subsequently approved on November 9, 2020.

The management of the Group conducted impairment assessment on development costs that is yet available for use as it is required to test for impairment at least annually. The recoverable amounts have been determined based on a value in use calculation using cash flow projection which is based on financial forecast approved by the directors of the Company as at December 31, 2018, December 31, 2019 and September 30, 2020. The growth rate used to extrapolate the cash flows subsequent to the forecast period is 3%, which is closed to long-term inflation rate. The pre-tax discount rates applied to the cash flow projections are 26.7%, 26.7% and 26.7% as at December 31, 2018 and 2019 and September 30, 2020, respectively, which are determined by reference to the average discount rate with similar business risk and after taking into account the risk premium in connection with the related research and development efforts. Apart from the discount rate as stated above, the estimation of cash inflows/outflows include budgeted sales and gross margin which are based on management's expectation for the market development.

As at December 31, 2018 and 2019 and September 30, 2020, the recoverable amount of development costs exceeds the carrying amount by RMB45,182,000, RMB145,028,000 and RMB146,605,000, respectively.

Sensitivity to changes in key assumptions:

The following tables set forth the impact of reasonably possible changes in each of the key assumptions on, with all other variables held constant, impairment testing of development costs of the Group as at the dates indicated.

	Recoverable amount exceeds its carrying amount decrease by		
	December 31, 2018	**December 31, 2019**	**September 30, 2020**
	RMB'000	*RMB'000*	*RMB'000*
Possible changes of key assumptions			
Estimated average selling price decreased by 1%	10,444	13,678	47,049
Pre-tax discount rates increased by 1%	32,627	41,136	54,151

With regard to the impairment assessment, management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amounts of development costs to be materially lower than their carrying amounts.

17. RIGHT-OF-USE ASSETS

The Group

	Office premises	Machinery	Total
	RMB'000	*RMB'000*	*RMB'000*
CARRYING AMOUNT			
At January 1, 2018	14,990	–	14,990
Additions	2,761	–	2,761
Depreciation charge for the year	(6,179)	–	(6,179)
At December 31, 2018	11,572	–	11,572
Additions	11,821	20,029	31,850
Depreciation charge for the year	(8,760)	(1,001)	(9,761)
At December 31, 2019	14,633	19,028	33,661
Additions	9,895	–	9,895
Depreciation charge for the period	(7,079)	(3,004)	(10,083)
At September 30, 2020	17,449	16,024	33,473

	Year ended December 31,		Nine months ended September 30,	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Total cash outflow for leases	6,517	13,056	9,926	8,716

During the Track Record Period, the Group leases various offices and equipments for its operations. Lease contracts are entered into for fixed term of 1 to 5 years. The lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

To optimise lease costs during the contract period, the Group leased a machinery in which the monthly lease payment is based on the actual number of production of the previous month and a minimum lease payment guarantee at the end of the lease term. The Group initially estimates and recognises amounts expected to be payable under minimum lease payment guarantees as part of the lease liability.

Restrictions or covenants on leases

As at December 31, 2018 and 2019 and September 30, 2020, lease liabilities of RMB12,000,000, RMB32,438,000, and RMB35,130,000 are recognised with related right-of-use assets of RMB11,572,000, RMB33,661,000, and RMB33,473,000, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

18. INVESTMENTS IN SUBSIDIARIES

The Company

	At December 31,		At September 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Cost of investments	399	10,500	32,580
Deemed investment costs *(note)*	200,423	452,242	680,401
	200,822	462,742	712,981

Note: The directors of the Company resolved to waive RMB10,389,000, RMB218,306,000 and RMB228,159,000 of the amounts due from subsidiaries, as at December 31, 2018 and 2019, and September 30, 2020, respectively. As a result, such amounts form part of the net investments in subsidiaries and classified as deemed investment costs accordingly. In addition, it also included deemed investment costs in NHJK Holding which mainly represents the differences between fair value of Preferred Shares issued by the Company and receipts from the investors of Hangzhou Nuohui during the Group Reorganisation.

19. INVENTORIES

The Group

	At December 31,		At September 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Raw material	3,298	3,195	4,132
Work in process	6	123	110
Finished goods	1,227	1,238	2,617
Goods in transit to customers	–	163	337
	4,531	4,719	7,196

During the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2019 and 2020, write-down of inventories amounted to RMB1,006,000, RMB1,603,000, RMB587,000 (unaudited) and RMB1,898,000, respectively, has been recognised and included in cost of sales.

20. TRADE AND OTHER RECEIVABLES

The Group

	At December 31,		At September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	11,094	19,107	22,721
Less: Impairment loss allowance	(329)	(1,222)	(3,054)
	10,765	17,885	19,667
Staff advance	–	–	179
Rental deposits (non-current)	1,912	2,618	2,648
Prepayments for research and development services	3,248	732	349
Prepayments for property management services	74	418	209
Prepayments for legal and other professional services	326	590	565
Prepayments for listing fees	–	162	28
Advances to suppliers	219	151	112
Subscription receivables from shareholders and Preferred Shares holders of the Company *(note i)*	48,873	14,222	–
Deferred issue costs *(note ii)*	–	–	4,426
Value added tax recoverables	2,002	3,627	5,984
Loan receivables from employees *(note iii)*	–	–	2,748
Early exercise promissory notes *(note iv)*	–	–	8,389
Others	557	972	3,198
	57,211	23,492	28,835
	67,976	41,377	48,502
Analysed as:			
Non-current	1,912	2,618	6,508
Current	66,064	38,759	41,994
	67,976	41,377	48,502

The Company

	At December 31,		At September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for listing fees	–	162	28
Subscription receivables from shareholders and Preferred Shares holders of the Company *(note i)*	48,873	14,222	–
Deferred issue costs *(note ii)*	–	–	4,426
Early exercise promissory notes *(note iv)*	–	–	8,389
	48,873	14,384	12,843
Analysed as:			
Non-current	–	–	3,860
Current	48,873	14,384	8,983
	48,873	14,384	12,843

Notes:

i. Amounts represent the amounts due from the onshore PRC investors for subscribing ordinary shares and Preferred Shares issued by the Company recognised upon the Group Reorganisation.

ii. Deferred issue costs represents the qualifying portion of issue costs incurred up to September 30, 2020, which will be charged to equity of the Group as share issue costs in respect of the issue of new shares upon the Listing.

iii. The amounts represent loans to certain employees in respect of withholding tax for employees' individual income tax arising from the exercise of their respective share options. The loans are unsecured and carried interest at 4.35% per annum if the loan is repaid within 1 year, 4.75% per annum if the loan is repaid between 1 to 5 years, or 4.90% per annum if the loan is repaid after 5 years. Furthermore, under the mutual agreement between the Group and each individual borrower, the loan can be further extended or repaid any time before the expiry of the loan. In the opinion of the directors of the Company that the employees are expected to sell their shares upon the Listing and as such the loan receivables are classified as current assets.

iv. Details of the early exercise promissory notes are set out in note 31(a). As at September 30, 2020, RMB3,860,000 of the balances are expected to be received after twelve months from the end of the reporting period and classified as non-current assets. The balances was measured by using a discount rate of 4.35% for the balances expected to be repaid within 1 year and 4.75% for the remaining balances, and the difference between the principal amount of promissory notes and initial fair value recognised was RMB537,000 included in respective employees' staff cost.

At January 1, 2018, trade receivables amounted to RMB4,743,000 (net of impairment loss allowance of RMB125,000).

The Group allows an average credit period of 0 to 90 days to its trade customers. The following is an aged analysis of trade receivables, net of impairment loss allowance, presented based on revenue recognition dates at the end of each reporting period:

	At December 31,		At September 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
0 – 60 days	5,577	8,921	5,141
61 – 90 days	1,000	1,670	2,661
91 – 180 days	2,173	3,480	2,360
181 – 365 days	1,639	2,719	7,504
Over 1 year	376	1,095	2,001
	10,765	17,885	19,667

At December 31, 2018 and 2019 and September 30, 2020, included in the Group's trade receivables balances are debtors with aggregate carrying amount of RMB5,060,000, RMB9,432,000 and RMB14,121,000, respectively, which are past due as at reporting date. The Group does not hold any collateral over the Group's trade receivables.

Details of impairment assessment of trade and other receivables are set out in note 35.

As at December 31, 2019 and September 30, 2020, trade receivables of RMB17,885,000 and RMB19,667,000, respectively, and the Group's future trade receivables were pledged to secure the Group's bank borrowings as disclosed in note 26.

The Group's and the Company's other receivables that are denominated in currency other than the functional currency of the relevant group entities are set out below:

	At December 31,		At September 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
US$	48,873	14,222	8,389

21. AMOUNT(S) DUE FROM/TO RELATED PARTIES/A SUBSIDIARY

(A) Amounts due from related parties

Particulars of the amounts due from related parties are disclosed as follows. Except for the amount due from Zhejiang JFK which is trade nature, all the balances are non-trading in nature.

The Group

		At January 1,	At December 31,		At September 30,
	Relationship and details	2018	2018	2019	2020
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Yao	*(notes i, v)*	100	100	100	–
Dr. Chen	*(notes i, v)*	–	–	–	33
Mr. Zhu	*(note i)*				
– current account	*(notes v, viii)*	15,895	49,202	38,633	–
– subscription receivables for issurance of restricted shares	*(note iv)*	12,300	12,932	13,145	13,924
– withholding tax	*(note vii)*	908	2,300	3,406	3,971
– loan receivable	*(note ix)*	–	–	–	7,175
– early exercise promissory note	*(note x)*	–	–	–	29,841
Dr. Ning Lu ("Dr. Lu")	*(note i)*				
– subscription receivables for issurance of restricted shares	*(note iv)*	5,000	5,003	5,085	5,387
– withholding tax	*(note vii)*	878	1,258	1,462	1,462
Mr. Yu Gao ("Mr. Gao")	*(note i)*				
– loan receivable	*(note ix)*	–	–	–	54
– early exercise promissory note	*(note x)*	–	–	–	7,652
Zhejiang JFK Biological Technology, Inc.# 浙江今復康生物科技有限公司 ("Zhejiang JFK")	*(notes ii, v)*	–	676	–	–
High Diamond Limited	*(notes iii, v)*	–	14,167	–	–
Qiming Venture Partners V, L.P.	*(notes iii, v)*	–	24,613	–	–
Qiming Managing Directors Fund V, L.P.	*(notes iii, v)*	–	769	–	–
Nuohui Zhihui	*(notes vi, v)*	85	–	–	–
		35,166	111,020	61,831	69,499
Analysed as:					
Non-current		17,300	17,935	–	19,941
Current		17,866	93,085	61,831	49,558
		35,166	111,020	61,831	69,499

English name for identification purpose only.

The Company

	Relationship and details	At June 7, 2018 (date of incorporation)	At December 31, 2018	At December 31, 2019	At September 30, 2020
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-trade					
Mr. Zhu	*(note i)*				
– current account	*(note v)*	–	32,307	22,738	–
– subscription receivables for issuance of restricted shares	*(note iv)*	–	12,932	13,145	13,924
– early exercise promissory note	*(note x)*	–	–	–	29,841
Dr. Lu	*(note i)*				
– subscription receivables for issuance of restricted shares	*(note iv)*	–	5,003	5,085	5,387
Mr. Gao	*(note i)*				
– early exercise promissory note	*(note x)*	–	–	–	7,652
High Diamond Limited	*(notes iii, v)*	–	14,167	–	–
Qiming Venture Partners V, L.P.	*(notes iii, v)*	–	24,613	–	–
Qiming Managing Directors Fund V, L.P.	*(notes iii, v)*	–	769	–	–
		–	89,791	40,968	56,804
Analysed as:					
Non-current		–	17,935	–	19,941
Current		–	71,856	40,968	36,863
		–	89,791	40,968	56,804

Notes:

i. Being directors of the Company or key management personnel of the Group.

ii. Mr. Zhu is a director of Zhejiang JFK from April 25, 2018 to October 18, 2019. Mr. Zhu resigned as a director of Zhejiang JFK on October 18, 2019.

iii. Being Preferred Shares holders of the Company whom exercise significant influence over the Company, or Hangzhou Nuohui prior to the completion of Group Reorganisation as mentioned in note 2, throughout the Track Record Period. The amounts solely represent the subscription receivables for Preferred Shares issued to them by the Company upon the Group Reorganisation.

iv. The balance represents subscription receivables for issuance of restricted shares to Mr. Zhu and Dr. Lu. The amounts are unsecured, carried at interest at 5% per annum in accordance with the promissory note issued to Mr. Zhu and Dr. Lu and will be due for payment upon transfer of interest in the restricted shares from restricted shares holders to other investors after vesting in accordance with the Share Incentive Plan (as defined in note 31). On July 9, 2020, 918,429 shares were transferred from Mr. Zhu to other investors. In the opinion of the directors of the Company, the balances as at December 31, 2018 are expected to be received after twelve months from the end of the reporting period and are thus classified as non-current assets. As at September 30, 2020, amount of RMB1,511,000 subscription receivables related to the transferred portion and, as represented by the directors of the Company, that such amount will be settled prior to the Listing.

For the remaining balances, in the opinion of the directors of the Company, the terms of the promissory notes are fair and on normal commercial terms and the balances is expected to be repaid in accordance to the terms.

v. The amounts due from related parties are non-trading in nature, unsecured, interest-free and repayable on demand except for amount due from Zhejiang JFK which is trade nature and aged within 180 days. As represented by the directors of the Company, the amount due from Dr. Chen of RMB33,000 as at September 30, 2020 will be settled prior to the Listing.

vi. Being an ordinary shareholder of Hangzhou Nuohui.

vii. The balance represents the amounts due from Mr. Zhu and Dr. Lu in respect of withholding tax for their individual income tax with vested restricted share units. The receivables from Mr. Zhu and Dr. Lu are unsecured, interest-free and repayable on demand. In the opinion of the directors of the Company, the balance due from Mr. Zhu is expected to be settled before Listing.

viii. Included in the current account, RMB32,307,000 and RMB22,738,000 represented the unsettled capital injection for Beijing Xincheng related to Group Reorganisation as mentioned in note 2 as at December 31, 2018 and 2019, respectively.

ix. The amounts represent the loans to Mr. Zhu and Mr. Gao in respect of withholding tax for individual income tax arising from the exercise of their respective share options. The amounts are unsecured and carried interest at 4.35% per annum if the loan is repaid within 1 year, 4.75% per annum if the loan is repaid between 1 to 5 years, or 4.90% per annum if the loan is repaid after 5 years. Furthermore, under the mutual agreement between the Group and each of individual borrower, the loan can be further extended or repaid any time before the expiry of the loan. In the opinion of the directors of the Company, the amounts are expected to be settled within one year and as such the loan receivables are classified as current assets. In the opinion of the directors of the Company, the terms of the loans to Mr. Zhu and Mr. Gao are fair and on normal commercial terms and the balances is expected to be repaid in accordance to the terms.

x. Details of the early exercise promissory notes are set out in note 31(a). As at September 30, 2020, RMB16,020,000 and RMB3,921,000 due from Mr. Zhu and Mr. Gao, respectively, are expected to be received after twelve months from the end of the reporting period and therefore classified as non-current assets. The balances was measured by using a discount rate of 4.35% for the balances expected to be repaid within 1 year and 4.75% for the remaining balances, and the difference between the principal amount of promissory notes and initial fair value recognised was RMB2,702,000 included in the staff cost of Mr. Zhu and Mr. Gao. In the opinion of the directors of the Company, the terms of the early exercise promissory notes are fair and on normal commercial terms and the balances is expected to be repaid in accordance to the terms.

The Group's and the Company's amounts due from related parties that are denominated in currency other than the functional currency of the relevant group entities are set out below:

	At December 31,		At September 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
US$	89,791	40,968	56,804

For amounts due from related parties of non-trade nature, the maximum amount outstanding during the Track Record Period is as follows:

The Group

	Year ended December 31,		Nine months ended September 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Mr. Yao	100	100	100
Dr. Chen	–	–	33
Mr. Zhu	64,434	65,540	74,372
Dr. Lu	6,261	6,547	6,849
Mr. Gao	–	–	8,226
High Diamond Limited	14,167	14,167	–
Qiming Venture Partners V, L.P.	24,613	24,613	–
Qiming Managing Directors Fund V, L.P.	769	769	–

The Company

	Year ended December 31,		Nine months ended September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Mr. Zhu	45,239	45,239	46,331
Dr. Lu	5,003	5,085	5,508
Mr. Gao	–	–	8,172
High Diamond Limited	14,167	14,167	–
Qiming Venture Partners V, L.P.	24,613	24,613	–
Qiming Managing Directors Fund V, L.P.	769	769	–

(B) Amounts due to related parties

The Group

Particulars of the amounts due to related parties are disclosed as follows:

	Relationship	**At December 31,**		**At September 30,**
		2018	**2019**	**2020**
		RMB'000	*RMB'000*	*RMB'000*
Non-trade				
Mr. Yao	*(note i)*	100	100	–
Mr. Zhu	*(note i)*	56,293	15,916	21
High Diamond Limited	*(note ii)*	14,167	–	–
QM66 Limited	*(note ii)*	25,382	–	–
		95,942	16,016	21

i. Being directors of the Company. Included in the amount due to Mr. Zhu as at December 31, 2018, RMB40,383,000 represented the equity consideration payable by NHJK Holding for Group Reorganisation as mentioned in note 2. Such amount was fully paid in 2019. As represented by the directors of the Company, the amount due to Mr. Zhu of RMB21,000 as at September 30, 2020 will be settled prior to the Listing.

ii. Being Preferred Shares holders of the Company whom exercise significant influence over the Company, or Hangzhou Nuohui prior to the completion of Group Reorganisation, throughout the Track Record Period. The amounts solely represent the consideration payables for acquiring their interests in Hangzhou Nuohui.

These amounts were non-trading in nature, unsecured, interest-free and repayable on demand.

The Group's amounts due to related parties that are denominated in currency other than the functional currency of the relevant group entities are set out below:

	At December 31,		At September 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
US$	79,932	–	–

(C) Amount due from/to a subsidiary

The Company's amounts due from/to a subsidiary were non-trading in nature, unsecured, interest-free and repayable on demand.

22. CONTRACT COSTS

The Group

	As at December 31,		As at September 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Costs to fulfill contracts			
– Finished goods delivered	3,287	4,973	4,176
– Commission	–	–	402
	3,287	4,973	4,578

Contract costs relating to the sales commission fees are capitalised when they are paid or payable to CSOs whose selling activities resulted in customers entering into contracts with the Group and finished goods delivered to customers to fulfil the sales of ColoClear.

Contract costs relating to sales commission fees are recognised as part of selling and distribution expenses while costs of finished goods delivered to the customers are recognised as part of the cost of goods sold in the consolidated statements of profit or loss and other comprehensive income upon revenue is recognised.

During the years ended December 31, 2018 and 2019 and nine months ended September 30, 2019 and 2020, capitalised sales commission fee paid or payable recognised in selling and distribution expenses amounting to nil, RMB118,000, nil (unaudited) and RMB941,000, respectively, and capitalised costs of finished goods delivered to customers recognised in cost of sales amounting to RMB8,434,000, RMB9,166,000, RMB6,174,000 (unaudited) and RMB4,842,000, respectively. During the years ended December 31, 2018 and 2019 and nine months ended September 30, 2019 and 2020, contract costs relating to capitalised costs of finished goods delivered to customers amounted to RMB783,000, RMB452,000, RMB244,000 (unaudited) and RMB1,097,000, respectively, have been impaired and included in cost of sales.

23. BANK BALANCES AND CASH/TIME DEPOSITS OVER THREE MONTHS

Bank balances and cash

The Group

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The short-term bank deposits carry interests at market rates of 1.43% and ranging from 1.43% to 2.05% and 0.73% to 1.89% per annum as at December 31, 2018 and 2019 and September 30, 2020, respectively.

The Group's bank balances and cash that are denominated in currency other than the functional currency of the relevant group entities are set out below:

	At December 31,		At September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
US$	42	196,019	329,530
HK$	4	4	2,632

The Company

Bank balances held by the Company are short-term bank deposits with an original maturity of three months or less. The short-term bank deposits carry interests at market rates of 0%, 2.05% and 0.73% per annum as at December 31, 2018 and 2019 and September 30, 2020, respectively.

The Company's bank balances that are denominated in currency other than the functional currency are set out below:

	At December 31,		At September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
US$	3	193,248	189,000
HK$	–	–	1,949

Time deposits over three months

The Group

The Group held time deposits of US$75,000 (equivalent to RMB526,000) and US$20,100,000 (equivalent to RMB136,890,000) as at December 31, 2019 and September 30, 2020, respectively, with original maturity of more than 3 months which carried effective interest rates with 1.98% and ranging from 0.73% to 1.73% as at December 31, 2019 and September 30, 2020, respectively, per annum. These time deposits will mature within 12 months.

The Company

At September 30, 2020, the Company held time deposit of US$20,000,000 (equivalent to RMB136,202,000) with original maturity of more than 3 months which carried an effective interest rate of 0.73% per annum. Such time deposit will maturity within 12 months.

24. TRADE AND OTHER PAYABLES

The Group

	At December 31,		At September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	2,826	6,716	6,945
Payables for:			
– consideration for acquiring the remaining Onshore Investors' interests in Hangzhou Nuohui *(note 28A)*	48,873	–	–
– research and development fees	–	272	265
– security deposits	590	772	70
– others	1,639	206	647
Accruals for:			
– legal and professional fees	672	474	826
– selling and promotion expenses	531	1,412	2,029
– research and development fees	757	2,247	726
– travel expenses	570	679	600
– service fees	931	697	264
– other expenses *(note 7B)*	–	–	7,200
– issue costs and fees in relation to the Listing	–	–	17,957
– issue costs of Preferred Shares	–	–	325
Accrued interest expense	–	98	171
Retention monies payable to constructors	929	929	1,638
Other tax payables	3,578	4,931	5,487
	59,070	12,717	38,205
	61,896	19,433	45,150
Analysed as:			
Non-current	929	782	541
Current	60,967	18,651	44,609
	61,896	19,433	45,150

The Company

	At December 31,		At September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Accruals for issue costs and fees in relation to the Listing	–	–	17,957
Accruals for issue costs of Preferred Shares	–	–	325
Other payables	3	–	–
	3	–	18,282

The credit period on purchases of goods/services of the Group is ranging from 0 to 60 days.

The following is an aged analysis of trade payables, presented based on the invoice dates, at the end of each reporting period:

	At December 31,		At September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
0 – 60 days	2,826	5,811	6,300
61 – 90 days	–	802	645
Over 90 days	–	103	–
	2,826	6,716	6,945

The Group's other payables that are denominated in currency other than the functional currency of the relevant group entities are set out below:

	At December 31,		At September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
US$	48,873	26	11,481
HK$	–	–	684

The Company's other payables that are denominated in currency other than the functional currency of the relevant group entities are set out below:

	At December 31,		At September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
US$	–	–	11,477
HK$	–	–	684

25A. CONTRACT LIABILITIES

The Group

	At January 1,	At December 31,		At September 30,
	2018	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts received in advance prior to the performance of services or delivery of products	9,674	16,740	27,198	15,069

The significant increase in contract liabilities for the years ended December 31, 2018 and 2019 was mainly due to the advances received from customers for new contracts obtained and customers may require to settle the advances once framework agreements were entered with the Group. During the years ended December 31, 2018 and 2019 and nine months ended September 30, 2020, contract liabilities of RMB417,000, RMB7,033,000 and RMB1,361,000, respectively, were returned to customers due to the termination of the relevant contracts under mutual agreement by the Group and the customers.

The amount of revenue recognised related to carried-forward contract liabilities:

The Group

	For the year ended December 31,		For the nine months ended September 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
ColoClear	2,541	3,283	18,619

There were no revenue recognised in the current year/period that related to performance obligations that were satisfied in prior year.

25B. REFUND LIABILITIES

The Group

	At December 31,		At September 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Refund liabilities arising from Pupu tube	309	3,291	1,196

The refund liabilities relate to customers' right to exchange products within 2 months prior to expiry of Pupu tube products. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be exchanged. The Group based on accumulated historical experiences to estimate the number of exchanges on a portfolio level using the expected value method.

26. BANK BORROWINGS

The Group

	At December 31, 2019	At September 30, 2020
	RMB'000	*RMB'000*
Secured *(note i)*	50,000	92,529
Unsecured *(note ii)*	500	20,149
	50,500	112,678
The carrying amounts of the above bank borrowing are repayable*:		
Within one year	13,403	56,207
Within a period of more than one year but not exceeding two years	19,355	48,427
Within a period of more than two years but not exceeding five years	17,742	8,044
	50,500	112,678
Less: Amounts due within 12 months shown under current liabilities	(13,403)	(56,207)
Amounts shown under non-current liabilities	37,097	56,471

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Notes:

i: The amount was secured, unguaranteed, mature in November 2022, and carried at fixed interest rate (also being the effective interest rate) of 6.5% per annum. Such bank borrowing was secured by the Group's trade receivables amounting to RMB17,885,000 and RMB19,667,000 as at December 31, 2019 and September 30, 2020, respectively, and the Group's future trade receivables. Furthermore, upon the Listing, the Group is required to pay a 2% fee calculated based on the maximum amount of the borrowing drawdown by the Group during the loan period.

ii: The bank borrowing as at December 31, 2019 was unsecured, unguaranteed and carried at fixed interest rate (also being the effective interest rate) of 6% per annum. The borrowing was repaid in full in June 2020.

One of the bank borrowings as at September 30, 2020 was unsecured, unguaranteed and carried at fixed interest rate (also being the effective interest rate) of 0.98% per annum, amounting to RMB149,000. The borrowing will be repayable in full in May 2022. The other bank borrowing as at September 30, 2020, amounting to RMB20,000,000, was unsecured, unguaranteed and carried at fixed interest rate (also being the effective interest rate) of 4.80% per annum. The borrowing will be repayable in full in March 2021.

27. LEASE LIABILITIES

The Group

	At December 31,		At September 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities payable:			
Within one year	6,636	7,469	9,117
Within a period of more than one year but not exceeding two years	4,020	5,131	6,083
Within a period of more than two years but not exceeding five years	1,344	19,838	19,930
	12,000	32,438	35,130
Less: Amounts due for settlement with 12 months shown under current liabilities	(6,636)	(7,469)	(9,117)
Amounts due for settlement after 12 months shown under non-current liabilities	5,364	24,969	26,013

28A. PREFERRED SHARES

The Company and Hangzhou Nuohui entered into share purchase agreements with independent investors and issued five series of Preferred Shares as follows:

	Notes	Date of subscription	Number of investors	Subscription price per paid-in capital	Subscription price per share	Total consideration	Equivalent to RMB'000	Total number of shares of the Company subscribed (after the Group Reorganisation)
Series A-1	*i & iv*	December 30, 2015	4	RMB320	–	RMB90,000,000	90,000	18,702,125
Series A-1-2	*ii & iv*	April 11, 2017	1	–	–	–	–	3,532,690
Series A-2	*i, iii & iv*	December 29, 2017	5	RMB320	–	RMB15,000,000	15,000	3,117,021
Series B	*i & iv*	June 16, 2017	5	US$71.5298	–	US$20,000,000	134,005	18,592,671
Series C		April 15, 2019	15	–	US$1.6884	US$66,500,000	457,517	39,387,246
Series D		May 15, 2020	12	–	US$2.4038	US$20,000,001	141,658	8,320,160
Series E		July 1, 2020	8	–	US$3.6057	US$29,999,998	209,545	8,320,159

Notes:

(i) Subscribed by onshore PRC investors and their relevant investments were paid into capital of Hangzhou Nuohui. As at the date of Group Reorganisation, the aggregate paid-in capital subscribed by onshore PRC investors for their subscription on Series A (including Series A-1 and Series A-2) and Series B Preferred Shares amounting to RMB328,125 and RMB279,604, respectively. Each yuan of the paid-in capital in Hangzhou Nuohui was converted into 66.4964 shares of the Company in accordance with Group Reorganisation Agreement.

(ii) On April 17, 2017, Hangzhou Nuohui, NHJK Holding, Zhejiang Lingqing and an onshore PRC investor entered into a share purchase agreement. Pursuant to which, the board of directors of Hangzhou Nuohui agreed NHJK Holding and Zhejiang Lingqing, both being equity owners of Hangzhou Nuohui, to transfer an aggregate of RMB53,126 equivalent equity interest in paid-in capital to an onshore PRC investor as Series A-1-2 Preferred Shares. Upon the transfer of shares, no consideration had been received by Hangzhou Nuohui and the difference between the paid-in capital of the ordinary shares transferred and the fair value of the Preferred Shares of RMB12,888,000 was recognised as deemed distribution to equity owners and debited to "other reserves" in the consolidated statements of changes in equity.

(iii) On December 29, 2017, one of the onshore PRC investors transferred its Series A Preferred Shares to 5 other onshore PRC investors which were named as Series A-2. The transaction was an internal shares transfer among the PRC investors and no consideration had been received by the Company.

(iv) On July 26, 2018, the Company entered into a share transfer agreement with its onshore PRC Preferred Shares holders, except for Junlian, one of the Exit Investors. Pursuant to which, NHJK Holding agreed to purchase all the equity interests held by the onshore PRC Preferred Shares holders at a consideration of US$8,901,000 (equivalent to RMB60,301,000). The settlement of the consideration was financed by the subscription consideration received from Series C Preferred Shares holders in July 2019, and as a result, the subscription payables to the onshore PRC investors remained unpaid and recognised as other payables and amounts due to related parties as at December 31, 2018 and September 30, 2019. The subscription payables were fully settled in 2020.

The key terms of Preferred Shares are as follows:

(a) Dividend rights

Each holder of a Preferred Share shall be entitled to receive dividend on an as converted basis, for each Preferred Share held by such holder, payable in cash when and as such cash becomes legally available thereof on parity with each other, prior and in preference to any dividend on any other shares; provided that such dividends shall be payable only when, as, and if declared by the board of directors. All accrued but unpaid dividends shall be paid in cash when and as such cash becomes legally available to the holders of Preferred Shares immediately prior to the closing of a qualified IPO or a liquidation event.

(b) Conversion feature

Each Preferred Share shall be convertible, at the option of the holder thereof, at any time after the respective original issue date into such number of fully paid and non-assessable ordinary shares as determined by dividing the respective issue price by the respective conversion price (as defined below), determined as hereinafter provided, in effect at the time of the conversion. The conversion price shall initially be the respective issue price per Preferred Share. Such initial conversion price shall be subject to adjustment from time to time (including but not limited to dividends and distributions, share splits and combinations, capital reorganisation, mergers, consolidations, exchanges, substitutions or reclassification, and adjustment upon issuance of new securities for consideration per shares less than conversion price) and the initial conversion ratio for Preferred Shares to ordinary shares is 1:1.

Each Preferred Share shall automatically be converted into ordinary shares at the then respective effective Conversion Price upon (i) the closing of a Qualified Public Offering (as defined below), or (ii) for each class or series of Preferred Shares, the written consent of the holders of a majority of such class or series of Preferred Shares.

Qualified Public Offering defines as a firm underwritten public offering of the ordinary shares of the Company on Hong Kong Stock Exchange, Nasdaq Stock Market, New York Stock Exchange, London Stock Exchange or recognised regional or national securities exchange approved by the holders of a majority of the outstanding Preferred Shares.

(c) Liquidation preferences

In the event of any liquidation, dissolution or winding up of the Company, or the cessation of the business of the Group or of a substantial portion of the business of the Group, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders shall be distributed to the shareholders of the Company in the sequence as follows:

(1) Series E Preferred Shares

(2) Series D Preferred Shares

(3) Series C Preferred Shares

(4) Series B Preferred Shares

(5) Series A Preferred Shares

Except for (i) the holders of Series E Preferred Shares shall be entitled to receive an amount per share equal to one hundred percent of the issue price, plus a simple interest of 8% per annum and (ii) the holders of Series D Preferred Shares shall be entitled to receive an amount per share equal to one hundred and forty percent of the applicable Original Series D Issue Price, all other Preferred Shares holders shall be entitled to receive an amount per share equal to one hundred percent of the applicable original issue price, plus all the declared but unpaid dividends on such Series D Preferred Share up to the date of the liquidation, dissolution, or winding up of the Company, proportionally adjusted for share subdivisions, share dividends, reorganisations, reclassifications, consolidations or mergers or the like.

In the event of Trade Sales (as defined below) of the Company, any proceeds resulting to the shareholders of the Company therefrom shall be distributed in accordance with the terms stated above except that the applicable Series C liquidation amount for each of the holders of Series C Preferred Shares shall equal one hundred percent of its applicable Series C aggregate purchase price plus an internal rate of return of 16.5% per annum (compounded rate), and all the declared but unpaid dividends on each Series C Preferred Share held by such holder up to the closing date of such Trade Sales of the Company, proportionally adjusted for share subdivisions, share dividends, reorganisations, reclassifications, consolidations or mergers or the like.

"Trade Sales" refer a transaction or series of related transactions involving (i) any consolidation, amalgamation, scheme of arrangement or merger of the Company with or into any other person in which the shareholders of the Company immediately prior to such consolidation, amalgamation, merger, scheme of arrangement or reorganization own less than 50% of the voting power of the Company or the surviving or successor entity in the aggregate immediately after such consolidation, merger, amalgamation, scheme of arrangement or reorganization; or (ii) a sale, transfer, lease or other disposition of all or substantially all of the assets of the Company or any series of related transactions resulting in such sale, transfer, lease or other disposition of all or substantially all of the assets of the Company.

(d) Voting rights

The holder of any ordinary share issued and outstanding shall have one vote for each Class A ordinary share held by such holder, and the holder of any Preferred Shares shall be entitled to the number of votes equal to the number of ordinary shares into which such Preferred Shares could be converted at the record date for determination of the members entitled to vote on such matters, or, if no such record date is established, at the date such vote is taken or any written consent of members is solicited, such votes to be counted together with all other shares of the Company having general voting power and not counted separately as a class except as otherwise provided herein. Holders of ordinary shares and Preferred Shares shall be entitled to notice of any members' meeting. Ordinary shares and Preferred Shares shall vote together as a single class and calculated on an as converted basis on matters to be voted by the holders of ordinary shares and Preferred Shares.

(e) Redemption rights

In the event that the Company fails to effect a Qualified Public Offering on or after the fourth anniversary from the Series E Preferred Shares issue date, then, subject to the approval of the holders holding two-third of outstanding Series E Preferred Shares, any holder of the then outstanding Series E Preferred Shares shall be entitled to request the Company to redeem all or any part of the then outstanding Series E Preferred Shares held.

Further, upon the written request of each majority series Preferred Shares holders, the Company shall redeem the outstanding Series D Preferred Shares, at the option of any holder of the Preferred Shares on the optional redemption date, i.e. in the event that (1) the Company fails to effect a Qualified Public Offering on or before the fourth anniversary from the Series D Preferred Shares closing date; (2) the Company fails to effect a qualified trade sale on or before the fourth anniversary from the latest series of Preferred Shares closing date; (3) any group company and/or any founder party has committed material breach of covenants or undertakings by it under the transaction documents and such breach fails to be cured within a reasonable period of time as requested by the majority Series D Preferred Shares holders, provided that such breach and the failure to cure such breach shall be due to reasons not attributable to any holder of Preferred Shares; (4) any representations or warranties by any group company and/or any founder party under the transaction documents has been proven to be false, incomplete, inaccurate or misleading in any material respects, which has resulted in a material adverse effect; (5) Mr. Zhu voluntarily resigns as the Chief Executive Officer of the Company or Dr. Chen voluntarily resigns as the Chief Scientific Officer of the Company, in each case, for reasons other than serious illness, death or disability; or (6) Junlian requests the Company to redeem all or any part of the then outstanding Series A Preferred Shares or Series B Preferred Shares, subject to the approval of the majority Series D Preferred Shares holders, any holder of the then outstanding Series D Preferred Shares shall be entitled to request the Company to redeem all or part of the then outstanding Series D Preferred Shares held by it. Any holder of the Preferred Shares may give a written notice by hand or letter mail or courier service to the Company at its principal executive offices at any time or from time to time requesting redemption of all of their Preferred Shares.

Pursuant to Amended Article of Association of the Company, similar redemption events are offered to Series A, B & C Preferred Shares holders of other series which subject to respective approval requirement specific for the relevant series of Preferred Shares except that one of the Preferred Shares holders shall be entitled to request the Company to redeem all or any part of its outstanding Preferred Shares held in the event that the Company fails to effect an IPO on or before May 31, 2023.

The redemption price for each Series E Preferred Shares shall be equal to the amount applicable original Series E issue price plus 8% simple interest per annum and all declared but unpaid dividends, calculated from the applicable original Series E issue date, until the date of receipt by the holder thereof of the full Series E redemption price. The redemption price for each Series D Preferred Shares shall be equal to the amount of the applicable original Series D issue price plus 12% internal rate of return (compounded rate), calculated from the applicable original Series D issue date, until the date of receipt by the holder thereof of the full Series D redemption price. The redemption price for each Series C Preferred Shares shall be equal to the amount of the applicable original Series C issue price plus 16.5% internal rate of return (compounded rate), calculated from the original Series C issue date, until the date of receipt by the holder thereof of the full Series C redemption price. The redemption price for each Series B, Series A-2 and Series A-1 Preferred Shares redeemed shall be equal to the amount of the applicable original series B issue price plus 10% annual interest, calculated from the deemed series issue date, until the date of receipt by the holder thereof of the full series redemption price.

In addition to the rights of holders of the Series D Preferred Shares set forth above, if ColoClear fails to obtain the Class-3 Medical Device Registration Certificate from the National Medical Products Administration within eighteen months following the Series D initial closing, each holder of the Series D Preferred Shares shall have the right to require the Company to redeem all or any part of the Series D Preferred Shares and with respect to such redemption, the redemption price shall be equal to the amount of the applicable original Series D issue price plus 10% internal rate of return per annum (compounded rate), calculated from the applicable original Series D Issue Date, until the date of receipt by such holder of the full Series D redemption price.

Presentation and Classification

The Preferred Shares are regarded as financial liabilities measured at FVTPL. The directors of the Company considered that the changes in the fair value of the Preferred Shares attributable to the change in credit risk of the Group is minimal. Changes in fair value of the Preferred Shares are charged to profit or loss and included in "other gains and losses".

The Preferred Shares were valued by the directors of the Company with reference to valuation reports carried out by independent qualified professional valuers, ValueLink Management Consultants Limited and Shanghai PG Advisory Co., Ltd, which have appropriate qualifications and experiences in valuation of similar instruments. The address of ValueLink Management Consultants Limited which valuation report was referenced to for the two years ended December 31, 2018 and 2019 is Room 1201, Jing Guang Centre Business Building, 1 Chaoyangmen Outer Street, Chaoyang District, Beijing, the PRC. The Address of Shanghai PG Advisory Co., Ltd, which valuation report was referenced to for the nine months ended September 30, 2020, is Room 2408-2411, 24th Floor, 333 Chengdu North Road, Jing'an District, Shanghai.

The Company used the discounted cash flow and back-solve method to determine the underlying share value of the Company and performed an equity allocation based on OPM to arrive the fair value of the Preferred Shares as of the dates of issuance and at the end of each reporting period.

In addition to the underlying share value of the Company determined by back-solve method, other key valuation assumptions used in OPM to determine the fair value are as follows:

	At January 1, 2018	At December 31, 2018	At September 30, 2019	At December 31, 2019	At September 30, 2020
Time to liquidation	5 years	4.42 years	3.67 years	3.42 years	3.79 years
Risk-free interest	2.2%	2.5%	1.56%	1.63%	0.21%
Expected volatility value	62%	60%	55%	46%	60%
Dividend yield	0%	0%	0%	0%	0%
Possibilities under liquidation scenario	45%	40%	30%	30%	25%
Possibilities under redemption scenario	45%	40%	35%	30%	25%
Possibilities under IPO scenario	10%	20%	35%	40%	50%

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life close to period from the respective valuation dates to the expected liquidation dates. Volatility was estimated on each valuation date based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation dates. Dividend yield is based on management estimate at the valuation date.

The Group

	Preferred Shares
	RMB'000
At January 1, 2018	202,815
Changes in fair value *(note i)*	151,087
Exit of Junlian *(note ii)*	(60,452)
At December 31, 2018	293,450
Issuance of Series C Preferred Shares	457,517
Changes in fair value *(note i)*	(48,334)
Junlian resubscription *(note ii)*	47,734
At December 31, 2019	750,367
Issuance of Series D Preferred Shares	141,658
Issuance of Series E Preferred Shares	209,545
Changes in fair value *(note i)*	394,902
At September 30, 2020	1,496,472

The Company

	Preferred Shares
	RMB'000
At June 7, 2018 (date of incorporation)	–
Issuance of Preferred Shares upon the Group Reorganisation	287,504
Changes in fair value *(note i)*	5,946
At December 31, 2018	293,450
Issuance of Series C Preferred Shares	457,517
Changes in fair value *(note i)*	(48,334)
Junlian resubscription *(note ii)*	47,734
At December 31, 2019	750,367
Issuance of Series D Preferred Shares	141,658
Issuance of Series E Preferred Shares	209,545
Changes in fair value *(note i)*	394,902
At September 30, 2020	1,496,472

Notes:

(i) Changes in fair value presented in RMB includes effect of exchange on translation from US$ balances.

(ii) Junlian was one of the onshore investors of Series A-1, Series A-2 and Series B Preferred Shares and pursuant to the Group Reorganisation Agreement signed on July 26, 2018, Junlian redeemed all of its invested Preferred Shares and the redemption consideration was calculated based on terms set out in note 28B.

On July 2, 2019, the Company, NHJK Holding and Junlian further entered into share transfer agreement, pursuant to which Junlian re-subscribed for 6,234,042 Series A-1, 489,015 Series A-2 and 1,549,367 Series B Preferred Shares of the Company and transferred its equity interest in Hangzhou Nuohui to NHJK Holding at a consideration of US$2,039,000 (equivalent to RMB14,221,000).

28B. OTHER FINANCIAL LIABILITIES

Pursuant to the Group Reorganisation Agreement entered in 2018, Hangzhou Nuohui repurchased certain of its own equity and NHJK Holding acquired certain of Preferred Shares from the Exit Investors and recognised consideration payables to them. The consideration was determined based on agreed discount over equity value prior to Series C Preferred Shares issuance in April 2019. As such, the relevant consideration is accounted for as financial liabilities at FVTPL and subject to re-measurement until Series C Preferred Shares were issued.

The Group

	Consideration payables
	RMB'000
At January 1, 2018	–
Transfer from Preferred Shares *(note 28A) (note i)*	60,452
Fair value changes upon initial recognition of Junlian payable *(note i)*	(8,572)
Recognition of Zhejiang Lingqing payable	30,626
Fair value changes on exchange loss	1,019
At December 31, 2018	83,525
Fair value changes	
– prior to transfer out from other financial liabilities	20,902
– exchange gain	(1,286)
Transfer out Zhejiang Lingqing payable from Level 3 *(note ii)*	(55,407)
Transfer out Junlian payable to Preferred Shares *(note 28A)*	(47,734)
At December 31, 2019 and September 30, 2020	–

Notes:

(i) Upon the Group Reorganisation, Junlian exit from being a Preferred Share holder. The difference between the fair value of the Preferred Shares as at the date of group reorganisation and the consideration payable to Junlian was recorded as "fair value changes upon initial recognition of Junlian payable".

(ii) The consideration of Zhejiang Lingqing payable was fixed upon the Series C Preferred Shares were issued in April 2019 and the consideration payable was fully settled in August 2019.

The Company used the back-solve method to determine the underlying value of the Company as of the date of recognition and at the end of each reporting period and performed equity allocation based on OPM to arrive the fair value of the Preferred Shares upon recognition and derecognition of Junlian payable.

	At date of recognition	**At December 31, 2018**	**At date of derecognition**
Time to liquidation	4.64 years	4.42 years	3.92 years
Risk-free interest	3.04%	2.5%	1.73%
Expected volatility value	59%	60%	55%
Dividend yield	0%	0%	0%
Possibilities under liquidation scenario *(Note)*	40%	N/A	35%
Possibilities under redemption scenario *(Note)*	40%	N/A	35%
Possibilities under IPO scenario *(Note)*	20%	N/A	30%

Note: These parameters only used for OPM on equity allocation.

29. SHARE CAPITAL

The Group

The paid-in capital as at January 1, 2018 represents the paid-in capital of Hangzhou Nuohui before the completion of the Group Reorganisation. Share capital as at December 31, 2018 and 2019 and September 30, 2020 represented the issued share capital of the Company.

The Company

	Number of class A shares	Number of class B shares	Share capital
			US$'000
Ordinary shares			
Ordinary shares of US$0.0001 each			
Authorised			
At June 7, 2018 (date of incorporation)	465,832,732	34,167,268	50
Reclassification and re-designation on issuance of Series A and B Preferred Shares *(note i)*	(35,672,083)	–	(3)
At December 31, 2018	430,160,649	34,167,268	47
Reclassification and re-designation on issuance of Series C Preferred Shares *(note ii)*	(39,387,246)	–	(4)
Reclassification and re-designation on issuance of Series A and B Preferred Shares *(note iii)*	(8,272,424)	–	(1)
At December 31, 2019	382,500,979	34,167,268	42
Reclassification and re-designation on issuance of Series D Preferred Shares *(note iv)*	(8,320,160)	–	(1)
Reclassification and re-designation on issuance of Series E Preferred Shares *(note viii)*	(8,320,159)	–	(1)
At September 30, 2020	365,860,660	34,167,268	40

	Number of class A shares	Number of class B shares	Total Amount	Equivalent Amount of ordinary shares
			US$'000	*RMB'000*
Issue and fully paid				
At June 7, 2018 (date of incorporate)	–	1	–	–
Issuance of class A ordinary shares *(note v)*	24,738,672	–	3	17
Issuance of class B ordinary shares *(note vi)*	–	34,167,267	3	23
At December 31, 2018 and 2019	24,738,672	34,167,267	6	40
Transferred and converted from Class B ordinary shares into Class A ordinary shares *(note ix)*	2,618,530	(2,618,530)	–	–
Issuance of ordinary shares in relation to exercise of share options *(note 31a)*	10,011,860	–	1	7
Issuance of shares held on trust *(note x)*	1,786,721	–	–	1
At September 30, 2020	39,155,783	31,548,737	7	48

Notes:

(i) On June 7, 2018, the Company re-designated and reclassified 18,628,779 and 17,043,304 class A shares in its authorised share capital into Series A and B Preferred Shares, respectively, with details set out in note 28A.

(ii) On April 15, 2019, the Company re-designated and reclassified 39,387,246 class A shares in its authorised share capital into Series C Preferred Shares with details set out in note 28A.

(iii) On July 2, 2019, upon Junlian re-subscription of Preferred Shares, the Company re-designated and reclassified 6,234,042, 489,015 and 1,549,367 class A shares in its authorised share capital into Series A-1, A-2 and B Preferred Shares, respectively, with details set out in note 28A.

(iv) On March 31, 2020, the Company re-designated and reclassified 8,320,160 class A shares in its authorised share capital into Series D Preferred Shares with details set out in note 28A.

(v) On July 26, 2018, pursuant to the share purchase agreement, the Company allotted and issued 24,738,672 class A ordinary shares to the ordinary shareholders of Hangzhou Nuohui at a consideration of RMB26,950,000 upon the Group Reorganisation. Among the total ordinary shares, 3,985,709 shares are restricted Shares issued to Dr. Lu at a total subscription price of US$729,000 (equivalent to RMB4,945,000) in replacement of restricted shares issued to him by Hangzhou Nuohui.

(vi) On June 7, 2018, the initial subscribing shareholder transferred the issued class B ordinary share of the Company to NHYJ Holdings. The Company further allotted and issued 9,999,999 class B ordinary shares to NHYJ Holdings at par value on the same day.

On July 12, 2018, the Company allotted and issued 24,167,268 class B ordinary shares to Dr. Chen at a consideration of RMB406,000 in exchange for his entire equity interests in NHJK Holding pursuant to a share exchange agreement entered into among the Company, NHJK Holding and Dr. Chen.

Additionally, among the total 10,000,000 class B ordinary shares holding by NHYJ Holdings, 8,464,899 shares representing shares issued to Mr. Zhu in replacement of restricted shares issued to him by Hangzhou Nuohui. These shares were issued by the Company at a subscription price of US$1,885,000 (equivalent to RMB12,780,000). The subscription receivable and share premium were recognised by the Company on July 26, 2018.

(vii) Class B ordinary shares are held by the founder parties, i.e. Mr. Zhu and Dr. Chen. The holder with each Class A Ordinary Shares shall have one vote for each share held while the holder with each Class B Ordinary Shares shall have 1.14052169 vote for each share held. Each of the Preferred Shares, Class B Ordinary Shares and Class A Ordinary Shares will be converted into Shares on a one-to-one basis by way of re-designation and re-classification before the Listing.

(viii) On July 1, 2020, the Company re-designated and reclassified 8,320,159 class A shares in its authorised share capital into Series E Preferred Shares with details set out in note 28A.

(ix) On July 9, 2020, an aggregate of 2,618,530 Class B Ordinary Shares have been transferred by the founder parties, i.e. Mr. Zhu and Dr. Chen to other investors. The Class B Ordinary Shares transferred were immediately converted into Class A Ordinary Shares.

(x) On September 2, 2020, the Company allotted and issued 1,786,721 Class A Ordinary Shares to Ever Thriving Ventures Limited, to be held on trust for the benefit of eligible participants under the Share Incentive Plan (as defined in note 31).

30. RESERVES OF THE COMPANY

	Share premium	Treasury shares reserve	Share-based payments reserve	Accumulated profits/losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At June 7, 2018 (date of incorporation)	–	–	–	–	–
Loss and total comprehensive expenses for the period	–	–	–	(3,957)	(3,957)
Issuance of ordinary shares *(note 29)*	45,033	–	–	–	45,033
Transfer of share-based payments reserve from Hangzhou Nuohui to the Company *(note)*	–	–	2,253	–	2,253
Recognition of equity-settled share-based payments *(note 31)*	–	–	2,667	–	2,667
Vesting of restricted shares	2,111	–	(2,111)	–	–
At December 31, 2018	47,144	–	2,809	(3,957)	45,996
Profit and total comprehensive income for the year	–	–	–	36,615	36,615
Recognition of equity-settled share-based payments *(note 31)*	–	–	10,367	–	10,367
Vesting of restricted shares	1,083	–	(1,083)	–	–
At December 31, 2019	48,227	–	12,093	32,658	92,978
Loss and total comprehensive expenses for the period	–	–	–	(429,654)	(429,654)
Recognition of equity-settled share-based payments *(note 31)*	–	–	9,141	–	9,141
Exercise of share options *(note 31a)*	67,231	–	(17,577)	–	49,654
Vesting of restricted shares	1,036	–	(1,036)	–	–
Issuance of shares held on trust *(note 29x)*	–	(1)	–	–	(1)
At September 30, 2020	116,494	(1)	2,621	(396,996)	(277,882)

Note: Upon the completion of the Group Organisation, the remaining share-based payments reserve of Hangzhou Nuohui has been transferred to the Company.

31. SHARE-BASED PAYMENT TRANSACTIONS

On January 24, 2017, the board of directors of Hangzhou Nuohui resolved to grant to certain of its employees with options to purchase equity interests in NHXC ("Hangzhou Nuohui Share Incentive Plan"). Further on November 7, 2017, the Hangzhou Nuohui Share Incentive Plan was revised and the board of directors of Hangzhou Nuohui resolved to grant 187,236 restricted shares to a director and an employee through NHXC and Nuohui Zhihui. A portion of the ordinary shares of NHXC and the entire ordinary shares of Nuohui Zhihui are set up to hold the equity interest on behalf of Hangzhou Nuohui for future issuance of employees shares.

Upon completion of the Group Reorganisation and on October 10, 2018, the board of directors of the Company approved the Pre-IPO Share Incentive Plan (the "Plan"). The purpose of the Plan is to promote the success of the Company and to attract, motivate, retain and reward certain officers, employees, directors and other eligible persons. For shares options, pursuant to a board resolution of the Company on October 10, 2018, the options granted to certain employees of Hangzhou Nuohui under the Hangzhou Nuohui Share Incentive Plan were replaced and exchanged for options to purchase the Company's ordinary shares under the Plan. For restricted shares, upon the Group Reorganisation shares are acquired by the Company and granted to a director and an employee through NHXC and NHYJ Holding. The Hangzhou Nuohui Share Incentive Plan was then terminated. The overall limit on the number of the underlying shares which may be delivered pursuant to all awards granted under the Plan is 15,843,384 shares of the Company.

(a) Share options

Except as provided otherwise in the grant letter or offer in any other form by the board of directors, the option shall vest and become exercisable as to 25% of the total number of option granted on the first anniversary of the vesting commencement date, and the option shall vest and become exercisable as to the remaining 75% of the total number of options granted in equal monthly instalments over the subsequent thirty-six months thereafter.

Option C is subject to non-market conditions that the respective portions of options shall be vested upon the relevant milestones are reached. On April 24, 2020, the Company entered into a supplementary option agreement with Option C holders that one of the milestones was extended by three months. The fair value of the share-based payments arrangement has been remeasured on the modification date using Binomial Option Pricing Model and the incremental of fair value is considered to be insignificant.

200,000 share options granted under Option E are subject to the market performance that the entire share options granted shall vest and become exercisable when the diluted market capitalisation of the Company reaches US$3,000,000,000 for any 60 transaction days within 5 years.

On August 31, 2020, 9,772,277 share options granted to certain participants (the "Early Exercise Participants") under the Pre-IPO Share Incentive Plan were early-exercised and concurrently transferred to the Trident Trust Company (HK) Limited (the "Trustee"). The exercise price of the share options was paid by delivering a promissory note to the Company payable by each of the Early Exercise Participants (the "Early Exercise Promissory Notes"). As a result, on the same day, an aggregate of 9,772,277 Class A Ordinary Shares underlying the early-exercised share options were issued to NHXT Holdings Ltd. and Ever Thriving Ventures Limited, both being entities owned by the Trustee, to be held on trust for the benefit of the Early Exercise Participants.

Pursuant to share vesting agreements entered into between the Company and each of the Early Exercise Participants on August 31, 2020, it was agreed that the Shares held by NHXT Holdings Ltd. and Ever Thriving Ventures Limited would be subject to the same vesting schedule as that set out in the relevant option agreements at the time of grant. The Early Exercise Promissory Notes are not interest bearing and will mature on the earlier of (i) the severance date of the Early Exercise Participant's employment or consulting relationship with the Group, whereby the note will be due and payable with respect to the exercise price of the restricted shares that have not become vested, and (ii) the date on which the restricted shares are transferred, assigned, encumbered or disposed of, whereby the note will be due and payable with respect to the restricted shares transferred, assigned, encumbered or disposed of. The Early Exercise Participant shall pay the amounts due under the Early Exercise Promissory Note in full to the Company within 90 days after the maturity date.

Further, in the event of termination of the employment or consulting relationship between the Early Exercise Participant and the Group, the Company shall upon the severance date have an irrevocable, exclusive option at any time from such date to (i) in the event of a termination without cause, to repurchase all or any portion of the restricted shares that have not yet vested at a price per restricted share equal to the exercise price (adjusted for any share subdivision, share dividends and the like), or (ii) in the event of a termination with cause, unless otherwise approved by the board, to repurchase all or any portion of the restricted shares, whether such restricted shares have vested or not, at an aggregate repurchase price of US$1.00 (the "Early Exercise Repurchase Option"). As such, the shares issued upon the early exercise is considered as restricted shares and shall vest in accordance with the original vesting schedules as set out in the relevant option agreements at the time of grant. In the opinion of the directors of the Company, the above said early exercise arrangement did not modify the underlying terms and conditions of the equity instruments granted, and do not expect to have material impact to fair value of the original options.

On September 21, 2020, Dr. Lu exercised 239,583 fully vested share options and the Company allotted and issued 239,583 Class A ordinary shares to Dr. Lu for a total consideration of US$79,000 (equivalent to RMB540,000).

During the nine months ended September 30, 2020, an aggregate amount of RMB17,577,000 was transferred from share-based payments reserve to share premium upon the exercise of fully vested options.

Set out below are details of the movements of the outstanding options granted under the Hangzhou Nuohui Share Incentive Plan and the Plan during the Track Record Period:

For the year ended December 31, 2018

Option	Name of grantee	Date of grant	Exercise price	Outstanding as at 1.1.2018	Granted during the year	Cancelled during the year	Outstanding as at 12.31.2018
Director							
Option B	Director	October 10, 2018	US$0.33	–	2,500,000	–	2,500,000
Employees							
Option A	Employees	January 24, 2017	US$0.33	3,551	–	(3,551)*	–
Option A-1	Employees	January 24, 2017	US$0.33	–	236,093*	–	236,093
Option B	Employees	October 10, 2018	US$0.33	–	1,995,000	–	1,995,000
				3,551	4,731,093	(3,551)	4,731,093
	Exercisable at the end of the year						113,128
	Weighted average exercise price			US$0.33	US$0.33	US$0.33	US$0.33

* Upon the completion of the Group Reorganisation and on July 26, 2018, 3,551 share options previously granted by Hangzhou Nuohui have been cancelled and 236,093 share options have been granted by the Company to the option holders by proportion in exchange. No change in vesting terms or other clauses except the exercise price was adjusted proportionally at a conversion ratio of 66.4964 which is the same as other conversion ratio of equity investors in the Group Reorganisation. As such, it does not constitute to fair value change on the options.

For the year ended December 31, 2019

Option	Name of grantee	Date of grant	Exercise price	Outstanding as at 1.1.2019	Granted during the year	Cancelled during the year	Outstanding as at 12.31.2019
Director							
Option B	Director	October 10, 2018	US$0.33	2,500,000	–	–	2,500,000
Option C	Director	May 14, 2019	US$0.84	–	5,521,070	–	5,521,070
Employees							
Option A-1	Employees	January 24, 2017	US$0.33	236,093	–	–	236,093
Option B	Employees	October 10, 2018	US$0.33	1,995,000	–	–	1,995,000
				4,731,093	5,521,070	–	10,252,163
	Exercisable at the end of the year						1,483,193
	Weighted average exercise price			US$0.33	US$0.84	–	US$0.60

For the nine months ended September 30, 2020

Option	Name of grantee	Date of grant	Exercise price	Outstanding as at 1.1.2020	Granted during the period	Exercised and converted to restricted shares on 31.8.2020	Exercised on 21.9.2020	Outstanding as at 30.9.2020
Director								
Option B	Director	October 10, 2018	US$0.33	2,500,000	–	(2,500,000)	–	–
Option C	Director	May 14, 2019	US$0.84	5,521,070	–	(2,760,535)	–	2,760,535
Option D	Director	April 24, 2020	US$1.20	–	1,250,000	(1,250,000)	–	–
Employees								
Option A-1	Employees	January 24, 2017	US$0.33	236,093	–	(236,093)	–	–
Option B	Employees	October 10, 2018	US$0.33	1,995,000	–	(1,380,649)	(239,583)	374,768
Option D	Employees	April 24, 2020	US$1.20	–	1,289,500	(645,000)	–	644,500
Option E	Employees	June 1, 2020	US$1.20	–	1,000,000	(1,000,000)	–	–
Option F	Employees	June 10, 2020	US$1.20	–	200,000	–	–	200,000
				10,252,163	3,739,500	(9,772,277)	(239,583)	3,979,803
	Exercisable at the end of the period							–
	Weighted average exercise price			US$0.60	US$1.20	US$0.72		US$0.87

The shares issued upon the Early Exercise Participants exercised their share options were converted to restricted shares subject to the original vesting terms and the following table summarised the Group's unvested restricted shares movement:

	Numbers of unvested restricted shares
Issue of shares upon early exercise of options on August 31, 2020	9,772,277
Vested	(2,620,257)
Unvested as at September 30, 2020	7,152,020

The fair value of the options granted was determined using the Binomial Option Pricing Model. These fair values and corresponding inputs into the model were as follows:

	Option A/A-1 Employee	Option B Directors	Option B Employee	Option C Directors	Option D Directors	Option D Employee	Option E Employee	Option F Employee
Share Price	US$19.77/ US$0.30	US$0.72	US$0.72	US$0.7	US$0.86	US$0.86	US$1.55	US$1.55
Exercise price	US$21.94/ US$0.33	US$0.33	US$0.33	US$0.84	US$1.20	US$1.20	US$1.20	US$1.20
Expected volatility	68%	65%	65%	58%	57%	57%	57%	57%
Risk-free rate	2.47%	3.22%	3.22%	2.42%	0.60%	0.60%	0.66%	0.66%
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%	0%
Grant date option fair value per share	US$11.40/ US$0.17	US$0.53	US$0.52	US$0.40	US$0.45	US$0.42	US$0.97	US$0.91
Fair value at grant date	RMB278,000	RMB9,173,000	RMB7,202,000	RMB15,294,000	RMB4,004,000	RMB3,931,000	RMB6,825,000	RMB1,295,000

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life close to the option life of the share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share options. Dividend yield is based on management estimation at the grant date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The Group recognised the total expense of RMB2,246,000, RMB9,994,000, RMB8,280,000 (unaudited) and RMB9,044,000, respectively, for the years ended December 31, 2018 and 2019 and for the nine months ended September 30, 2019 and 2020, respectively in relation to share options granted by the Company.

(b) Restricted shares

On November 7, 2017, directors of Hangzhou Nuohui resolved to issue restricted shares that are equivalent to RMB187,236 paid-in capital of Hangzhou Nuohui to a director and an employee under the Hangzhou Nuohui Share Incentive Plan (the "2017 Restricted Shares Plan").

(i) A director

On November 7, 2017, Hangzhou Nuohui granted restricted shares that are equivalent to RMB99,900 and RMB27,396 paid-in capital of Hangzhou Nuohui to Mr. Zhu at a subscription price of RMB10,000,000 and RMB2,428,000 through NHXC and Nuohui Zhihui, respectively.

The restricted shares shall initially be unvested and subject to repurchase by Hangzhou Nuohui at subscription price paid by the employees upon voluntary or involuntary termination of employment and upon the Group Reorganisation, a new share repurchase option has been signed with the Company (the "Repurchase Option"). One forth (25%) of the restricted shares shall vest on the first anniversary year from the commencement date and the remaining portion (75%) of the restricted shares shall be vested rateably on a monthly basis over a 36-months vesting period and released from the Repurchase Option, except for vesting due to specific clause and reasons. First vesting commencement date for restricted shares issued under NHXC and Nuohui Zhihui was July 1, 2015 and July 18, 2017, respectively.

(ii) An employee

On November 7, 2017, Hangzhou Nuohui granted restricted shares that are equivalent to RMB59,940 paid-in capital of Hangzhou Nuohui to Dr. Lu at a subscription price of RMB5,059,000 through NHXC.

The restricted shares shall initially be unvested. Among the 59,940 shares, 9,500 shares are vested on July 26, 2018. For the remaining 50,440 shares, one forth (25%) of the restricted shares shall vest on July 1, 2015 and the remaining portion (75% of the restricted shares) shall be vested rateably on a monthly basis over a 36-months vesting period and released from the Repurchase Option, except for vesting due to specific clause and reasons.

The eligible employees shall not sell, assign, transfer, pledge, hypothecate or otherwise dispose of any unvested shares and the eligible employees shall not transfer any vested shares, or any interest therein until the employees have offered the Company the right to purchase the vested shares at the same price and on the same terms and conditions as those offered to any prospective transferee.

The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income for restricted shares granted to an employee and a director of the Company are RMB2,149,000, RMB373,000, RMB323,000 (unaudited) and RMB97,000 for the years ended December 31, 2018 and 2019 and for the nine months ended September 30, 2019 and 2020, respectively.

The restricted shares were valued by the directors with reference to the valuation carried out by ValueLink Management Consultants Limited, on the grant date of the restricted shares. The fair value of the restricted shares was determined by discounted cash flow and back-solve method and equity allocation using the OPM. The fair value of the restricted shares was determined to be US$20.84 (equivalent to RMB141.08) per paid-in capital.

The following table summarised the Group's unvested restricted shares movement under the 2017 Restricted Shares Plan.

	Numbers of unvested restricted shares	**Weighted average grant date fair value per paid-in capital/share** *RMB*
Unvested as at January 1, 2018	93,274	141.08
Vested prior to the Group Reorganisation	(25,642)	141.08
Additional issuance of shares *(note)*	4,885,158	N/A
Vested after the Group Reorganisation	(2,526,578)	2.12
Unvested as at December 31, 2018	2,426,212	2.12
Vested	(1,591,233)	2.12
Unvested as at September 30, 2019 (unaudited)	834,979	2.12
Vested	(113,861)	2.12
Unvested as at December 31, 2019	721,118	2.12
Vested	(341,582)	2.12
Unvested as at September 30, 2020	379,536	2.12

Note: Each unvested shares was converted at a conversion ratio of 66.4964 which is the same as other conversion ratio of other equity investors in the Group Reorganisation.

32. RELATED PARTY TRANSACTIONS

Save for disclosed in elsewhere of the Historical Financial Information, the Group has the following transactions and balances with its related parties during the Track Record Period.

(a) Related party transactions

	Year ended December 31,		Nine months ended September 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
(i) Purchase of inventories			
– Zhejiang JFK *(note)*	324	–	–
(ii) Interest income on subscription receivable *(note 21iv)*			
– Mr. Zhu	–	–	1,121
– Dr. Lu	–	–	423
	–	–	1,544

Note: Mr. Zhu was a director of Zhejiang JFK for the period from April 25, 2018 to October 18, 2019 and the amount disclosed above did not cover transaction after October 18, 2019.

(b) Related party balances

Details of the outstanding balances with related parties are set out in note 21.

(c) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management of the Group during the Track Record Period were as follows:

The emoluments of these employees are within the following bands:

	Year ended December 31,		Nine months ended September 30,	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salary and other benefits	3,685	3,794	2,648	8,773
Retirement benefit scheme contribution	72	69	53	54
Share-based payments	3,608	7,878	6,207	7,190
Discretionary bonus *(note)*	1,464	540	–	–
	8,829	12,281	8,908	16,017

Note: Discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

33. CAPITAL COMMITMENT

	At December 31,		At September 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Capital expenditure contracted for but not provided in the Historical Financial Information:			
– Property and equipment	53	3,873	11,285
– Intangible assets	–	256	467
	53	4,129	11,752

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debts, which includes bank borrowings and Preferred Shares, and net of bank balances and cash, and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the new share issues as well as the issue of new debt and redemption of existing debts.

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	At December 31,		At September 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Amortised cost	249,818	444,488	713,084
Early exercise promissory notes at FVTPL	–	–	45,882
	249,818	444,488	758,966
Financial liabilities			
Amortised cost	150,799	75,411	122,264
Designated as at FVTPL			
– Preferred Shares	293,450	750,367	1,496,472
– Other financial liabilities	83,525	–	–
	376,975	750,367	1,496,472
	527,774	825,778	1,618,736

The Company

	At December 31,		At September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Amortised cost	138,667	380,981	475,853
Early exercise promissory notes at FVTPL	–	–	45,882
	138,667	380,981	521,735
Financial liabilities			
Amortised cost	3	500	2,250
Designated as at FVTPL			
– Preferred Shares	293,450	750,367	1,496,472
	293,453	750,867	1,498,722

(b) Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade and other receivables, amount(s) due from/to related parties and a subsidiary, time deposits over three months, bank balances and cash, trade and other payables, bank borrowings and other financial liabilities and Preferred Shares at FVTPL. Details of these financial assets and liabilities are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain time deposits, bank balances and cash, other receivables, amounts due from/to related parties, other payables, other financial liabilities, and Preferred Shares are denominated in foreign currency of respective group entities which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and liabilities at the end of each reporting period are mainly as follows:

The Group

	At December 31,		At September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Assets			
US$	138,706	251,735	531,613
HK$	4	4	2,632
Liabilities			
US$	505,781	750,393	1,496,624

The Company

	At December 31,		At September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Assets			
US$	138,667	248,438	390,395
HK$	–	–	1,949
Liabilities			
US$	293,450	750,367	1,496,472

Sensitivity analysis

The following table details the Group's and the Company's sensitivity to a 5% increase and decrease in RMB against US$ or HK$, the foreign currency with which the Group and the Company may have a material exposure. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. A positive number below indicates a decrease in loss where RMB strengthens 5% against US$ or HK$. For a 5% weakening of RMB against US$ or HK$, there would be an equal and opposite impact on loss for the year/period.

	For the year ended December 31,		For the nine months ended September 30,
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Impact on profit or loss			
The Group			
US$	18,354	24,933	48,251
HK$	–	–	(132)
The Company			
US$	7,739	25,096	55,304
HK$	–	–	(97)

The directors of the Company considered the sensitivity analysis is unrepresentative of the foreign exchange risk as the exposure at the end of each reporting period does not reflect the exposure during the relevant periods.

(ii) Interest rate risk

The Group and the Company are primarily exposed to fair value interest rate risk in relation to lease liabilities, fixed-rate time deposits, fixed-rate bank borrowings and cash flow risk in relation to variable-rate bank balances and cash. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Company considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances and cash is insignificant because the current market interest rates are relatively low and stable.

(iii) Other price risk

The Group and the Company are exposed to other price risk arising from Preferred Shares and other financial liabilities which were classified as financial liabilities at FVTPL.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date for financial liabilities at FVTPL.

If the equity value of the Group had been changed based on the 5% higher/lower:

- the post-tax loss of the Group for the year ended December 31, 2018 would increase by approximately RMB3,214,000 and decrease by approximately RMB3,194,000;
- the post-tax loss of the Group for the year ended December 31, 2019 would decrease by approximately RMB21,188,000 and increase by approximately RMB21,007,000; and
- the post-tax loss of the Group for the nine months ended September 30, 2020 would increase by approximately RMB66,400,000 and decrease by approximately RMB66,625,000.

If the equity value of the Company had been changed based on the 5% higher/lower:

- the post-tax loss of the Company for the year ended December 31, 2018 would increase by approximately RMB3,214,000 and decrease by approximately RMB3,194,000;
- the post-tax loss of the Company for the year ended December 31, 2019 would decrease by approximately RMB21,188,000 and increase by approximately RMB21,007,000; and
- the post-tax loss of the Company for the nine months ended September 30, 2020 would increase by approximately RMB66,400,000 and decrease by approximately RMB66,625,000.

Credit risk

The Group's maximum exposures to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Normally, the Group grants a credit period of 0-90 days and grant credit term up to 180 days for certain long term customers. The Group may request advances from new or certain customers upon signing sales agreements or placing orders to minimise the credit risks.

The Group has concentration of credit risk as 72%, 61% and 58% of the total trade receivables was due from the Group's largest customer, and 81%, 66% and 62% of the total trade receivables was due from the five largest customers, as at December 31, 2018 and 2019 and September 30, 2020, respectively.

In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. Except for debtors with significant outstanding balances, which are assessed for impairment individually, the remaining trade receivables are grouped under a provision matrix based on shared credit-risk characteristics by reference to debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Assessment is performed based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. Details of the quantitative disclosures are set out below in this note.

Bank balances and cash and time deposits over three months

The credit risks on bank balances and cash and time deposits over three months are limited because the counterparties are mainly reputable banks and financial institutions with high credit ratings assigned by international credit-rating agencies. The Group assesses 12m ECL for bank balances and cash and time deposits over three months by reference to information relating to average loss rates of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the ECL on bank balances and cash is considered insignificant.

Other receivables and refundable deposits

The management of the Group makes periodic individual assessment on the recoverability of other receivables and refundable deposits based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information under ECL model upon application of IFRS 9. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balances of other receivables and refundable deposits.

Amount(s) due from related parties/a subsidiary

For the purpose of impairment assessment of amounts due from related parties/a subsidiary, the loss allowance is measured at an amount equals to 12m ECL. In assessing the probability of defaults of amounts due from related parties/a subsidiary, the management has taken into account the financial position of the counterparties as well as forward looking information that is available without undue cost or effort. Management considered the ECL provision of amounts due from related parties/a subsidiary is insignificant.

The Group's and the Company's credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/items
Low	Low risk types customers represent the counterparty with good reputation and repayment history (refer to as Stage 1)	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired (refer to as Stage 2)	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	Financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The table below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

The Group

December 31, 2018

	Notes	External credit Ratings	Internal credit Ratings	12m or lifetime ECL	Gross carrying amount
					RMB'000
Trade receivables	*20*	N/A	Note	Lifetime ECL (provision matrix)	2,929
			Low	Lifetime ECL	7,943
			Loss	Lifetime ECL – credit-impaired	222
					11,094
Other receivables	*20*	N/A	Low	12m ECL	51,342
Amounts due from related parties	*21A*	N/A	Low	12m ECL	111,020
Bank balances and cash	*23*	AAA	N/A	12m ECL	76,691

December 31, 2019

	Notes	**External credit Ratings**	**Internal credit Ratings**	**12m or lifetime ECL**	**Gross carrying amount**
					RMB'000
Trade receivables	*20*	N/A	Note	Lifetime ECL (provision matrix)	6,182
			Low	Lifetime ECL	11,714
			Loss	Lifetime ECL - credit-impaired	1,211
					19,107
Other receivables	*20*	N/A	Low	12m ECL	17,812
Amounts due from related parties	*21A*	N/A	Low	12m ECL	61,831
Time deposits over three months	*23*	AA to AA+	N/A	12m ECL	526
Bank balances and cash	*23*	AA to AAA	N/A	12m ECL	346,434

September 30, 2020

	Notes	**External credit Ratings**	**Internal credit Ratings**	**12m or lifetime ECL**	**Gross carrying amount**
					RMB'000
Trade receivables	*20*	N/A	Note	Lifetime ECL (provision matrix)	7,336
			Low	Lifetime ECL	13,277
			Loss	Lifetime ECL - credit-impaired	2,108
					22,721
Other receivables	*20*	N/A	Low	12m ECL	8,594
Amounts due from related parties	*21A*	N/A	Low	12m ECL	32,006
Time deposits over three months	*23*	AAA	N/A	12m ECL	136,890
Bank balances and cash	*23*	AA to AAA	N/A	12m ECL	515,927

The Company

December 31, 2018

	Notes	**External credit Ratings**	**Internal credit Ratings**	**12m or lifetime ECL**	**Gross carrying amount**
					RMB'000
Other receivables	*20*	N/A	Low	12m ECL	48,873
Amounts due from related parties	*21A*	N/A	Low	12m ECL	89,791
Bank balances	*23*	AAA	N/A	12m ECL	3

December 31, 2019

	Notes	**External credit Ratings**	**Internal credit Ratings**	**12m or lifetime ECL**	**Gross carrying amount**
					RMB'000
Other receivables	*20*	N/A	Low	12m ECL	14,222
Amounts due from related parties	*21A*	N/A	Low	12m ECL	40,968
Amount due from a subsidiary	*21C*	N/A	Low	12m ECL	132,543
Bank balances	*23*	AA+ to AAA	N/A	12m ECL	193,248

September 30, 2020

	Notes	**External credit Ratings**	**Internal credit Ratings**	**12m or lifetime ECL**	**Gross carrying amount**
					RMB'000
Amounts due from related parties	*21A*	N/A	Low	12m ECL	19,311
Amount due from a subsidiary	*21C*	N/A	Low	12m ECL	129,391
Time deposits over three months	*23*	AA to AA+	N/A	12m ECL	136,202
Bank balances	*23*	AA+ to AAA	N/A	12m ECL	190,949

Note: For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the ECL on these items by using a provision matrix for debtors grouped by internal credit rating and by past due status. As part of the Group's credit risk management, the Group applies internal credit rating for its customers.

As at December 31, 2018 and 2019 and September 30, 2020, trade receivables with significant outstanding balances and with aggregate gross carrying amount of RMB7,943,000, RMB11,714,000 and RMB13,277,000, respectively, are assessed individually. These balances are from counterparties which have low risk of default as the counterparties with good reputation. The exposure to credit risk for these balances are assessed within lifetime ECL with an average loss rate of approximately 1.12%, 2.65% and 4.95% as at December 31, 2018 and 2019 and September 30, 2020, respectively, and impairment allowance of RMB89,000, RMB310,000 and RMB657,000 was provided by the Group as at December 31, 2018 and 2019 and September 30, 2020, respectively.

Trade receivables that are credit-impaired with an aggregate gross carrying amount of RMB222,000, RMB1,211,000 and RMB2,108,000 as at December 31, 2018 and 2019 and September 30, 2020. The exposure to credit risk for these balances is assessed within lifetime ECL (credit-impaired) with an average loss rate of approximately 63.86%, 62.51% and 91.98% as at December 31, 2018 and 2019 and September 30, 2020, respectively, and impairment allowance of RMB140,000, RMB757,000 and RMB1,939,000 was provided by the Group as at December 31, 2018 and 2019 and September 30, 2020, respectively.

As part of the assessment of the lifetime ECL for each credit-impaired trade receivables, the management of the Group has obtained an analysis on the counterparties' credit risk characteristics by reviewing the trading history and historical settlement pattern with the Group. The management of the Group estimates the amount of lifetime ECL based on expectation on cash flows that take into account the credit risk characteristics of individual debtors taking into consideration of historical settlement record adjusted to reflect current conditions and forward-looking information that is reasonably and supportably available to directors of the Company without undue cost or effort, and are updated at each reporting date if considered to be required.

The remaining trade receivables with gross carrying amount of RMB2,929,000, RMB6,182,000 and RMB7,336,000, as at December 31, 2018 and 2019 and September 30, 2020, are assessed based on debtors' aging. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired):

Gross carrying amount as at December 31, 2018

	Average loss rate	Trade receivables
		RMB'000
0 – 90 days past due	0.00	1,808
91 – 180 days past due	1.69	592
181 – 365 days past due	13.95	301
1 – 2 years past due	21.05	228
		2,929

Gross carrying amount as at December 31, 2019

	Average loss rate	Trade receivables
		RMB'000
0 – 90 days past due	0.00	4,155
91 – 180 days past due	1.65	1,212
181 – 365 days past due	16.20	753
1 – 2 years past due	20.97	62
		6,182

Gross carrying amount as at September 30, 2020

	Average loss rate	Trade receivables
		RMB'000
0 – 90 days past due	0.00	4,008
91 – 180 days past due	2.27	1,144
181 – 365 days past due	19.76	2,166
1 – 2 years past due	22.22	18
		7,336

During the year ended December 31, 2018 and 2019 and nine months ended September 30, 2020, the Group recognised net loss allowance based on the provision matrix for trade receivables of RMB20,000, RMB55,000 and RMB303,000, respectively. Net loss allowance of RMB184,000, RMB838,000 and RMB1,529,000 were made on trade receivables with significant balances and credit-impaired debtors during the year ended December 31, 2018 and 2019 and nine months ended September 30, 2020, respectively.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under simplified approach:

	Lifetime ECL (not credit-impaired)	**Lifetime ECL (credit-impaired)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2018	110	15	125
Impairment loss allowance recognised	79	125	204
Transfer to credit-impaired	–	–	–
At December 31, 2018	189	140	329
Impairment loss allowance recognised	512	381	893
Transfer to credit-impaired	(236)	236	–
At December 31, 2019	465	757	1,222
Impairment loss allowance recognised	937	895	1,832
Transfer to credit-impaired	(287)	287	–
At September 30, 2020	1,115	1,939	3,054

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. The Group and the Company relies on bank borrowings and issuance of Preferred Shares as a significant source of liquidity.

As at December 31, 2018 and 2019 and September 30, 2020, the Group has bank borrowings of approximately nil, RMB50,500,000 and RMB112,678,000, respectively and details of which are set out in note 26. The directors of the Company are satisfied that the Group and the Company will have sufficient financial resource to meet its financial obligation as they fall due for a period of twelve months from September 30, 2020 after review of the Group's and the Company's cashflow projection covering the same period and taking into account of the aforesaid proceeds from the Preferred Shares and the expected working capital requirements.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

The Group	Weighted average effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2018						
Trade and other payables	–	54,857	–	–	54,857	54,857
Amounts due to related parties	–	95,942	–	–	95,942	95,942
Preferred Shares	10%	–	–	494,566	494,566	293,450
Other financial liabilities	–	83,525	–	–	83,525	83,525
Lease liabilities	4.75%	7,084	4,102	1,368	12,554	12,000
		241,408	4,102	495,934	741,444	539,774

The Group	Weighted average effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2019						
Trade and other payables	–	8,895	–	–	8,895	8,895
Amounts due to related parties	–	16,016	–	–	16,016	16,016
Bank borrowings	6.50%	16,473	21,214	18,320	56,007	50,500
Preferred Shares	14%	–	–	1,374,262	1,374,262	750,367
Lease liabilities	5.79%	8,051	5,401	26,486	39,938	32,438
		49,435	26,615	1,419,068	1,495,118	858,216

The Group	Weighted average effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At September 30, 2020						
Trade and other payables	–	9,565	–	–	9,565	9,565
Amounts due to related parties	–	21	–	–	21	21
Bank borrowings	6.5%	64,372	53,275	8,547	126,194	112,678
Preferred Shares	13%	–	–	2,053,406	2,053,406	1,496,472
Lease liabilities	6.39%	9,520	6,291	26,108	41,919	35,130
		83,478	59,566	2,088,061	2,231,105	1,653,866

The Company	Weighted average effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2018						
Other payables	–	3	–	–	3	3
Preferred Shares	10%	–	–	494,566	494,566	293,450

	Weighted average effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2019						
Amount due to a subsidiary	–	500	–	–	500	500
Preferred Shares	14%	–	–	1,374,262	1,374,262	750,367

	Weighted average effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At September 30, 2020						
Amount due to a subsidiary	–	2,250	–	–	2,250	2,250
Preferred Shares	13%	–	–	2,053,406	2,053,406	1,496,472

(c) Fair value measurements of financial instruments

The fair value of financial assets and financial liabilities (except for those set out below) are determined in accordance with generally accepted pricing models based on the discounted cash flow analysis using prices from observable current market transactions.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

	Fair value as at December 31,		Fair value as at September 30,	Fair value hierarchy	Valuation technique and key input	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2018	2019	2020				
	RMB'000	*RMB'000*	*RMB'000*				
The Group and the Company							
Preferred Shares	293,450	750,367	1,496,472	Level 3	Back-solved method and OPM – the key inputs are time to liquidity, risk-free interest rate, volatility and dividend yield	Time to liquidity 2018: 4.42 years 2019: 3.42 years 2020: 3.79 years	The longer the time to liquidity, the lower the fair value (note i)
Early exercise promissory notes receivables	–	–	45,882	Level 3	Discounted cash flow – the key inputs are time to repayment and discount rate	Time to repay 2020: Based on the vesting term of the options of each Early Exercise Participants.	The longer the time to repay, the lower the fair value (note ii)
The Group							
Other financial liabilities	83,525	–	–	Level 3	Back-solved method and OPM – the key inputs are time to liquidity, risk-free interest rate, volatility and dividend yield	Time to liquidity 2018: 4.42 years	The longer the time to liquidity, the lower the fair value (note iii)

Notes:

(i) A 0.5 year increase/decrease in the time to liquidity, while all other variables keep constant, would decrease the carrying amount of Preferred Shares as at December 31, 2018 and 2019 and September 30, 2020 by RMB2,461,000, RMB2,904,000 and RMB2,983,000, increase the carrying amount as at December 31, 2018 and 2019 and September 30, 2020 by RMB2,477,000, RMB3,248,000 and RMB3,091,000, respectively.

(ii) A 0.5 year increase in time to repay, while all other variables keep constant, would decrease the carrying amount by RMB344,000 of early exercise promissory notes receivables as at September 30, 2020.

(iii) A 0.5 year increase/decrease in the time to liquidity, while all other variables keep constant, would increase/decrease the carrying amount of other financial liabilities as at December 31, 2018 by RMB19,749,000.

There were no transfers between Level 1 and 2 during the Track Record Period.

(ii) Reconciliation of Level 3 fair value measurements

The reconciliation of Level 3 measurements of Preferred Shares and other financial liabilities are set out in notes 28A and 28B, respectively. Fair value gains or losses on financial liabilities at FVTPL are included in "other gains and losses".

The reconciliation of Level 3 measurements of early exercise promissory notes receivables are set out as follows:

	Other receivables	Amounts due from related parties	Total
At the date of issurance	8,926	40,195	49,121
Initial fair value charge to profit or loss (included in staff cost)	(537)	(2,702)	(3,239)
As at September 30, 2020	8,389	37,493	45,882

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's and the Company's financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

36. RETIREMENT BENEFIT PLANS

The total amount provided by the Group to the schemes and charged to profit or loss are RMB2,446,000, RMB3,106,000, RMB2,282,000 (unaudited) and RMB1,370,000 for the year ended December 31, 2018 and 2019 and nine months ended September 30, 2019 and 2020, respectively.

The employees of the Group's subsidiary in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. Subsidiaries are required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions.

37. PARTICULARS OF SUBSIDIARIES/CONSOLIDATED AFFILIATED ENTITIES

As at December 31, 2018 and 2019, and September 30, 2020 and the date of this report, the Group's subsidiaries/Consolidated Affiliated Entities are as follows:

Name of subsidiary/ Consolidated Affiliated Entities	Place and date of establishment/ incorporation	Issued and fully paid share/ registered capital	Equity interest attributable to the Group				Principal activities	Notes
			as at December 31, 2018	2019	as at September 30, 2020	as at the date of this report		
			%	%	%	%		
NHJK Holding	Hong Kong May 29, 2015	Issued capital of HK$1 and paid-in capital of HK$1	100%	100%	100%	100%	Investment holding company	b
NH Health USA Inc.	USA June 26, 2019	Issued capital of Nil and paid-in capital of Nil	N/A	100%	100%	100%	Research & Development	c
Hangzhou Nuohui	The PRC November 19, 2015	Registered capital of RMB44,222,000 and paid-up capital of RMB1,692,000	100%	100%	100%	100%	Research and development of medical diagnostic technology, technical service, technical transfer, technical consultation, manufacturing and sales of medical and laboratory equipment, technological import and export	d
Beijing Xincheng*	The PRC February 29, 2016	Registered capital of RMB12,000,000 and paid-up capital of RMB12,000,000	100%	100%	100%	100%	Investment holding company	e
Beijing Nuoan Lab*	The PRC March 9, 2016	Registered capital of RMB6,000,000 and paid-up capital of RMB6,000,000	100%	100%	100%	100%	Development of medical diagnostics technology, technical service, technical consultation, medical services	e
Hangzhou Nuokang Lab*	The PRC June 3, 2016	Registered capital of RMB10,000,000 and paid-up capital of RMB10,000,000	100%	100%	100%	100%	Development of medical diagnostics technology, technical service, technical consultation, manufacturing of FOBT kit	e
Guangzhou Nuohui Lab*	The PRC May 28, 2019	Registered capital of RMB5,000,000 and paid-up capital of RMB5,000,000	N/A	100%	100%	100%	Laboratory medical research and development	f

Name of subsidiary/ Consolidated Affiliated Entities	Place and date of establishment/ incorporation	Issued and fully paid share/ registered capital	Equity interest attributable to the Group as at December 31, 2018	2019	as at September 30, 2020	as at the date of this report	Principal activities	Notes
			%	%	%	%		
Shanghai Linnuo	The PRC December 11, 2020	Registered capital of RMB5,000,000 and paid-up capital of Nil	N/A	N/A	N/A	100%	Financing Company	

Notes:

* These companies are Consolidated Affiliated Entities of the Group.

a. All of the subsidiaries adopted December 31 as financial year end.

b. The statutory financial statements of NHJK Holding for the years ended December 31, 2018 and 2019 were prepared in accordance with Hong Kong Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA and were audited by Lee Heung Wing Certified Public Accountant, a certified public accountant registered in Hong Kong.

c. No statutory financial statements requirement for NH Health USA Inc..

d. The statutory financial statements of Hangzhou Nuohui for the years ended December 31, 2018 and 2019 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and was audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP.

e. The statutory financial statements of Beijing Xincheng, Beijing Nuoan Lab and Hangzhou Nuokang Lab for the years ended December 31, 2018 and 2019 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Zhejiang South Audit Group Certified Public Accountants Co., Ltd.# (浙江南方會計師事務所有限公司).

f. The statutory financial statements of Guangzhou Nuohui Lab for the period from May 28, 2019 (date of establishment) to December 31, 2019 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Zhejiang South Audit Group Certified Public Accountants Co., Ltd.# (浙江南方會計師事務所有限公司).

None of the subsidiaries has issued any debt securities as at December 31, 2018 and 2019, and September 30, 2020.

English name is for identification purpose only.

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings	Accrued interest expense	Consideration payable for acquiring interest from Zhejiang Lingqing	Preferred Shares	Consideration payables for Junlian	Lease liabilities	Amounts due to related parties	Payment for Listing expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2018	–	–	–	202,815	–	14,990	–	–	217,805
Financing cash flows	–	–	–	–	–	(6,209)	5	–	(6,204)
Acquisition of equity interest of Hangzhou Nuohui from Junlian and Zhejiang Lingqing	–	–	74	(60,452)	60,452	–	–	–	74
Distribution to Zhejiang Lingqing	–	–	30,552	–	–	–	–	–	30,552
Interest expenses	–	–	–	–	–	458	–	–	458
New leases entered	–	–	–	–	–	2,761	–	–	2,761
Fair value changes	–	–	378	151,087	(7,931)	–	–	–	143,534
At December 31, 2018	–	–	31,004	293,450	52,521	12,000	5	–	388,980
Financing cash flows	50,500	(215)	(55,965)	457,517	–	(9,350)	6	(28)	442,465
Interest expenses	–	313	–	–	–	938	–	–	1,251
New leases entered	–	–	–	–	–	28,850	–	–	28,850
Realised foreign exchange loss	–	–	558	–	–	–	–	–	558
Fair value changes	–	–	24,403	(48,334)	(4,787)	–	–	–	(28,718)
Junlian resubscription	–	–	–	47,734	(47,734)	–	–	–	–
At December 31, 2019	50,500	98	–	750,367	–	32,438	11	(28)	833,386
Financing cash flows	62,178	(2,903)	–	351,203	–	(8,716)	5	(1,223)	400,544
Interest expenses	–	2,976	–	–	–	1,513	–	–	4,489
New leases entered	–	–	–	–	–	9,895	–	–	9,895
Realised foreign exchange loss	–	–	–	–	–	–	–	–	–
Fair value changes	–	–	–	394,902	–	–	–	–	394,902
Deferred issue costs	–	–	–	–	–	–	–	4,426	4,426
At September 30, 2020	112,678	171	–	1,496,472	–	35,130	16	3,175	1,647,642
At December 31, 2018	–	–	31,004	293,450	52,521	12,000	5	–	388,980
Financing cash flows	–	(88)	(55,965)	457,517	–	(6,926)	6	–	394,544
Interest expenses	–	115	–	–	–	446	–	–	561
New leases entered	–	–	–	–	–	26,497	–	–	26,497
Realised foreign exchange loss	–	–	14,980	–	–	–	–	–	14,980
Fair value changes	–	–	24,403	(38,273)	(4,787)	–	–	–	(18,657)
Junlian resubscription	–	–	–	47,734	(47,734)	–	–	–	–
At September 30, 2019 (unaudited)	–	27	14,422	760,428	–	32,017	11	–	806,905

39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to September 30, 2020 and up to the date of this report.

40. SUBSEQUENT EVENTS

Except as disclosed elsewhere of the Historical Financial Information, the Group has the following event entered into subsequent to September 30, 2020:

a. On October 9, 2020, the Company underwent the share subdivision whereby each issued and unissued share of par value US$0.0001 each in the Company's authorised share capital was subdivided into two shares of US$0.00005 par value each, such that immediately following such share subdivision, the Company's authorised share capital was US$50,000 with par value of US$0.00005 each divided into (a) 731,721,320 Class A ordinary shares, (b) 68,334,536 Class B ordinary shares, (c) 44,469,630 Series A-1 Preferred Shares, (d) 6,234,042 Series A-2 Preferred Shares, (e) 37,185,342 Series B Preferred Shares, (f) 78,774,492 Series C Preferred Shares, (g) 16,640,320 Series D Preferred Shares and (h) 16,640,318 Series E Preferred Shares.

The information set forth in this Appendix does not form part of the accountants' report on the historical financial information of the Group for each of the two years ended December 31, 2019 and the nine months ended September 30, 2020 (the "Track Record Period") (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for information 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 forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company which has been prepared in accordance with paragraph 4.29 of the Listing Rules is for the purpose of illustrating the effect of the proposed Hong Kong public offering and international offering of the Shares of the Company (the "Global Offering") as if the Global Offering had taken place on September 30, 2020.

This unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company 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 attributable to owners of the Company as at September 30, 2020 or at any further dates following the Global Offering. It is prepared based on the audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2020 as derived from the Accountants' Report set out in Appendix I to this prospectus and adjusted as described below.

	Audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2020	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at September 30, 2020**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at September 30, 2020**	
	RMB'000 (Note 1)	*RMB'000 (Note 2)*	*RMB'000*	*RMB (Note 3)*	*HK$ (Note 4)*
Based on an Offer Price of HK$22.70 per Share	(860,264)	1,366,853	506,589	2.54	3.04
Based on an Offer Price of HK$26.66 per Share	(860,264)	1,608,633	748,369	3.75	4.49

Notes:

1. The consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2020 is arrived at after deducting intangible assets of RMB19,729,000 from the audited consolidated net liabilities of RMB840,535,000 attributable to owners of the Company as at September 30, 2020 as extracted from the Accountants' Report set out in Appendix I to this prospectus.

2. The estimated net proceeds from the issue of the new shares pursuant to the Global Offering are based on 76,598,000 Shares at the Offer Price of HK$22.70 and HK$26.66 per Share, being the low-end and high-end of the stated Offer Price Range, after deduction of the estimated underwriting fees and commissions and other related expenses not yet recognised in profit or loss up to September 30, 2020. It does not take into account of any share which may be allotted and issued upon the exercise of the Over-allotment Option and any share which may be issued or repurchased by the Company under Pre-IPO Share Incentive Plan and under the general mandates for the allotment and issue or repurchase of shares granted to the directors of the Company.

   For the purpose of this unaudited pro forma statement, the estimated net proceeds from the Global Offering, the amount denominated in HK$ has been converted into RMB at the rate of HK$1 to RMB0.83647, which was the exchange rate prevailing on January 28, 2021 with reference to the rate published by the People's Bank of China. No representation is made that the HK$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or any other rates or at all.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at on the basis that 199,370,486 Shares were in issue assuming that the Global Offering and Share Subdivision had been completed on September 30, 2020 and without taking into account of any share which may be allotted and issued upon the exercise of the Over-allotment Option and any share which may be issued or repurchased by the Company under Pre-IPO Share Incentive Plan and under the general mandates for the allotment and issue or repurchase of shares granted to the directors of the Company or the conversion of the Preferred Shares or any unvested restricted shares.

4. For the purpose of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share, the amount stated in RMB is converted into Hong Kong dollar at the rate of HK$1 to RMB0.83647, which was the exchange rate prevailing on January 28, 2021 with reference to the rate published by the People's Bank of China. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or any other rates or at all.

5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group as at September 30, 2020 to reflect any trading result or other transaction of the Group entered into subsequent to September 30, 2020. In particular, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as shown on II-1 have not been adjusted to illustrate the effect of the conversion of Preferred Shares into ordinary shares of the Company. The conversion of Preferred Shares upon completion of the Global Offering would then have reclassified Preferred Shares amounting to RMB1,496,472,000 to equity. The conversion of Preferred Shares would have increased the total share in issue based on the assumption as stated in note 3 by 199,944,144 shares (assuming the Share Subdivision had been completed) to a total of 399,314,630 shares in issue. The adjustment to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after the conversion of Preferred Shares would be as follows:

	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at September 30, 2020 after the conversion of the Preferred Shares to equity	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at September 30, 2020 after the conversion of the Preferred Shares to equity per Share**	
	RMB'000	*RMB (Note 5)*	*HK$ (Note 5)*
Based on an Offer Price of HK$22.70 per Share	2,003,061	5.02	6.00
Based on an Offer Price of HK$26.66 per Share	2,244,841	5.62	6.72

B. UNAUDITED PRO FORMA ESTIMATED LOSS PER SHARE

The following unaudited pro forma estimated loss per Share for the year ended December 31, 2020 has been prepared in accordance with paragraph 4.29(1) of the Listing Rules on the bases set out in the notes below for the purpose of illustrating the effect of the Global Offering, as if it had taken place on January 1, 2020. The unaudited pro forma estimated loss per Share has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated results of the Group following the Global Offering.

Estimated consolidated loss attributable to owners of the Company for the year ended December 31, 2020[(1)(3)]	No more than RMB790 million (equivalent to approximately HK$944 million)
Unaudited pro forma estimated loss per Share for the year ended December 31, 2020[(2)(3)]	No more than RMB4.04 (equivalent to approximately HK$4.83)

Notes:

(1) The bases on which the loss estimate has been prepared are set out in Appendix IIA to this prospectus. The estimated consolidated loss attributable to owners of the Company for the year ended 31 December 2020 is based on the audited consolidated result of the Group for the nine months ended September 30, 2020 and the unaudited consolidated result of the Group based on the management accounts for the three months ended 31 December 2020.

(2) The calculation of the unaudited pro forma estimated loss per Share is based on the estimated consolidated loss attributable to owners of the Company for the year ended December 31, 2020, assuming that the Share Subdivision and the Global Offering had been completed on January 1, 2020 and a weighted average of 195,385,389 Shares were in issue for the year ended December 31, 2020. The calculation takes no account of (a) any Shares which may be allotted and issued upon the exercise of the Over-allotment Option (b) any Shares which may be issued or repurchased by the Company under Pre-IPO Share Incentive Plan and under the general mandates for the allotment and issue or repurchase of shares granted to the directors of the Company, and (c) any Shares to be issued upon the conversion of the Preferred Shares or any unvested restricted shares, as their inclusion would be anti-dilutive.

(3) The estimated consolidated loss attributable to the Company and the unaudited pro forma estimated loss per Share are converted from RMB into HK$ at an exchange rate of RMB0.83647 to HK$1, which was the exchange rate prevailing on January 28, 2021 with reference to the rate published by the People's Bank of China for the purpose of ascertaining certain information contained in this prospectus prior to its publication. No representation is made that the RMB amounts have been, could have been or could be converted to HK$, or vice versa, at that rate or at any other rates or at all.

C. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this Prospectus.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of New Horizon Health Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of New Horizon Health Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") prepared by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at September 30, 2020 and the unaudited pro forma estimated loss per share for the year ended December 31, 2020 and the related notes as set out on pages II-1 to II-3 of Appendix II to the prospectus issued by the Company dated February 5, 2021 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-3 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Global Offering (as defined in the Prospectus) on the Group's financial position as at September 30, 2020 and the Group's estimated loss per share for the year ended December 31, 2020 as if the proposed Global Offering had taken place at September 30, 2020 and January 1, 2020 respectively. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the two years ended December 31, 2019 and the nine months ended September 30, 2020, on which an accountants' report set out in Appendix I to the Prospectus has been published and information about the estimate of the consolidated loss of the Group attributable to owners of the Company for the year ended December 31, 2020, on which no auditor's report or review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited 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 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") 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 behaviour.

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" issued by the HKICPA 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 unaudited 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 unaudited 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 unaudited 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 unaudited 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 unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or 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 event or transaction at September 30, 2020 or January 1, 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited 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 unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited 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 unaudited 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 purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
February 5, 2021

Our estimate of the consolidated loss of our Group for the year ended December 31, 2020 is set out in the section headed "Financial Information – Loss Estimate for the Year ended December 31, 2020."

(A) OVERVIEW

Our Directors estimate that, on the bases set out in Part B of this Appendix IIA and in the absence of unforeseen circumstances, the estimated consolidated loss of our Group for the year ended December 31, 2020 attributable to the owners of the Company being no more than RMB790 million.

(B) BASES

Our Directors have prepared the estimated consolidated loss of our Group for the year ended December 31, 2020 based on (i) the audited consolidated results of the Group for the nine months ended September 30, 2020 and (ii) the unaudited consolidated results based on the management accounts of the Group for the three months ended December 31, 2020. The loss estimate has been prepared by our Directors on a basis consistent in all material respects with the accounting policies that we normally adopt as set out in the Accountants' Report, the text of which is set out in Appendix I to this Prospectus.

(C) LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of a letter, prepared for the inclusion in this Prospectus, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in relation to our Group's loss estimate for the year ended December 31, 2020.

Deloitte. 德勤

February 5, 2021

The Board of Directors
New Horizon Health Limited
13/F, T1 Building
400 Jiang'er Road
Binjiang District
Hangzhou
Zhejiang Province
The People's Republic of China

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road
Central, Hong Kong

UBS Securities Hong Kong Limited
52/F, Two International Finance Centre
8 Finance Street
Central, Hong Kong

Dear Sirs,

New Horizon Health Limited ("the Company")

Loss Estimate for Year Ended December 31, 2020

We refer to the estimate of the consolidated loss of the Company and its subsidiaries and consolidated affiliated entities (collectively referred to as the "Group") for the year ended December 31, 2020 ("the Loss Estimate") set forth in the section headed Financial Information in the prospectus of the Company dated February 5, 2021 ("the Prospectus").

Directors' Responsibilities

The Loss Estimate has been prepared by the directors of the Company based on the audited consolidated results of the Group for the nine months ended September 30, 2020 and the unaudited consolidated results based on the management accounts of the Group for the three months ended December 31, 2020.

The Company's directors are solely responsible for the Loss Estimate.

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 Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentially 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" issued by the HKICPA 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 on the accounting policies and calculations of the Loss Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly complied the Loss Estimate in accordance with the bases adopted by the directors of the Company and as to whether the Loss Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Loss Estimate has been properly complied in accordance with the bases adopted by the directors of the Company as set out in Appendix IIA to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated February 5, 2021, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

(D) LETTER FROM THE JOINT SPONSORS

The following is the text of a letter, prepared for the inclusion in this Prospectus, received from Goldman Sachs (Asia) L.L.C. and UBS Securities Hong Kong Limited, the Joint Sponsors, in relation to our Group's loss estimate for the year ended December 31, 2020.

Goldman Sachs

UBS

February 5, 2021

The Board of Directors
New Horizon Health Limited
13/F, T1 Building
400 Jiang'er Road
Binjiang District
Hangzhou
Zhejiang Province
The People's Republic of China

Dear Sirs,

We refer to the estimate of the consolidated loss attributable to owners of New Horizon Health Limited (the "**Company**") together with its subsidiaries and consolidated affiliated entities (collectively referred to as the "**Group**") for the year ended December 31, 2020 (the "**Loss Estimate**") as set out in the Prospectus of the Company dated February 5, 2021.

The Loss Estimate, for which the directors of the Company (the "**Directors**") are solely responsible, has been prepared by the Directors based on (i) the audited consolidated results of the Group for the nine months ended September 30, 2020 and (ii) the unaudited consolidated results based on the management accounts of the Group for the three months ended December 31, 2020.

We have discussed with you the bases and assumptions upon which the Loss Estimate has been made. We have also considered and relied upon the letter dated February 5, 2021 addressed to you and us from Deloitte Touche Tohmatsu regarding the accounting policies and calculations upon which the Loss Estimate has been made.

On the basis of the information comprising the Loss Estimate and on the basis of the accounting policies and calculations adopted by you and reviewed by Deloitte Touche Tohmatsu, *Certified Public Accountant*, we are of the opinion that the Loss Estimate, for which you as the Directors are solely responsible, has been made after due and careful enquiry.

For and on behalf of

GOLDMAN SACHS (ASIA) L.L.C.
Bill Chu
Managing Director
Sam Thong
Managing Director

UBS SECURITIES HONG KONG LIMITED
Yao Chong
Managing Director
Alfred Li
Executive Director

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 7, 2018 under the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Act"). The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "Memorandum") and its Amended and Restated Articles of Association (the "Articles").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Act and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on October 9, 2020 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Act, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions

of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Act and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Act and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Act and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Act to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing

director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the

nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to

proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers; and

(ee) the fixing of the remuneration of the directors and of the auditors.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Act.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during

any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Act or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees

upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Act and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Act provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares

(subject to the provisions of section 37 of the Companies Act); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Act expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Act.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from November 5, 2020.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Act prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) is made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Act. A branch register must be kept in the same manner in which a principal register is by the Companies Act required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, 25% or more of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company

with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Act, 2018 of the Cayman Islands ("**ES Act**") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Act. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Act.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the subsection headed "Documents Available for Inspection" in Appendix V to this Prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Act on June 7, 2018. Our registered office address is at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. As our Company is incorporated in the Cayman Islands, our operation is subject to the relevant laws and regulations of the Cayman Islands, the Articles and the Memorandum. A summary of the relevant laws and regulations of the Cayman Islands and of our constitution is set out in the section headed "Summary of the Constitution of Our Company and Cayman Companies Law" in Appendix III in this Prospectus.

Our registered place of business in Hong Kong is at 40th Floor, Sunlight Tower, No. 248 Queens' Road East, Wanchai, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on September 9, 2020 with the Registrar of Companies in Hong Kong. Ms. Ching Man Yeung, one of our joint company secretaries, has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process in Hong Kong the same as our principal place of business in Hong Kong set out above.

As the date of this Prospectus, our Company's head office was located at 13/F, T1 Building, 400 Jiang'er Road, Binjiang District, Hangzhou, Zhejiang, the PRC.

2. Changes in Share Capital of Our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on June 7, 2018 with an authorized share capital of US$50,000 divided into 500,000,000 shares of a nominal value of US$0.0001 each as of the date of incorporation. On the same day, 1 subscriber share was allotted and issued at nominal value to our initial subscriber, Vistra (Cayman) Limited, which was then transferred to NHYJ Holdings, a company held as to 100% by Mr. Zhu at the time. On the same day, 9,999,999 ordinary shares were allotted and issued at nominal value to NHYJ Holdings.

The following sets out the changes in the share capital of our Company during the two years immediately preceding the date of this Prospectus:

(a) on May 14, 2019, our Company allotted and issued an aggregate of 39,387,246 Series C Preferred Shares to the Series C Investors pursuant to the series C preferred share purchase agreement dated April 15, 2019;

(b) on January 3, 2020, our Company allotted and issued 6,723,057 Series A Preferred Shares and 1,549,367 Series B Preferred Shares to Good Rise Holdings Limited;

(c) on April 20, 2020, our Company allotted and issued 4,160,080 Series D Preferred Shares to Omniscience Holdings Ltd. pursuant to the series D preferred share purchase agreement dated March 31, 2020;

(d) on April 23, 2020, our Company allotted and issued 1,040,020 and 624,012 Series D Preferred Shares to Emerging Markets Healthcare Partners LLC and Worldwide Healthcare Partners LLC, respectively, pursuant to the series D preferred share purchase agreement dated March 31, 2020;

(e) on May 15, 2020, our Company allotted and issued an aggregate of 2,496,048 Series D Preferred Shares to the Series D Investors (other than Omniscience Holdings Ltd., Emerging Markets Healthcare Partners LLC and Worldwide Healthcare Partners LLC) pursuant to the series D preferred share purchase agreement dated March 31, 2020;

(f) on July 1, 2020, our Company allotted and issued an aggregate of 4,160,080 Series E Preferred Shares to Rock Springs Capital Master Fund LP and Four Pines Master Fund LP pursuant to the series E preferred share purchase agreement dated July 1, 2020;

(g) on July 8, 2020, our Company allotted and issued an aggregate of 4,160,079 Series E Preferred Shares to the Series E Investors (other than Rock Springs Capital Master Fund LP and Four Pines Master Fund LP) pursuant to the series E preferred share purchase agreement dated July 1, 2020;

(h) on August 31, 2020, our Company allotted and issued 6,526,535 Class A Ordinary Shares and 3,245,742 Class A Ordinary Shares to NHXT Holdings Ltd. and Ever Thriving Ventures Limited, respectively, to be held on trust for the benefit of defined participants under the Pre-IPO Share Incentive Plan;

(i) on September 2, 2020, our Company allotted and issued 1,786,721 Class A Ordinary Shares to Ever Thriving Ventures Limited, to be held on trust for the benefit of eligible participants under the Pre-IPO Share Incentive Plan;

(j) on September 21, 2020, our Company allotted and issued 239,583 Class A Ordinary Shares to Dr. Lu, pursuant to his exercise of 239,583 share options granted and vested under the Pre-IPO Share Incentive Plan; and

(k) on October 9, 2020, our Company underwent the Share Subdivision whereby each issued and unissued share of nominal value US$0.0001 each in our Company's authorized share capital was subdivided into two shares of US$0.00005 nominal value each, such that immediately following such Share Subdivision, our Company's authorized share capital was US$50,000 divided into (a) 731,721,320 Class A Ordinary Shares of nominal value US$0.00005 each, (b) 68,334,536 Class B Ordinary Shares of nominal value US$0.00005 each, (c) 44,469,630 Series A-1 Preferred Shares of nominal value US$0.00005 each, (d) 6,234,042 Series A-2 Preferred Shares of nominal value US$0.00005 each, (e) 37,185,342 Series B Preferred Shares of nominal value US$0.00005 each, (f) 78,774,492 Series C

Preferred Shares of nominal value US$0.00005 each, (g) 16,640,320 Series D Preferred Shares of nominal value US$0.00005 each and (h) 16,640,318 Series E Preferred Shares of nominal value US$0.00005 each.

For details of our Company's authorized and issued share capital, and consideration relating to Preferred Shares above, please refer to the sections headed "Share Capital – Authorized and Issued Share Capital", and "History, Restructuring and Corporate Structure – Major Corporate Development, Shareholding Changes and Reorganization of Our Group" in this Prospectus.

Save as disclosed above, there has been no alternation in our share capital within two years immediately preceding the date of this Prospectus.

3. Changes in Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 37 to the Accountants' Report as set out in Appendix I to this Prospectus.

The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date of this Prospectus:

On April 11, 2019, the registered capital of Beijing Xincheng increased from RMB10,000,000 to RMB10,101,010. Subsequently on December 16, 2019, the registered capital of Beijing Xincheng further increased from RMB10,101,010 to RMB12,000,000.

On May 28, 2019, Guangzhou Nuohui Lab was incorporated by Beijing Xincheng with an initial registered capital of RMB5,000,000.

On June 16, 2020, the registered capital of Hangzhou Nuohui increased from RMB1,692,346 to RMB44,221,546.

On December 11, 2020, Shanghai Linnuo Biotechnology Limited (上海臨諾生物科技有限公司) was incorporated by Hangzhou Nuohui with an initial registered capital of RMB5,000,000.

Save as disclosed above, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this Prospectus.

4. Written Resolutions Passed by Our Shareholders on October 9, 2020

Written resolutions of our Shareholders were passed on October 9, 2020 pursuant to which, among others:

(a) each share of US$0.0001 in the authorized and issued share capital of the Company was sub-divided into two shares of the corresponding class of US$0.00005 each, such that immediately following such sub-division, the authorised share capital of the Company was US$50,000 divided into (a) 731,721,320 Class A Ordinary Shares, (b) 68,334,536 Class B Ordinary Shares, (c) 44,469,630 Series A-1 Preferred Shares, (d) 6,234,042 Series A-2 Preferred Shares, (e) 37,185,342 Series B Preferred Shares, (f) 78,774,492 Series C Preferred Shares, (g) 16,640,320 Series D Preferred Shares and (h) 16,640,318 Series E Preferred Shares;

(b) conditional upon each of (i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including upon the re-designation of the Preferred Shares, Class B Ordinary Shares and Class A Ordinary Shares) such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange with effect from 8:00 am on the Listing Date, and (ii) the Listing being a qualified initial public offering (as defined in the fifth amended and restated memorandum and articles of association adopted by the Company), each of the issued and unissued and authorised Preferred Shares and Class B Ordinary Shares be converted into one Class A Ordinary Share by re-designation and re-classification on a one-for-one basis, and further re-designate and re-classify all issued and unissued and authorised Class A Ordinary Shares as ordinary shares, such that the authorised share capital of the Company was US$50,000 divided into 1,000,000,000 ordinary shares ("**Shares**") with a nominal value of US$0.00005 each, each with effect from the Listing Date;

(c) conditional upon the conditions contained in the Underwriting Agreements to be entered in connection with the Listing being fulfilled or waived:

(i) the Global Offering (including the Over-allotment Option) was approved, and the proposed allotment and issue of the Offer Shares under the Global Offering were approved, and the Board was authorized to determine the Offer Price for, and to allot and issue the Offer Shares;

(ii) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than by way of the Global Offering, rights issue or pursuant to the exercise of any subscription rights attaching to any warrants which may be allotted and issued by the Company from time to time or, pursuant to the exercise of any options which may be granted under the Pre-IPO Share Incentive Plan or allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association on a specific authority granted by our Shareholders in general meeting, shall not exceed 20% of the aggregate nominal value of the Shares in issue immediately following the completion of the Share Subdivision and Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or pursuant to the Pre-IPO Share Incentive Plan;

(iii) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Share Subdivision and the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or pursuant to the Pre-IPO Share Incentive Plan;

(iv) the general unconditional mandate as mentioned in paragraph (ii) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (iii) above up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Share Subdivision and the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or pursuant to the Pre-IPO Share Incentive Plan; and

(v) the acknowledgement by all the Preferred Shareholders of the agreed conversion number as applicable and the resolution not to exercise the right to further adjustment of conversion ratio; and

(d) our Company conditionally approved and adopted the Memorandum and Articles with effect from the Listing.

Each of the general mandates referred to in paragraphs (c)(ii), (c)(iii) and (c)(iv) above will remain in effect until whichever is the earliest of:

- the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of the Shareholders in general meeting either unconditionally or subject to condition;

- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or

- the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

5. Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this Prospectus concerning the repurchase of our own securities.

(a) Provision of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on October 9, 2020, the Repurchase Mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Share Subdivision and the Global Offering (excluding any Shares which may be issued under the Over-allotment Option or pursuant to the Pre-IPO Share Incentive Plan), with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions), (ii) the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

(ii) Source of Funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman law, any purchases by the

Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act. Any premium payable on the purchase over the nominal value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue.

A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

The listing of all purchased securities (whether on the Stock Exchange or otherwise) is automatically canceled and the relative certificates must be canceled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the Directors resolve to hold the shares purchased by our Company as treasury shares, shares purchased by our Company shall be treated as canceled and the amount of our Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman law.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Core Connected Persons

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell his securities to the company.

(b) Reasons for Repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

(c) Funding of Repurchases

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands. Our Directors may not repurchase the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, our Directors may make repurchases with profits of the Company or out of a new issuance of shares made for the purpose of the repurchase or, if authorized by the Articles of Association and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles of Association and subject to Cayman Companies Act, out of capital.

However, our Directors do not propose to exercise the general mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of 417,951,186 Shares in issue immediately following of the completion the Share Subdivision and the Global Offering, excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or the Shares that may be allotted and issued under the Pre-IPO Share Incentive Plan, could accordingly result in up to approximately 41,795,118 Shares being repurchased by our Company during the period prior to the earliest of:

- the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;

- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or

- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be granted other than in exceptional circumstances.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of our Group within the two years preceding the date of this Prospectus which are or may be material:

(a) a second amended and restated exclusive option agreement dated August 12, 2020 entered into among Hangzhou Nuohui, the Registered Shareholders and Beijing Xincheng, pursuant to which Hangzhou Nuohui was granted an irrevocable and exclusive right to purchase from each of the Registered Shareholders all or any part of their equity interests held now or in the future in Beijing Xincheng and/or purchase assets of Beijing Xincheng, at the lowest price permitted under PRC laws at the time of purchasing;

(b) an amended and restated exclusive business cooperation agreement dated August 12, 2020 entered into among Hangzhou Nuohui and Beijing Xincheng, pursuant to which Beijing Xincheng agreed to engage Hangzhou Nuohui as its exclusive provider of comprehensive business support, technical services and consultancy for consideration of agreed service fees;

(c) a third amended and restated equity pledge agreement dated August 12, 2020 entered into among Hangzhou Nuohui, the Registered Shareholders and Beijing Xincheng, pursuant to which the Registered Shareholders pledged all of their respective equity interests in Beijing Xincheng to Hangzhou Nuohui as collateral security to secure performance of their and Beijing Xincheng's obligations under this agreement, the Exclusive Option Agreement, Exclusive Business Cooperation Agreement, and the Powers of Attorney;

(d) a third amended and restated power of attorney dated August 12, 2020 entered into among Hangzhou Nuohui, Mr. Zhu and Beijing Xincheng, pursuant to which Mr. Zhu irrevocably undertook to authorize Hangzhou Nuohui to exercise all of his rights as a shareholder of Beijing Xincheng;

(e) a second amended and restated power of attorney dated August 12, 2020 entered into among Hangzhou Nuohui, Ms. Lijuan Zhu and Beijing Xincheng, pursuant to which Ms. Lijuan Zhu irrevocably undertook to authorize Hangzhou Nuohui to exercise all of her rights as a shareholder of Beijing Xincheng;

(f) the fourth amended and restated shareholders agreement dated July 1, 2020 entered into among our Company, Dr. Chen (including in his capacity as trustee of the Yiyou Chen Grantor Retained Annuity Trust), Mr. Zhu, NHYJ Holdings Ltd., NHXC Holdings Ltd., Bright Gain Group Limited, SeeSi Universal Limited (思時寰宇有限公司), Acorn Campus China Fund I, LP, Christopher Keyin Chen, High Diamond Limited (高贊有限公司), Good Rise Holdings Limited, SBCVC V PH Company Limited, ShanghaiMed, Inc., Qiming Venture Partners V, L.P., Qiming Managing Directors Fund V, L.P., Sino Felicity Limited, Ocxprouro Limited, Misland Capital Limited, Acorn Pacific Ventures Fund I, LP, Acorn Pacific Opportunities Fund, LP, G LTP LLC, G HSP LLC, G JBD LLC, G ERP LLC, Global VC Plus Fund, L.P., Sunny Essence Limited, Majuven Fund 2 L.P., Omniscience Holdings Ltd., Emerging Markets Healthcare Partners LLC, Worldwide Healthcare Partners LLC, Rock Springs Capital Master Fund LP, Four Pines Master Fund LP, LAV Biosciences Fund V, L.P., Worldwide Healthcare Trust PLC, Orbimed New Horizons Master Fund, L.P., High Gallant Investment Limited, Cormorant Private Healthcare Fund II, LP and Cormorant Global Healthcare Master Fund, LP, pursuant to which shareholder rights were agreed among the parties;

(g) the cornerstone investment agreement dated February 3, 2021 entered into between our Company, Invesco Advisers, Inc. in its capacity as the discretionary investment adviser to the IAI Investors (as defined in the cornerstone investment agreement) (severally and not jointly), Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(h) the cornerstone investment agreement dated February 3, 2021 entered into between our Company, Lake Bleu Prime Healthcare Master Fund Limited, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(i) the cornerstone investment agreement dated February 3, 2021 entered into between our Company, Boyu Capital Opportunities Master Fund, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(j) the cornerstone investment agreement dated February 3, 2021 entered into between our Company, GIC Private Limited, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(k) the cornerstone investment agreement dated February 3, 2021 entered into between our Company, RBC Global Asset Management (Asia) Limited as investment manager for and on behalf of RBC China Equity Fund, RBC Funds (Lux) – China Champions Fund, and RBC Funds (Lux) – Asia ex-Japan Equity Fund, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(l) the cornerstone investment agreement dated February 3, 2021 entered into between our Company, Columbia Management Investment Advisers, LLC as the investment advisor for and on behalf of Columbia Greater China Fund, Columbia Emerging Markets Fund and Columbia Variable Portfolio – Emerging Markets Fund, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(m) the cornerstone investment agreement dated February 3, 2021 entered into between our Company, Janus Capital Management LLC, not in its principal capacity, but solely as agent and investment adviser acting on behalf of Janus Henderson Biotech Innovation Master Fund Limited, Janus Henderson Emerging Markets Fund, Janus Henderson Investment Funds Series I – Janus Henderson Emerging Markets Opportunities Fund and Janus Henderson Fund – Janus Henderson Emerging Markets Fund, severally and not jointly, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(n) the cornerstone investment agreement dated February 3, 2021 entered into between our Company, Rock Springs Capital Master Fund LP, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(o) the cornerstone investment agreement dated February 3, 2021 entered into between our Company, Cormorant Asset Management, LP (as investment advisor for and on behalf of Cormorant Global Healthcare Master Fund, LP), Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(p) the cornerstone investment agreement dated February 3, 2021 entered into between our Company, LAV Amber Limited, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(q) the cornerstone investment agreement dated February 3, 2021 entered into between our Company, Worldwide Healthcare Trust PLC, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(r) the cornerstone investment agreement dated February 3, 2021 entered into between our Company, Octagon Investments Master Fund LP, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(s) the cornerstone investment agreement dated February 3, 2021 entered into between our Company, HBC Asia Healthcare Opportunities VII LLC, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(t) the cornerstone investment agreement dated February 3, 2021 entered into between our Company, Sage Partners Master Fund, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(u) the cornerstone investment agreement dated February 3, 2021 entered into between our Company, China Southern Asset Management Co., Ltd., Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited, UBS AG Hong Kong Branch and Haitong International Securities Company Limited, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(v) the cornerstone investment agreement dated February 3, 2021 entered into between our Company, Yi Fang Da Brocade Inv. Limited, Goldman Sachs (Asia) L.L.C., UBS Securities Hong Kong Limited, UBS AG Hong Kong Branch and Haitong International Securities Company Limited, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(w) the Hong Kong Underwriting Agreement.

2. Our Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we were the owner of the following material registered trademarks, details of which are as follows:

No.	Trademark registered
1.	
2.	
3.	诺辉健康
4.	 噗噗管
5.	幽幽管
6.	Pupu Tube
7.	常卫友
8.	
9.	常卫清 ColoClear
10.	
11.	
12.	噗噗管
13.	
14.	COLOCLEAR

As of the Latest Practicable Date, we had applied for the registration of the following trademarks, which we consider to be material to our business:

No.	Trademark	Place of Registration	Class	Application Number	Application Date
1.	COLOCLEAR 常卫清	China	35	41384930	September 29, 2019
2.	NH	China	9	40712391	August 30, 2019
3.	诺辉	China	9	40734909	August 30, 2019
4.	COLOCLEAR	Hong Kong	5, 42, 44	305318280	June 30, 2020
5.		Hong Kong	5, 42, 44	305318299	June 30, 2020
6.	常衛清	Hong Kong	5, 10, 42, 44	305318307	June 30, 2020
7.	A 诺辉健康 NEW HORIZON HEALTH B 诺辉健康 NEW HORIZON HEALTH	Hong Kong	5, 10, 16, 42, 44	305304005	June 15, 2020
8.	幽幽管	Hong Kong	10, 42, 44	305390118	September 14, 2020
9.		Hong Kong	10, 42, 44	305390136	September 14, 2020
10.	A CERVICLEAR 宫证清 B CERVICLEAR 宫证清	Hong Kong	10, 42, 44	305390145	September 14, 2020

No.	Trademark	Place of Registration	Class	Application Number	Application Date
11.		Hong Kong	10, 42, 44	305390154	September 14, 2020
12.		Hong Kong	10, 42, 44	305390163	September 14, 2020
13.		Hong Kong	10, 42, 44	305390172	September 14, 2020

(b) Domain Name

As of the Latest Practicable Date, we had registered the following domain names:

No.	Domain Name	Registered Owner	Expiry Date
1.	www.newhorizonbio.com	Hangzhou Nuohui	September 5, 2023
2.	newhorizonbio.com.cn	Hangzhou Nuohui	September 5, 2023
3.	諾輝.com	Hangzhou Nuohui	October 11, 2022
4.	jkzgzsc.com	Hangzhou Nuohui	November 21, 2023

(c) Patents

For a discussion of the details of the material filed patent applications by the Company in connection with our clinical and pre-clinical products, please refer to the section headed "Business – Intellectual Property Rights" in this Prospectus.

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 Group's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Particulars of Directors' Service Contracts and Appointment Letters

(a) Executive Directors and Non-executive Directors

Each of our executive Directors and non-executive Directors has entered into a service contract with our Company. The initial term of their respective service contract shall commence from the date of their appointment until terminated in accordance with the terms and conditions of the service agreement or by either party giving to the other not less than three months' prior notice.

(b) Independent non-executive Directors

Each of the independent non-executive Directors has entered into an appointment letter with our Company effective from the date of this Prospectus. The initial term for their appointment letters shall commence from the date of their appointment for a period of three years (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

Details of the Company's remuneration policy is described in the section headed "Directors and Senior Management – Remuneration of Directors and Senior Management" in this Prospectus.

2. Directors' Remuneration

The aggregate amount of remuneration paid to our Directors in respect of the financial years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020 was RMB7,897,000, RMB11,311,000 and RMB10,124,000, respectively.

Under the arrangements in force as of the date of this Prospectus, it is estimated that no remuneration will be paid by our Company to our Directors in their capacity as Directors for the financial year ending December 31, 2020.

The aggregate amount of remuneration of our five highest paid individuals (including both employees and Directors) for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020 were approximately RMB10,751,000, RMB15,206,000 and RMB16,799,000, respectively.

None of our Directors or any past directors of any member of the Group has been paid any sum of money for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020 as (a) an inducement to join or upon joining the Company; or (b) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

There were no arrangements under which any Director has waived or agree to waive any emolument during the Track Record Period.

3. Disclosure of Interests

(a) Interests and Short Positions of Our Directors and the Chief Executive of Our Company in the Share Capital of Our Company and its Associated Corporations Following Completion of the Share Subdivision and the Global Offering

Immediately following completion of the Share Subdivision and the Global Offering (assuming the Over-allotment Option is not exercised and no additional Shares are issued under the Pre-IPO Share Incentive Plan), the interests or short positions of our Directors and chief executives in the Shares, underlying Shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which he/she is taken or deemed to have taken under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

(i) Long position in our Company

Name of Director or CEO	Nature of interest	Number of Shares immediately after the completion of the Listing	Approximate percentage of interest in our Company after completion of Global Offering[1]
Dr. Chen	Beneficial interest[2]	41,525,606	9.94%
	Trustee[3]	10,000,000	2.39%
Mr. Zhu	Beneficial interest[4]	13,053,070	3.12%
	Settlor and beneficiary of a discretionary trust[5]	15,092,940	3.61%
Mr. Naxin Yao	Settlor and beneficiary of a discretionary trust[6]	40,603,670	9.71%
Ms. Nisa Bernice Wing-Yu Leung	Interest in controlled corporation[7]	35,891,538	8.59%

Notes:

1. The calculation is based on the total number of 417,951,186 Shares in issue immediately after completion of the Share Subdivision and the Global Offering (assuming the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the Pre-IPO Share Incentive Plan).

2. Dr. Chen, one of our executive Directors and chairman of the Board directly holds 36,004,536 Shares as beneficial owner. He is also entitled to receive up to 5,521,070 Shares pursuant to the options granted to him, subject to the conditions (including vesting conditions) of those options.

3. Dr. Chen is the trustee of the Yiyou Chen Grantor Retained Annuity Trust, with certain of his family members as beneficiaries. Under the SFO, he is therefore deemed to be interested in the Shares held by the Yiyou Chen Grantor Retained Annuity Trust.

4. Mr. Zhu, our CEO and one of our executive Directors, is entitled to receive up to 13,053,070 Shares pursuant to options granted to him, subject to the conditions (including vesting conditions) of those options.

5. NHYJ Holdings directly holds 15,092,940 Shares as beneficial owner. NHYJ Holdings is held as to 100% by NH Trinity Limited, an entity managed by Trident Trust Company (HK) Limited (the "**Trustee**"), and holds Shares on trust for the benefit of Mr. Zhu and certain of his family members. Mr. Zhu is able to direct the Trustee as to its exercise of voting rights in NHYJ Holdings. Under the SFO, as settlor and beneficiary of such trust, Mr. Zhu is deemed to be interested in the Shares held by NHYJ Holdings.

6. NHXC Holdings directly holds 17,559,052 Shares as beneficial owner, and is held as to 40.29% by MST Development Limited. MST Development Limited itself directly holds 23,044,618 Shares as beneficial owner. MST Development Limited is held as to 100% by Bancasa Holding Limited and ultimately owned by Trident Trust Company (HK) Limited (the "**Trustee**"), and holds Shares on trust for the benefit of Mr. Naxin Yao, one of our non-executive Directors, and certain of his family members as beneficiaries. Under the SFO, as settlor and beneficiary of such trust, Mr. Naxin Yao is deemed to be interested in the Shares held through MST Development Limited.

7. Qiming Venture Partners V, L.P. and Qiming Managing Directors Fund V, L.P. are both venture capital funds registered as exempted limited partnerships in the Cayman Islands, which directly hold 34,805,418 and 1,086,120 Shares, respectively. Qiming Corporate GP V, Ltd. is the general partner of Qiming Managing Directors Fund V, L.P. and Qiming GP V, L.P., and in turn, Qiming GP V, L.P. is the general partner of Qiming Venture Partners V, L.P.. Ms. Nisa Bernice Wing-Yu Leung, a non-executive Director of our Company, holds a one-third shareholding in Qiming Corporate GP V, Ltd.. Under the SFO, Ms. Nisa Bernice Wing-Yu Leung is deemed to be interested in the 35,891,538 Shares collectively held by Qiming Venture Partners V, L.P. and Qiming Managing Directors Fund V, L.P..

(ii) Long position in associated corporations

Beijing Xincheng

Name of Director or CEO	Nature of interest	Amount of registered capital subscribed (RMB) after the completion of the Listing	Approximate percentage of shareholding after completion of Global Offering
Mr. Zhu	Beneficial interest	11,880,000	99%

(b) Interests and Short Positions Discloseable under Divisions 2 and 3 of Part XV of the SFO

For information on the persons who will, immediately following the completion of the Share Subdivision and the Global Offering and taking no account of any Shares which may be issued pursuant to the Pre-IPO Share Incentive Plan, having or be deemed or taken to have beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Company, see "Substantial Shareholders" in this Prospectus.

Save as set out above, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the Share Subdivision and the Global Offering and taking no account of any Shares which may be issued pursuant to the Pre-IPO Share Incentive Plan, be interested, directly or indirectly, 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 member of our Group or had option in respect of such capital.

4. Disclaimers

Save as disclosed in this Prospectus:

(a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between the Directors and any member of the Group;

(b) none of the Directors or the experts named in the paragraph headed "F. Other Information – 6. Consents of Experts" in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this Prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(c) save in connection with the Underwriting Agreements, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares in or debentures of the Company within the two years ended on the date of this Prospectus;

(d) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of our Group as a whole;

(e) taking no account of any Shares which may be taken up under the Global Offering and allotted and issued pursuant to the Pre-IPO Share Incentive Plan, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) will, immediately following completion of the Share Subdivision and the Global Offering, have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of the Group), be interested, directly or indirectly, 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 member of the Group;

(f) none of the Directors or chief executive of the Company has any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is 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 into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange once the Shares are listed thereon;

(g) save in connection with the Underwriting Agreements, none of the experts listed in the subsection headed "F. Other Information – 6. Consents of Experts" in this Appendix: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(h) so far as is known to our Directors, none of our Directors or their respective close associates or Shareholders (who to the knowledge of our Directors owns more than 5% of the number of our issued shares) has any interest in our five largest suppliers or our five largest customers.

D. PRE-IPO SHARE INCENTIVE PLAN

On January 24, 2017, the board of directors of Hangzhou Nuohui approved the grant to certain of its own employees of options to purchase certain equity interests in Hangzhou New Horizon Xincheng Health Management Partnership (Limited Partnership) (the "**Hangzhou Nuohui Share Incentive Plan**").

The Pre-IPO Share Incentive Plan (the "**Plan**") was adopted and approved by resolutions in writing by the Board and the Shareholders on October 10, 2018, and further amended and approved on August 17, 2020. The purpose of the Plan is to promote the success of the Company and the interests of Shareholders by providing a means through which the Company

may grant equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors and other eligible persons. Pursuant to a resolution passed by the Board on October 10, 2018, the options granted to certain employees of Hangzhou Nuohui under the Hangzhou Nuohui Share Incentive Plan were replaced and exchanged for options to purchase Class A Ordinary Shares under the Plan, and the Hangzhou Nuohui Share Incentive Plan was terminated.

The following is a summary of the principal terms of the Plan.

1. Summary of terms

(a) Duration

Subject to the termination provisions under the Plan, the Plan shall be valid and effective for the period of ten years commencing on the adoption date after which period no further options will be granted, but the provisions of the Plan shall in all other respects remain in full force and effect and the participants may exercise the options in accordance with the terms upon which the options are granted.

(b) Administration

This Plan shall be subject to the administration of the Board or one or more committees appointed by the Board (the "**Administrator**"). The Administrator shall have the right (i) to interpret and construe the provisions of the Plan; (ii) to determine the persons who will be receive awards under the Plan, grant awards, determine the number of securities to be offered or awarded, and to determine the other specific terms and conditions of awards consistent with the express limits of the Plan; (iii) to prescribe, amend, rescind rules and regulations relating to the administration of the Plan of the awards made thereto; (iv) to accelerate or extend the vesting or exercisability or extend the term of any or all outstanding awards in such circumstances as the Administrator may deem appropriate; (v) to implement any procedures, steps, additional or different requirements as may be necessary to comply with any laws of the PRC that may be applicable; and (vi) to do all things necessary or desirable in connection with the authorization of awards and the administration of the Plan.

Notwithstanding the foregoing, the Board may delegate different levels of authority to different committees with administrative and grant authority under the Plan. A committee may delegate some or all of its authority to another committee so constituted. The Board or a committee comprised solely of directors may also delegate, to the extent permitted by the Cayman Companies Act and any other applicable law, to one or more officers of the Company, its powers under the Plan (i) to designate the officers and employees of the Company and its affiliates who will receive awards under the Plan; and (ii) to determine the number of shares subject to, and the other terms and conditions of such awards.

(c) Award Agreement

Each award granted under the Plan shall be evidenced by an award agreement between the Company and the participant, the form of which shall be approved by the Administrator.

(d) Type of Award

(i) **Options and share appreciation rights**. Subject to the Plan, the Administrator shall be entitled to make an offer to any eligible participant to take up options or share appreciation rights in respect of such number of Class A Ordinary Shares as the Administrator may determine and at the exercise price determined by the Administrator in its sole discretion and disclosed under the award agreement. Any exercisable option or share appreciation right will be deemed to be exercised when (a) the applicable exercise procedures in the related award agreement have been satisfied (or, in the absence of any such procedures in the related award agreement, the Company has received written notice of such exercise from the participant), (b) in the case of an option, the Company has received any required payment made in accordance with the Plan, and (c) the Company has received any written statement required pursuant to the Plan.

(ii) **Restricted share units**. A restricted share unit may be earned in whole or in part upon the attainment of performance criteria, passage of time or other factors or any combination thereof and may be settled by cash, Shares or other securities and/or past services rendered to the Company or any of its affiliates as established by the Administrator.

(e) Payment

The consideration to be paid for the Class A Ordinary Shares to be issued under the Plan, including the method of payment, shall be determined by the Administrator subject to the provisions in the Plan and applicable law. The tax withholding to be paid for the Class A Ordinary Shares shall be determined according to the provisions in the Plan and applicable law. No consideration is payable upon the grant of options under the Plan.

(f) Non-transferability of Awards

Unless expressly provided in the Plan, by applicable law and by the applicable award agreement, all awards are non-transferable and shall not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge. Such exercise and transfer restrictions shall not apply to transfers to the Company, transfers by gift or domestic relations order, transfers by will or the laws of descent and distribution, or permitted transfers or exercises on behalf of the eligible participant's duly authorized legal representative.

(g) Maximum Number of Shares

The maximum number of Class A Ordinary Shares that may be delivered pursuant to awards granted under the Plan shall not exceed 31,686,768 Shares (as adjusted after the Share Subdivision) in the aggregate.

(h) Change in Control

In the event of a Change in Control, the Administrator may make provision for a cash payment in settlement of, or for the assumption, substitution or exchange of any or all outstanding awards (or the cash, securities or other property deliverable to the holder(s) of any or all outstanding awards) based upon, to the extent relevant in the circumstances, the distribution or consideration payable to holders of the Class A Ordinary Shares upon or in respect of such event.

Subject to provisions in the Plan, upon the occurrence of a Change in Control, (i) each option and share appreciation right shall become immediately vested and exercisable, (ii) restricted Class A Ordinary Shares shall immediately vest free of forfeiture restrictions and/or restrictions giving the Company the right to repurchase the shares at their original purchase price, and (iii) each restricted share unit will become immediately vested and earned; provided, however, that such acceleration provisions shall not apply, unless otherwise expressly provided by the Administrator, with respect to any award to the extent that the Administrator has made a provision for the substitution, assumption, exchange or other continuation or settlement of the award, or the award would otherwise continue in accordance with its terms, in the circumstances.

For the above purpose, a "Change in Control" means any of the following, subject to applicable exceptions in the provisions in the Plan: (i) approval by Shareholders (or, if no shareholder approval is required, by the Board alone) of the complete dissolution or liquidation of the Company, other than in the context of a Business Combination that does not constitute a Change in Control Event under (iii) below; (ii) the acquisition by any individual, entity or group of beneficial ownership of 50% or more of either (1) the then-outstanding Class A Ordinary Shares of the Company or (2) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors, and (iii) the consummation or a reorganization, amalgamation, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any other entity a majority of whose outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company (a "**Subsidiary**"), a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or shares of another entity by the Company or any of its Subsidiaries (each, a "**Business Combination**").

2. Options, share appreciation rights and restricted share units granted

As of the Latest Practicable Date, (i) options to subscribe for an aggregate of 28,113,326 Class A Ordinary Shares (as adjusted after the Share Subdivision) had been granted to Directors, senior management and employees of the Group, of which (1) options to subscribe for 20,023,720 Class A Ordinary Shares (as adjusted after the Share Subdivision) had been exercised; (2) options to subscribe for 11,750 Class A Ordinary Shares (as adjusted after the Share Subdivision) had terminated following the resignation of certain employees and were capable of being re-allocated to other grantees; and (3) options to subscribe for 8,077,856 Class A Ordinary Shares (as adjusted after the Share Subdivision) were outstanding and held by grantees; and (ii) 3,573,442 Class A Ordinary Shares (as adjusted after the Share Subdivision) representing Shares underlying ungranted awards under the Pre-IPO Share Incentive Plan had been allotted and issued to Ever Thriving Ventures Limited to be held on trust for the benefit of eligible participants.

As of the Latest Practicable Date, no share appreciation rights or RSUs had been granted pursuant to the Pre-IPO Share Incentive Plan.

3. Appointment of Trident Trust Company (HK) Limited (the "Trustee") and Issue of Shares to the Trustee

On August 28, 2020, Mr. Zhu and the Company each entered into a trust deed with the Trustee, an Independent Third Party, pursuant to which the Trustee had agreed to act as the trustee to facilitate the administration of the Plan. On August 31, 2020, 19,544,554 share options (as adjusted after the Share Subdivision) granted to certain participants (the "**Early Exercise Participants**") under the Pre-IPO Share Incentive Plan were early-exercised and concurrently transferred to the Trustee. The exercise price of the share options was paid by delivering a promissory note to the Company payable by each of the Early Exercise Participants (the "**Early Exercise Promissory Notes**"), and the transfer price of the share options was paid by the Trustee by delivering a promissory note to each of the Early Exercise Participants through NHXT Holdings Ltd. and Ever Thriving Ventures Limited, both being entities owned and managed by the Trustee. As a result, on the same day, an aggregate of 19,544,554 Class A Ordinary Shares (as adjusted after the Share Subdivision) underlying the early-exercised share options were issued to NHXT Holdings Ltd. and Ever Thriving Ventures Limited to be held on trust for the benefit of the Early Exercise Participants.

Pursuant to share vesting agreements entered into between the Company and each of the Early Exercise Participants on August 31, 2020, it was agreed that the Shares held by NHXT Holdings Ltd. and Ever Thriving Ventures Limited would be subject to the same vesting schedule as that set out in the relevant option agreements at the time of grant. The Early Exercise Promissory Notes will mature on the earlier of (i) the severance date of the Early Exercise Participant's employment or consulting relationship with the Group, whereby the note will be due and payable with respect to the exercise price of the restricted shares that have not become vested as well as the interest accrued thereon, and (ii) the date on which the restricted shares are transferred, assigned, encumbered or disposed of, whereby the note will be due and

payable with respect to the restricted shares transferred, assigned, encumbered or disposed of. The Early Exercise Participant shall pay the amounts due under the Early Exercise Promissory Note in full to the Company within 90 days after the maturity date.

Further, in the event of termination of the employment or consulting relationship between the Early Exercise Participant and the Group, the Company shall upon the severance date have an irrevocable, exclusive option at any time from such date to (i) in the event of a termination without cause, to repurchase all or any portion of the restricted shares that have not yet vested at a price per restricted share equal to the exercise price (adjusted for any share subdivision, share dividends and the like), or (ii) in the event of a termination with cause, unless otherwise approved by the board, to repurchase all or any portion of the restricted shares, whether such restricted shares have vested or not, at an aggregate repurchase price of US$1.00 (the "**Early Exercise Repurchase Option**").

Within 90 days after the maturity date of an Early Exercise Promissory Note, the relevant Early Exercise Participant may elect, by means of one or a combination of the following methods, to (i) pay all or any amounts outstanding under the note by cash, check payable to the order of the Company, or electronic funds transfer; (ii) to the extent that the maturity date is the same as the severance date of the Early Exercise Participant's employment or consulting relationship with the Group for a termination without cause and the Company has exercised the Early Exercise Repurchase Option with respect to any unvested shares (if any), to pay the amount due under the note by setting off an equal amount of unpaid repurchase price, if any, payable by the Company to the Early Exercise Participant for such repurchased unvested shares, and the interest accrued on such portion of principal amount shall be waived by the Company; or (iii) to the extent that the maturity date is the same as the severance date of the Early Exercise Participant's employment or consulting relationship with the Group for a termination without cause and the Company has not exercised the Early Exercise Repurchase Option or the Early Exercise Repurchase Option is not exercisable, to pay any amount due under the note by disclaiming his/her beneficial interest with respect to such number of restricted shares (whether or not such restricted shares have vested) as calculated by dividing such amount due under the note by the exercise price, and such amount due under the note shall be waived by the Company upon the delivery of a written notice of such disclaimer to the Company.

On September 2, 2020, the Company allotted and issued 3,573,442 Class A Ordinary Shares (as adjusted after the Share Subdivision) at a price equal to US$0.00005 per share (as adjusted after the Share Subdivision) to Ever Thriving Ventures Limited, representing Shares underlying ungranted awards under the Plan.

With regard to the Everstrong Trust, NHXT Holdings Ltd., which is owned and managed by the Trustee, holds Shares for the benefit of Mr. Zhu and his family members as beneficiaries, with Mr. Zhu and Dr. Lu acting as the power holders. Power holders of the Everstrong Trust are able to direct the Trustee as to its exercise of votings rights in the Shares, as well as its exercise of power to manage and dispose of the Shares, and the Trustee shall be obliged to comply with such directions as soon as is reasonably practicable.

With regard to the NHH Ever Thriving Ventures Trust, Ever Thriving Ventures Limited, which is owned and managed by the Trustee, holds Shares for the benefit of certain defined and future eligible participants under the Plan. The Trustee is obligated to exercise its voting rights in the Shares in accordance with the recommendations of any person appointed by the Board from time to time to administrate the Plan. Such person appointed by the Board may also at any time and from time to time, at its sole and absolute discretion, issue an instruction letter to the Trustee to distribute the Shares held, specifying among other things, the name of the selected participant, the number of Shares, the timeline for making such distribution, the terms and conditions of the distribution, and any other decisions or determinations as it shall deem appropriate or necessary in relation to the distribution. Subject to the receipt by the trustee of the requisite information accompanying the instruction letter, the Trustee shall as soon as practicable effect the transfer or sale of distributable Shares in the manner determined.

4. General

The Plan is not subject to the provisions of Chapter 17 of the Listing Rules as it will not involve the grant of options by us after the Listing.

Application has been made to the Stock Exchange for the listing of and permission to deal in the Shares issued or to be issued pursuant to the Plan.

5. Directors, senior management and other employees of our Group

As of the Latest Practicable Date, share options granted to 196 grantees, including two Directors, two members of the senior management and 192 other employees of our Group (who were granted options to subscribe for 18,574,140 Shares, 4,000,000 Shares and 5,527,436 Shares, respectively), to subscribe for an aggregate of 28,101,576 Shares (as adjusted after the Share Subdivision), of which a portion of the options corresponding to 20,023,720 Class A Ordinary Shares have been exercised. Amongst such aggregate of 28,101,576 share options granted under the Plan, as of the Latest Practicable Date, options to subscribe for 8,077,856 Class A Ordinary Shares (as adjusted after the Share Subdivision) were outstanding, for which the grantees include one Director (5,521,070 share options), one member of the senior management (1,520,834 share options) and 184 other employees of our Group (aggregate of 1,035,952 share options). Such outstanding options represent approximately 1.93% of the issued share capital of our Company upon completion of the Share Subdivision and the Global Offering, assuming the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the Plan. The proposal to grant the options under the Plan to the aforesaid grantees has been approved by the Board.

Below is a list of Directors and senior management of our Group who are grantees of the options under the Plan, and the number of underlying Shares of their respective options (exercised or outstanding) (figures as adjusted after the Share Subdivision). No option under the Plan has been granted to other connected persons of the Company.

Name of grantee	Position	Address	Exercise price (US$/Share)	Date of grant	Vesting period	Total number of Shares underlying the exercised options	Total number of Shares underlying the outstanding and unexercised options	Underlying Shares of the outstanding and unexercised options as a percentage of issued Shares immediately after completion of the Global Offering [(1)]
Directors								
Mr. Zhu	CEO and executive Director	5-702, North District of Ruyuan, Xibeiwang Town Haidian District Beijing PRC	0.1657 – 0.6000	October 10, 2018 – April 24, 2020	*(Notes 2, 3, 5)*	13,053,070	0	0.00%
Dr. Chen	Executive Director and chairman of the Board	5-1604, No. 201 Jianghan East Road Binjiang District Hangzhou, Zhejiang PRC	0.4221	May 14, 2019	*(Note 3)*	0	5,521,070	1.32%
Senior Management								
Dr. Ning LU	Chief Technology Officer	3997 Kern Ct. Pleasanton CA 94588 U.S.	0.1657 – 0.6000	October 10, 2018 – April 24, 2020	*(Note 2)*	479,166	1,520,834	0.36%
Mr. Yu GAO	Chief Financial Officer	Apt 9-901 873 Xiangyin Road Shanghai 200433 PRC	0.6000	June 1, 2020	*(Notes 4, 6)*	2,000,000	0	0.00%

Notes:

(1) These percentages are calculated on the basis of 417,951,186 Shares in issue immediately following completion of the Share Subdivision and the Global Offering, assuming that the Over-allotment Option is not exercised and without taking into account any additional Shares to be issued upon the exercise of the options granted under the Pre-IPO Share Incentive Plan.

(2) The option shall vest and become exercisable as to 25% of the total number of shares subject to the option on the first anniversary of the vesting commencement date, and the option shall vest and become exercisable as to the remaining 75% of the total number of shares subject to the option in equal monthly installments over the subsequent 36 months thereafter.

(3) The options granted on May 14, 2019 to Dr. Chen and Mr. Zhu shall vest and become exercisable in installments. Upon achievement of the first milestone event, the option shall vest and become exercisable as to 20% of the shares subject to the option. Upon achievement of the second milestone event, namely that the Company has completed a qualified initial public offering before March 31, 2021, the option shall vest and become exercisable as to 20% of the shares subject to the option. The option shall vest and become exercisable as to the remaining 60% of the total number of shares subject to the option (the "**Remaining Option Shares**") in the following manner: the option shall vest and become exercisable as to 25% of the Remaining Option Shares on the first anniversary of the vesting commencement date, and the option shall vest and become exercisable as to the remaining 75% of the Remaining Option Shares in equal monthly installments over the subsequent 36 months thereafter.

(4) The options granted on June 1, 2020 to Mr. Yu Gao to purchase 1,600,000 shares shall vest and become exercisable as to 400,000 shares on the first anniversary of the vesting commencement date, and shall vest and become exercisable as to the remaining 1,200,000 shares in equal monthly installments over the subsequent 36 months thereafter. The option to purchase 400,000 shares shall vest and become exercisable subject to the achievement of a milestone event as defined in the relevant award agreement. Figures have been adjusted as after the Share Subdivision.

(5) On August 31, 2020, an aggregate of 13,053,070 share options (as adjusted after the Share Subdivision) granted to Mr. Zhu were early-exercised and concurrently transferred to the Trustee. As a result, on the same day, an aggregate of 13,053,070 Class A Ordinary Shares (as adjusted after the Share Subdivision) underlying the early-exercised options were issued to NHXT Holdings Ltd., an entity owned and managed by the Trustee, to be held on trust for Mr. Zhu and certain of his family members as beneficiaries. As the aggregate of 13,053,070 Class A Ordinary Shares (as adjusted after the Share Subdivision) were acquired prior to the time that they would have become vested in accordance with the vesting schedule set out in the relevant option agreements at the time of grant, pursuant to a share vesting agreement entered into between the Company and Mr. Zhu dated August 31, 2020, the Shares held by NHXT Holdings Ltd. are restricted shares and are subject to a right of repurchase by the Company. The restricted shares will vest, and the repurchase right of the Company will lapse, as of the date(s) that the early-exercised options would have otherwise become vested in accordance with the relevant option agreements entered into.

(6) On August 31, 2020, an aggregate of 6,491,484 share options (as adjusted after the Share Subdivision) granted to 13 employees of the Company between January 24, 2017 and June 1, 2020, including Mr. Yu Gao, our Chief Financial Officer, were early-exercised and concurrently transferred to the Trustee. As a result, on the same day, an aggregate of 6,491,484 Class A Ordinary Shares (as adjusted after the Share Subdivision) were issued to Ever Thriving Ventures Limited, an entity owned and managed by the Trustee, to be held on trust for the relevant employees as beneficiaries. As the aggregate of 6,491,484 Class A Ordinary Shares (as adjusted after the Share Subdivision) were acquired prior to the time that they would have become vested in accordance with the vesting schedule set out in the relevant option agreements at the time of grant, pursuant to share vesting agreements entered into between the Company and each of the Early Exercise Participants dated August 31, 2020, the Shares held by Ever Thriving Ventures Limited are restricted shares and are subject to a right of repurchase by the Company. The restricted shares will vest, and the repurchase right of the Company will lapse, as of the date(s) that the early-exercised options would have otherwise become vested in accordance with the relevant option agreements entered into.

The following table summarizes the number of underlying Shares of the options (exercised or outstanding, but not including terminated ones) granted to individuals other than our Directors and senior management under the Plan (figures as adjusted after the Share Subdivision).

Exercise price (US$/Share)	Date of grant	Vesting period	Total number of Shares underlying the exercised options	Total number of Shares underlying the outstanding and unexercised options	Underlying Shares of the outstanding and unexercised options as a percentage of issued Shares immediately after completion of the Global Offering [(1)]
0.1657	January 24, 2017	*(Notes 2, 3, 4)*	472,186	0	0.00%
0.1657	October 10, 2018	*(Notes 2, 4)*	2,749,298	338,702	0.08%
0.6000	April 24, 2020	*(Notes 2, 4)*	1,270,000	309,000	0.07%
0.6000	June 10, 2020	*(Notes 2, 4)*	0	388,250	0.09%

Notes:

(1) These percentages are calculated on the basis of 417,951,186 Shares in issue immediately following completion of the Share Subdivision and the Global Offering, assuming that the Over-allotment Option is not exercised and without taking into account any additional Shares to be issued upon the exercise of the Pre-IPO Share Incentive Plan.

(2) The option shall vest and become exercisable as to 25% of the total number of shares subject to the option on the first anniversary of the vesting commencement date, and the option shall vest and become exercisable as to the remaining 75% of the total number of shares subject to the option in equal monthly installments over the subsequent 36 months thereafter.

(3) These options were granted to certain employees of Hangzhou Nuohui under the Hangzhou Nuohui Share Incentive Plan on January 24, 2017, and which were replaced and exchanged for options to purchase Class A Ordinary Shares under the Plan pursuant to the Company's board resolution dated October 10, 2018. The vesting commencement date for these options is therefore January 24, 2017.

(4) On August 31, 2020, an aggregate of 6,491,484 share options (as adjusted after the Share Subdivision) granted between January 24, 2017 and June 1, 2020 to 13 employees of the Company, including Mr. Yu Gao, our Chief Financial Officer, were early-exercised and concurrently transferred to the Trustee. As a result, on the same day, an aggregate of 6,491,484 Class A Ordinary Shares (as adjusted after the Share Subdivision) were issued to Ever Thriving Ventures Limited, an entity owned and managed by the Trustee, to be held on trust for the relevant employees as beneficiaries. As the aggregate of 6,491,484 Class A Ordinary Shares (as adjusted after the Share Subdivision) were acquired prior to the time that they would have become vested in accordance with the vesting schedule set out in the relevant option agreements at the time of grant, pursuant to share vesting agreements entered into between the Company and each of the Early Exercise Participants dated August 31, 2020, the Shares held by Ever Thriving Ventures Limited are restricted shares and are subject to a right of repurchase by the Company. The restricted shares will vest, and the repurchase right of the Company will lapse, as of the date(s) that the early-exercised options would have otherwise become vested in accordance with the relevant option agreements entered into.

Assuming full exercise of options under the Plan, the shareholding of our Shareholders immediately following the Global Offering will be diluted by approximately 1.9%, if calculated on the basis of 417,951,186 Shares in issue immediately following completion of the Share Subdivision and the Global Offering, excluding any additional Shares which may fall to be allotted and issued upon the exercise of the Over-allotment Option or under the Pre-IPO Share Incentive Plan. The consequent impact on the earnings per ordinary share for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020 is nil, nil and nil respectively, being the incremental impact to diluted earnings per share, since the options would not be included in the calculation of diluted earnings per share due to anti-dilution.

Waiver and Exemption

Our Company has applied for and has been granted (i) a waiver from the Stock Exchange from strict compliance with the disclosure requirements under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A to the Listing Rules; and (ii) an exemption from the SFC from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance. Please refer to the section headed "Waivers from Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding up and Miscellaneous Provisions) Ordinance" in this Prospectus for details.

E. SHARE VESTING AGREEMENTS WITH MR. ZHU AND DR. LU

On January 18, 2019, the Company, NHYJ Holdings and Mr. Zhu entered into the share vesting agreement (the "**NHYJ Share Vesting Agreement**"), pursuant to which it was acknowledged that an aggregate of 8,464,899 Class B Ordinary Shares (before the Share Subdivision) held by NHYJ Holdings were restricted shares granted to Mr. Zhu at an aggregate purchase price of US$1,885,100 (the "**NHYJ Aggregate Purchase Price**") and such shares were held by NHYJ Holdings subject to the vesting as provided therein (the "**NHYJ Restricted Shares**"). The NHYJ Restricted Shares were granted to Mr. Zhu as share incentives in recognition of his contribution to the business development of the Group. On the same date, NHYJ Holdings issued a promissory note for the benefit of the Company for the payment of the NHYJ Aggregate Purchase Price (the "**NHYJ Holdings Promissory Note**"). Pursuant to the NHYJ Holdings Promissory Note, NHYJ Holdings promised to pay the Company a principal amount of US$1,885,100 and the associated interests calculated at the rate of 5% per annum. The NHYJ Holdings Promissory Note will mature on the earlier of (i) the date of termination of Mr. Zhu's employment or consulting relationship with the Company; and (ii) the date on which NHYJ Holdings transfers, assigns, encumbers or disposes of any interest in the NHYJ Restricted Shares. NHYJ Holdings shall pay all amounts outstanding under the NHYJ Holdings Promissory Note in full to the Company within 90 days after the maturity date. On the same date, Mr. Zhu, in turn, issued a promissory note for the benefit of NHYJ Holdings in the same amount and on substantially the same terms.

As of the Latest Practicable Date, 8,237,178 NHYJ Restricted Shares (before the Share Subdivision) have vested. The remaining 227,721 NHYJ Restricted Shares (before the Share Subdivision) shall vest in 6 equal installments from the Latest Practicable Date up to July 18, 2021.

Pursuant to the NHYJ Share Vesting Agreement, in the event of termination of Mr. Zhu's employment or consulting relationship with the Group, the Company shall upon the date of such termination have an irrevocable, exclusive option at any time from such date to (i) in the event of a termination without cause, to repurchase all or any portion of the NHYJ Restricted Shares that have not yet vested at the original purchase price of US$0.222696 per share (or as may be adjusted after the Share Subdivision), or (ii) in the event of a termination with cause, unless otherwise approved by the board, to repurchase all or any portion of the NHYJ Restricted Shares, whether such NHYJ Restricted Shares have vested or not, at an aggregate repurchase price of US$1.00 (or as may be adjusted after the Share Subdivision) (the "**Repurchase Option**").

Within 90 days after the maturity date of the NHYJ Holdings Promissory Note, NHYJ Holdings may elect, by means of one or a combination of the following methods, to (i) pay all or any amounts outstanding under the note by cash, check payable to the order of the Company, or electronic funds transfer; (ii) to the extent that the maturity date is the same date as the termination of Mr. Zhu's employment or consulting relationship with the Group for a termination without cause and the Company has exercised the Repurchase Option pursuant to the NHYJ Share Vesting Agreement with respect to any unvested shares (if any), to pay any principal amount unpaid under the note by setting off an equal amount of unpaid repurchase price, if any, payable by the Company to NHYJ Holdings for such repurchased unvested shares, and the interest accrued on such portion of principal amount shall be waived by the Company; or (iii) to the extent that the maturity date is the same date as the termination of Mr. Zhu's employment or consulting relationship with the Group for a termination without cause and the Company has not exercised the Repurchase Option or the Repurchase Option is not exercisable pursuant to the NHYJ Share Vesting Agreement, to pay any principal amount unpaid under the note by surrendering to the Company such number of NHYJ Restricted Shares held by NHYJ Holdings (whether or not such restricted shares have vested) as calculated by dividing such portion of principal amount by the original purchase price set out in the NHYJ Share Vesting Agreement, and such portion of principal amount and the interest accrued thereon shall be waived by the Company immediately upon the completion of such surrender.

On January 18, 2019, the Company, NHXC Holdings and Dr. Lu entered into the share vesting agreement (the "**NHXC Share Vesting Agreement**"), pursuant to which it was acknowledged that an aggregate of 3,985,797 Class A Ordinary Shares (before the Share Subdivision) held by NHXC Holdings were restricted shares granted to Dr. Lu at an aggregate purchase price of US$729,349 (the "**NHXC Aggregate Purchase Price**") and such shares were held by NHXC Holdings subject to the vesting as provided therein (the "**NHXC Restricted Shares**"). The NHXC Restricted Shares were granted to Dr. Lu as share incentive in recognition of his contribution to the business development of the Company. On the same date, NHXC Holdings issued a promissory note for the benefit of the Company for the payment of the Aggregate Purchase Price (the "**NHXC Holdings Promissory Note**"). Pursuant to the NHXC Holdings Promissory Note, NHXC Holdings promised to pay the Company a principal amount of US$729,349 and the associated interests calculated at the rate of 5% per annum. The terms on maturity date and payment of promissory notes in relation to the NHXC Holdings

Promissory Note are substantially the same as those pursuant to the NHYJ Share Vesting Agreement. On the same date, Dr. Lu, in turn, issued a promissory note for the benefit of NHXC Holdings in the same amount and on substantially the same terms as the NHXC Holdings Promissory Note.

As of the Latest Practicable Date, all NHXC Restricted Shares have vested. Pursuant to the NHXC Share Vesting Agreement, in the event of termination with cause of Dr. Lu's employment or consulting relationship with the Group, the Company shall upon the date of such termination have an irrevocable, exclusive option at any time from such date to, unless otherwise approved by the board, repurchase all or any portion of the NHXC Restricted Shares, whether such Restricted Shares have vested or not, at an aggregate repurchase price of US$1.00 (or as may be adjusted after the Share Subdivision).

F. 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.

2. Litigation

Save as disclosed in the section headed "Risk Factors" in this Prospectus and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Stock Exchange for the listing of, and permission to deal in, (a) the Shares in issue (being the Shares to be converted from Preferred Shares, Class B Ordinary Shares and Class A Ordinary Shares); (b) the Shares to be issued pursuant to the Global Offering (including the Over-allotment Option); and (c) the Shares which may be issued upon the exercise of outstanding options granted under the Pre-IPO Share Incentive Plan.

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate fee of US$1,000,000 for acting as the sponsor for the Listing.

4. Compliance Adviser

Our Company has appointed Somerley Capital Limited as our Compliance Adviser in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

6. Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this Prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
Goldman Sachs (Asia) L.L.C.	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
UBS Securities Hong Kong Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Fangda Partners	Company's PRC legal adviser
Conyers Dill & Pearman	Company's Cayman Islands legal adviser
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.

7. Agency Fees or Commissions Paid or Payable

Save as disclosed in this Prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company within the two years immediately preceding the date of this Prospectus.

8. No Material Adverse Change

The Directors confirm that save as disclosed in this Prospectus, there has been no material adverse change in our financial or trading position since September 30, 2020 (being the date to which the latest audited financial statements of our Group were made up) up to the date of this Prospectus.

9. Other Disclaimers

(a) Save as disclosed in this Prospectus, within the two years immediately preceding the date of this Prospectus:

(i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

(b) Save as disclosed in this Prospectus:

(i) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(ii) no share or loan capital or debenture of our Company of any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries.

(c) Save as disclosed in the subsection headed "B. Further Information about Our Business – 1. Summary of Material Contracts" in this section, none of our Directors or proposed Directors or experts (as named in this Prospectus), have any interest, direct or indirect, in any assets which have been, within the two years immediately preceding the date of this Prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

(d) We do not have any promoters. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this Prospectus within the two years immediately preceding the date of this Prospectus.

(e) There is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong.

(f) There is no arrangement under which future dividends are waived or agreed to be waived.

10. Binding Effect

This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Bilingual Prospectus

The English language and Chinese language versions of this Prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the 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) the written consents referred to in the section headed "Statutory and General Information – F. Other information – 6. Consents of experts" in Appendix IV in this Prospectus; and

(c) a copy of each of the material contracts referred to in the section headed "Statutory and General Information – B. Further Information about Our Business – 1. Summary of Material Contracts" in Appendix IV in this Prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at the offices of Davis Polk & Wardwell at 18/F, The Hong Kong Club Building, 3A Chater Road, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this Prospectus:

(a) the Memorandum of Association and the Articles of the Company;

(b) the Accountants' Report, the condensed consolidated financial statements of our Group, and the report on the unaudited pro forma financial information of our Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendices I and II to this Prospectus;

(c) the audited consolidated financial statements of our Company for the two financial years ended December 31, 2018 and 2019 and the audited condensed financial information for the nine months ended September 30, 2020;

(d) the letters relating to the loss estimate received from Deloitte Touche Tohmatsu and the Joint Sponsors, the text of which are set out in Appendix IIA to this Prospectus;

(e) the legal opinion issued by Fangda Partners, our PRC Legal Advisor in respect of general matters and property interests of our Group in the PRC;

(f) the letter of advice from Conyers Dill & Pearman, our legal advisor as to the law of the Cayman Islands, summarizing certain aspects of the Cayman Islands company law referred to in Appendix III to this Prospectus;

(g) the industry report prepared by Frost & Sullivan;

(h) the material contracts referred to in the subsection headed "B. Further Information about Our Business – 1. Summary of Material Contracts" in Appendix IV to this Prospectus;

(i) the written consents referred to in the subsection headed "F. Other Information – 6. Consents of Experts" in Appendix IV to this Prospectus;

(j) the service contracts or letters of appointment referred to in the section headed "C. Further information about Our Directors – 1. Particulars of Directors' Service Contracts and Appointment Letters" in Appendix IV in this Prospectus;

(k) the terms of the Pre-IPO Share Incentive Plan and a list of grantees under the Pre-IPO Share Incentive Plan, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and

(l) the Cayman Companies Act.

诺辉健康

NEW HORIZON HEALTH