先瑞達醫療科技控股有限公司
Acotec Scientific Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6669

GLOBAL OFFERING

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

Morgan Stanley

CICC 中金公司

Joint Bookrunners and Joint Lead Managers

CMS 招商證券國際

華盛証券 Valuable Capital Limited

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

Acotec Scientific Holdings Limited
先瑞達醫療科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**68,633,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**6,864,000 Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**61,769,000 Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$23.80 per Offer Share, plus brokerage of 1%, 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$0.00001 per Share**
Stock code	**:**	**6669**

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

Morgan Stanley　CICC 中金公司

Joint Bookrunners and Joint Lead Managers

CMS 招商證券國際　華盛証券 Valuable Capital Limited

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", 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 Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged, or transferred within the United States, except that Offer Shares may be offered, sold or delivered to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside of the United States in offshore transactions in accordance with Regulation S.

The Offer Price is expected to be determined by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or about Tuesday, August 17, 2021 and, in any event, not later than Monday, August 23, 2021. The Offer Price will not be more than HK$23.80 per Offer Share and is expected to be not less than HK$22.20 per Offer Share, unless otherwise announced. Applicants for Hong Kong Offer Shares are required to pay, on application, maximum Offer Price of HK$23.80 per Offer Share for each Hong Kong Offer Share together with brokerage of 1%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK$23.80 per Offer Share.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors."

The Joint Global Coordinators (for themselves and on behalf of the Underwriters), with our consent, may reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range 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, an announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.acotec.cn not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Details of the arrangement will then be announced by us as soon as practicable. For further information, please see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Please see the section headed "Underwriting — Underwriting Arrangements — Hong Kong Public Offering — Grounds for Termination."

ATTENTION

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

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

Thursday, August 12, 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.acotec.cn. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

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

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

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

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

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

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 and **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited, both at +852 2862 8690 on the following dates:

Thursday, August 12, 2021 – 9:00 a.m. to 9:00 p.m.
Friday, August 13, 2021 – 9:00 a.m. to 9:00 p.m.
Saturday, August 14, 2021 – 9:00 a.m. to 6:00 p.m.
Sunday, August 15, 2021 – 9:00 a.m. to 6:00 p.m.
Monday, August 16, 2021 – 9:00 a.m. to 9:00 p.m.
Tuesday, August 17, 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 prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

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

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

Your application must be for a minimum of 1,000 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.

Acotec Scientific Holdings Limited
(Stock Code 6669)
(HK$23.80 per Hong Kong Offer Share)
NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK$		*HK$*		*HK$*		*HK$*
1,000	24,039.83	14,000	336,557.66	70,000	1,682,788.28	500,000	12,019,916.30
2,000	48,079.67	16,000	384,637.32	80,000	1,923,186.61	600,000	14,423,899.56
3,000	72,119.50	18,000	432,716.99	90,000	2,163,584.93	700,000	16,827,882.82
4,000	96,159.33	20,000	480,796.65	100,000	2,403,983.26	800,000	19,231,866.08
5,000	120,199.16	25,000	600,995.82	150,000	3,605,974.89	900,000	21,635,849.34
6,000	144,239.00	30,000	721,194.98	200,000	4,807,966.52	1,000,000	24,039,832.60
7,000	168,278.83	35,000	841,394.14	250,000	6,009,958.15	1,500,000	36,059,748.90
8,000	192,318.66	40,000	961,593.30	300,000	7,211,949.78	2,000,000	48,079,665.20
9,000	216,358.49	45,000	1,081,792.47	350,000	8,413,941.41	2,500,000	60,099,581.50
10,000	240,398.33	50,000	1,201,991.63	400,000	9,615,933.04	3,432,000(1)	82,504,705.48
12,000	288,477.99	60,000	1,442,389.96	450,000	10,817,924.67		

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

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

*If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the Company's website at **www.acotec.cn** and the website of the Stock Exchange at **www.hkexnews.hk**.*

Hong Kong Public Offering commences . . . . . 9:00 a.m. on Thursday, August 12, 2021

Latest time to complete electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2] . . . . . 11:30 a.m. on Tuesday, August 17, 2021

Application lists open[3] . . . . . 11:45 a.m. on Tuesday, August 17, 2021

Latest time to (a) lodge completing payment of **White Form eIPO** applications by effecting internet banking transfers(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4] . . . . . 12:00 noon on Tuesday, August 17, 2021

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

Application lists close[3] . . . . . 12:00 noon on Tuesday, August 17, 2021

Expected Price Determination Date[5] . . . . . Tuesday, August 17, 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 Offer Shares under the Hong Kong Public Offering to be published and on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.acotec.cn** [6] on or before . . . . . Monday, August 23, 2021

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

- in the announcement to be posted on our website and the website of the Stock Exchange at **www.acotec.cn** and **www.hkexnews.hk** respectively . . . . .Monday, August 23, 2021

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment)** with a "search by ID" function from . . . . . .8:00 a.m. on Monday, August 23, 2021 to 12:00 midnight on Sunday, August 29, 2021

- from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on . . . . . .Monday, August 23, 2021, Tuesday, August 24, 2021, Wednesday, August 25, 2021 and Thursday, August 26, 2021

Share certificates in respect of wholly or partially successful applications to be dispatched/collected or deposited into CCASS on or before[7] . . . . . .Monday, August 23, 2021

White Form e-Refund payment instructions/refund checks in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched/collected on or before[8][9] . . . . . .Monday, August 23, 2021

Dealings in the Shares on the Stock Exchange expected to commence at . . . . . .9:00 a.m. on Tuesday, August 24, 2021

The application for the Hong Kong Offer Shares will commence on Thursday, August 12, 2021 through Tuesday, August 17, 2021. The application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicant(s) without interest on Monday, August 23, 2021. Investors should be aware that the dealings in Shares on the Stock Exchange are expected to commence on Tuesday, August 24, 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 **White Form eIPO** service through the designated website at **www.eipo.com.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 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/are a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above and/or an announcement of "extreme conditions" caused by a super typhoon by the Government of Hong Kong in accordance with revised "Code of Practice in Times of Typhoons and Rainstorms" issued by the Hong Kong Labour Department in June 2019 in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, August 17, 2021, the application lists will not open and will close on that day. For further details, please see the section headed "How to Apply for Hong Kong Offer Shares – 11. Effect of Bad Weather on the Opening and Closing 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 – 7. Applying through CCASS EIPO service" in this prospectus.

(5) The Price Determination Date is expected to be on or about Tuesday, August 17, 2021, and in any event, not later than Monday, August 23, 2021. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us on or before Monday, August 23, 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 will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in "Underwriting – Underwriting Arrangements – Hong Kong Public Offering – Grounds for Termination" has not been exercised. 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.

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

(9) Applicants who have applied on **White Form eIPO** for 1,000,000 or more Hong Kong Offer Shares may collect any refund checks (where applicable) and/or Share certificates in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, August 23, 2021 or such other date as notified by us as the date of dispatch/collection of Share certificates/e-refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through **CCASS EIPO** service should refer to the section headed "How to Apply for Hong Kong Offer Shares – 15. Despatch/Collection of Share Certificates and Refund Monies – Personal Collection – (ii) if you apply through **CCASS EIPO** service" in this prospectus for details.

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

Share certificates and/or refund checks for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund checks will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed "How to Apply for Hong Kong Offer Shares – 14. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares – 15. Despatch/Collection of Share Certificates and Refund Monies".

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

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

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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 Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers, employees, partners, agents or representatives, or any other party involved in the Global Offering.

This summary aims to give you an overview of the information contained in this prospectus and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this prospectus. As this is a summary, it does not contain all the information that may be important to you and we urge you to read the entire prospectus carefully before making your investment decision. There are risks associated with any investment. ***In particular, we are a biotechnology company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules. We may not be able to successfully develop and market our Core Products indicated for the treatment of AVF stenosis, VAO stenosis and vasculogenic ED and other product candidates in pipeline.*** *Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.*

OVERVIEW

We are a leading innovative medical device company in China focusing on providing "leave nothing behind" treatment solutions for vascular diseases. We have developed a suite of interventional medical devices featuring world-leading technologies, notably in the fields of drug-coated balloons (DCB) and thrombus aspiration catheters. We developed and launched the first peripheral DCB product in China in 2016, approximately four years ahead of the closest runner-up, and had a dominating market share of approximately 86.9% in the peripheral DCB market in China in terms of revenue generated in 2020. Our second DCB product was designated as a "breakthrough device" by the FDA in 2019 as it provides for more effective treatment in irreversibly debilitating human conditions and offers significant advantages over existing approved or cleared alternative medical devices. The designation also indicates that the product represents breakthrough technology and its availability is in the best interest of patients. After the designation, the product was entitled to an expedited process of the development, assessment, and review by the FDA. The product also obtained the NMPA approval in December 2020, making it the world's first (and, as of the Latest Practicable Date, only) below-the-knee (BTK) DCB product receiving regulatory approval based on multi-center randomized controlled clinical trial results. Our DCB products feature one of the most advanced drug-coating technologies among all the DCB products worldwide, and had demonstrated good clinical performance based on the results of the clinical trials conducted by us for such products. We are also in the process of developing a comprehensive product pipeline, with 24 product candidates in various stages of development as of the Latest Practicable Date. We believe our first-mover advantages, world-leading technologies, dominating market share in China, and comprehensive product pipeline established high entry barriers difficult for our competitors to surpass. Our mission is to become a global leader that provides full-suite "leave nothing behind" interventional solutions for vascular diseases. We are also expanding indications of our DCB products for the treatment of AVF stenosis, VAO stenosis and vasculogenic ED. There are unique challenges, risks and uncertainties associated with this. **We may not be able to successfully develop and market our Core Products indicated for these diseases.**

Interventional treatment of vascular diseases caused by atherosclerosis is regarded as one of the most innovative fields of modern medical research. In recent years, the growing prevalence of vascular diseases caused by atherosclerosis such as peripheral artery disease (PAD), coronary artery disease (CAD), and stroke boosted the adoption of minimally invasive interventional procedures worldwide. Treatment solutions used in these interventional procedures have evolved from percutaneous transluminal angioplasty (PTA) balloons to stents, and further to DCBs. The major drawback of PTA balloons is the high incidence of short-term vessel restenosis. Stents are effective in preventing vessel restenosis, but may cause complications such as thrombosis, stent fracture, and in-stent restenosis (ISR). DCB therapy is an innovative therapy using angioplasty balloons coated with anti-proliferative drugs. As compared to PTA balloons, DCB can effectively inhibit neointimal hyperplasia, thereby reducing the risks of vessel restenosis. As compared to stenting, DCB therapy can significantly reduce the risk of thrombosis, avoid stent fracture and ISR, and more importantly, offers a unique value proposition of "leaving nothing behind" in human bodies. As a result of such benefits, DCBs are becoming increasingly popular and have been progressively replacing stents in vascular interventions, according to Frost & Sullivan. We primarily focus on the

peripheral artery disease DCB market, which accounted for approximately 13.4% of the overall DCB market in China in 2019, but is expected to account for approximately 50.0% of the overall DCB market in China by 2030, according to Frost & Sullivan.

The concept of DCB therapy was first envisioned by our CTO, Dr. Ulrich Speck, who invented the first DCB product in the world, the drug-coating technology used in B. Braun's SeQuent Please, the world's No. 1 coronary DCB product in terms of sales volume up to the Latest Practicable Date, as well as the drug-coating technology used in Medtronic's IN.PACT, the world's No. 1 peripheral DCB product in terms of sales volume up to the Latest Practicable Date, according to Frost & Sullivan. Thereafter, Dr. Speck made several other breakthrough discoveries in drug-coating technology, which we use in our DCB products and product candidates.

As of the Latest Practicable Date, we had two DCB products approved by the NMPA.

- AcoArt Orchid® & Dhalia™, our Core Product, is indicated for treating superficial femoral artery (SFA) and popliteal artery (PPA) lesions. AcoArt Orchid® & Dhalia™ was approved by the NMPA in May 2016, approximately four years ahead of the closest runner-up. We started to sell AcoArt Orchid® in China since June 2016 and AcoArt Dhalia™ in China since August 2016. As of the Latest Practicable Date, we had launched AcoArt Orchid® & Dhalia™ in China and AcoArt Orchid® in eleven other countries, including medically-advanced countries such as Germany, Italy and Switzerland.

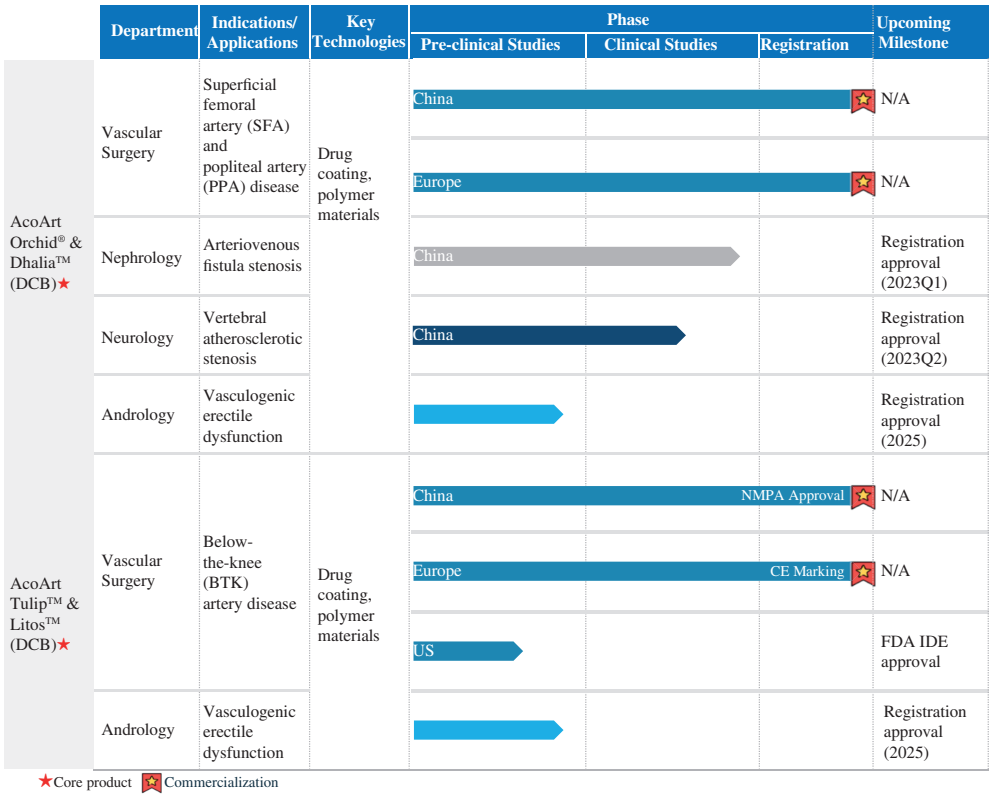
- AcoArt Tulip™ & Litos™, our Core Product, is indicated for treating BTK lesions. We obtained the NMPA approval for AcoArt Tulip™ & Litos™ through a fast-track program in December 2020. We started to sell AcoArt Tulip™ & Litos™ in China since January 2021. According to Frost & Sullivan, as of the Latest Practicable Date, AcoArt Tulip™ & Litos™ was the only BTK DCB product approved by the NMPA, and there was no ongoing clinical trial conducted in China for any other BTK DCB product candidates. We expect that we can maintain our leading position in the BTK DCB market in China for at least five years considering that AcoArt Tulip™ & Litos™ was the first BTK DCB approved for market in China, and as of the Latest Practicable Date, there was no ongoing clinical trial conducted in China for any other BTK DCB product candidates. AcoArt Litos™ was designated as a "breakthrough device" by the FDA in 2019, and was the first (and, as of the Latest Practicable Date, one of the only four) domestically-manufactured device(s) receiving such designation, according to Frost & Sullivan. As of the Latest Practicable Date, we had launched AcoArt Tulip™ & Litos™ in China and eleven other countries including Germany, Italy and Switzerland.

We are also a pioneer in expanding indications of DCB products. The narrowing of arteries may result in different types of diseases. Depending on the different arteries affected, such diseases include CAD, PAD, stroke, arteriovenous fistula (AVF) stenosis in hemodialysis (HD) patients and erectile dysfunction. DCB therapy, as a proven therapy for the treatment of CAD and PAD, is a promising therapy for treating these other types of vascular diseases. We do not plan to devote our resources competing in the CAD DCB market, which accounted for approximately 86.6% of the overall DCB market in China in 2019, but is expected to account for only approximately 42.0% of the overall DCB market in China by 2030, according to Frost & Sullivan. We are actively exploring the opportunities to expand the indications of our Core Products to nephrology, neurology and andrology, to address the unmet or underserved clinical needs of patients suffering from other types of vascular diseases, such as arteriovenous fistula (AVF) stenosis, vertebral atherosclerotic stenosis and erectile dysfunction. With our strong research and development capabilities, accumulated experience in product registration, and our established commercialization network, we believe that we can efficiently replicate our success in the lower extremity DCB market, and capture the growth potential of the large and fast growing vascular disease treatment market in China.

We are also offering and developing many other therapeutic, procedural and ancillary medical devices such as thrombus aspiration devices and radiofrequency systems.

OUR PRODUCTS AND PRODUCT CANDIDATES

The following chart summarizes the indication expansion status of our Core Products as of the Latest Practicable Date:



It is expected that once an indication expansion is approved by the NMPA, the registration certificate for AcoArt Orchid & Dhalia or AcoArt Tulip & Litos, as the case may be, will be updated, and the new indication will be added to the "Usage Scope" (適用範圍) section of the relevant registration certificate. No separate registration certificate will be issued for such indication expansions.

All of our products and product candidates are Class III medical devices under the classification criteria of the NMPA. The following chart summarizes the key information of our full product portfolio as of the Latest Practicable Date, including four commercialized products, the indication expansion for our Core Products in three therapeutic areas, and 24 additional product candidates:

	Products and Product Candidates	Product Categories	Indications / Applications	Key Technologies	Phase	Upcoming Milestone
Vascular Surgery	AcoArt Orchid® & Dhalia™★	DCB	Superficial femoral artery (SFA) and popliteal artery (PPA) disease	Drug coating technology, polymer materials	China — NMPA Approval	N/A
					Europe — CE Marking	N/A
	AcoArt Tulip™ & Litos™ ★	DCB	Below-the-knee (BTK) artery disease	Drug coating technology, polymer materials	China — NMPA Approval	N/A
					Europe — CE Marking	N/A
					US	FDA IDE approval
	AcoArt Iris™ & Jasmin™	PTA and other balloon and catheter	PTA Balloon applied in PTA procedure	Polymer materials	China — NMPA Approval	N/A
					Europe — CE Marking	N/A
	AcoArt Lily™ & Rosmarin™	PTA and other balloon and catheter	PTA Balloon applied in PTA procedure	Polymer materials	China — NMPA Approval	N/A
					Europe — CE Marking	N/A
	Radiofrequency Ablation System	radiofrequency ablation	Saphenous varicose veins	Radiofrequency ablation technology platform	China	Registration submission (2022Q4)
	Lower Limb Sirolimus DCB	DCB	Peripheral artery disease	Drug coating technology, polymer materials		Clinical studies(2021Q2)
	Peripheral Spot Stent	PTA and other balloon and catheter	Peripheral artery disease	Polymer materials		Clinical studies (2021Q2)
	Peripheral Triple-Guidewire Balloon	PTA and other balloon and catheter	Triple-Guidewire balloon applied in PTA procedure	Polymer materials		Clinical studies (2021Q2)
	Peripheral Scoring Balloon	PTA and other balloon and catheter	Scoring balloon for the dilation of lower extremity artery in PTA procedure	Polymer materials		Clinical studies (2021Q2)
	Peripheral Rotational Atherectomy Device	PTA and other balloon and catheter	Intravascular hard plaque	Polymer materials		Clinical studies (2022Q1)
	Peripheral Aspiration System▲	thrombus aspiration	Peripheral deep vein thrombosis and acute arterial embolism	Aspiration platform	Exempted from clinical trial	Registration approval (2021Q4)
	Orchid Plus▲	DCB	Peripheral artery disease	Drug coating technology, polymer materials	Exempted from clinical trial	Registration submission (2021Q2)
	Peripheral Micro-Catheter▲	PTA and other balloon and catheter	Peripheral CTO	Polymer materials	Exempted from clinical trial	Registration submission (2021Q4)
	Above-The-Knee PTA Balloon▲	PTA and other balloon and catheter	Tapered balloon for the dilation of femoropopliteal artery in PTA procedure	Polymer materials	Exempted from clinical trial	Registration submission (2022Q1)
	Below-The-Knee PTA Balloon▲	PTA and other balloon and catheter	Tapered balloon for the dilation of infrapopliteal artery in PTA procedure	Polymer materials	Exempted from clinical trial	Registration submission (2022Q1)
Cardiology	AcoArt Camellia™	DCB	Coronary small vessel diseases	Drug coating technology, polymer materials	China	Registration submission (2023Q1)
	Coronary Sirolimus DCB	DCB	Bifurcation lesions	Drug coating technology, polymer materials	China	Registration submission (2023Q1)
	Coronary Scoring Balloon	PTA and other balloon and catheter	Scoring balloon for the dilation of coronary artery in PTA procedure	Polymer materials		Clinical studies (2021Q2)
	Coronary Rotational AtherectomyDevice	PTA and other balloon and catheter	Intravascular hard plaque	Polymer materials		Clinical studies (2022Q1)
	Coronary CTO Recanalization Balloon▲	PTA and other balloon and catheter	Coronary CTO	Polymer materials	Exempted from clinical trial	Registration submission (2022Q1)
	Guiding Extension Catheter▲	PTA and other balloon and catheter	Coronary CTO	Polymer materials	Exempted from clinical trial	Registration submission (2023Q3)
	Coronary CTO Antegrade Micro-Catheter▲	PTA and other balloon and catheter	Coronary CTO	Polymer materials	Exempted from clinical trial	Registration submission (2021Q4)
	Coronary Double-Lumen Selecting Catheter▲	PTA and other balloon and catheter	Bifurcation lesions	Polymer materials	Exempted from clinical trial	Registration submission (2022Q3)
	Coronary Retrograde Micro-Catheter▲	PTA and other balloon and catheter	Coronary CTO	Polymer materials	Exempted from clinical trial	Registration submission (2023Q2)
Nephrology	AcoArt Orchid® & Dhalia™ ☆	DCB	Arteriovenous fistula stenosis	Drug coating technology, polymer materials	China	Registration approval (2023Q1)
	AV Scoring Balloon	PTA and other balloon and catheter	AVF PTA procedure	Polymer materials		Clinical studies (2021Q2)
	High-Pressure Balloon▲	PTA and other balloon and catheter	AVF PTA procedure	Polymer materials	Exempted from clinical trial	Registration submission (2022Q1)
Neurology	AcoArt Orchid® & Dhalia™ ☆	DCB	Vertebral atherosclerotic stenosis	Drug coating technology, polymer materials	China	Registration approval (2023Q2)
	AcoArt Daisy™	DCB	Intracranial atherosclerotic stenosis	Drug coating technology, polymer materials	China	Registration approval (2023Q4)
	Intracranial PTA Balloon▲	PTA and other balloon and catheter	Intracranial PTA procedure	Polymer materials	Exempted from clinical trial	Registration submission (2021Q3)
Andrology	AcoArt Orchid® & Dhalia™☆	DCB	Vasculogenic erectile dysfunction	Drug coating technology, polymer materials		Registration approval (2025)
	AcoArt Tulip™ & Litos™☆	DCB				

★ Core product ☆ Indication expansion of core product ▲ Exempted from clinical trial requirements in accordance with the Catalogue of Medical Device Exempted from Clinical Trials (《免於進行臨床試驗醫療器械目錄》) promulgated by the NMPA, as amended. Commercialization

OUR STRENGTHS

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

- a China-based global leader in the large, fast-growing and under-penetrated peripheral artery disease interventional medical device industry;
- unique technology platform built upon four synergetic core technologies (including drug-coating technology, aspiration platform technology, polymer material technology, and radiofrequency ablation technology), and a globalized research and development team capable of connecting world-class technologies with the China market;
- comprehensive product pipeline covering five therapeutic areas, providing full-suite vascular "leave nothing behind" solutions;
- proven commercialization capabilities, well-established promotion channels and extensive distribution network; and
- a visionary and globalized management team committed to R&D and commercialization and strong shareholder support.

OUR STRATEGIES

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

- leverage the synergistic effects from our four core technologies to further expand our product offerings;
- continue to grow sales of AcoArt Orchid® & Dhalia™;
- rapidly advance the clinical development and commercialization of late-staged product candidates;
- expand our geographic presence and worldwide footprint to become a global leader; and
- strengthen our research and development capabilities and expand manufacturing capacities.

OUR CORE PRODUCTS

AcoArt Orchid® & Dhalia™

AcoArt Orchid® & Dhalia™ is a paclitaxel DCB used to prevent stenosis or occlusion in superficial femoral artery (SFA) and popliteal artery (PPA) for the treatment of lower extremity artery disease (LEAD) with a vascular interventional approach. It is compatible with the guidewire of 0.035" (Orchid®) and 0.018" (Dhalia™).

We received the CE Marking for AcoArt Orchid® in 2014 and the NMPA approval for AcoArt Orchid® & Dhalia™ in 2016. AcoArt Orchid® & Dhalia™ was the first peripheral DCB product launched in China. As of the Latest Practicable Date, we had also launched AcoArt Orchid® in eleven other countries such as Germany, Italy and Switzerland. As of the Latest Practicable Date, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations. We are in the process of obtaining approvals or completing registrations for AcoArt Orchid® in Brazil. For 2019 and 2020 and the three months ended March 31, 2020 and 2021, our revenue generated from the sales of AcoArt Orchid® & Dhalia™ in China and overseas was RMB120.2 million, RMB187.2 million, RMB18.5 million and RMB43.3 million, respectively.

For details of AcoArt Orchid® & Dhalia™, please refer to the paragraphs headed "Business — Our Products and Product Candidates — Our Core Products — 1. AcoArt Orchid® & Dhalia™" in this prospectus.

AcoArt Tulip™ & Litos™

AcoArt Tulip™ & Litos™ is a paclitaxel DCB used to prevent stenosis or occlusion in below-the-knee (BTK) arteries for the treatment of chronic limb-threatening ischemia with a vascular interventional approach. It is compatible with the guidewire of 0.018" (Tulip™) and 0.014" (Litos™).

We received the CE Marking for AcoArt Tulip™ & Litos™ in 2014, the FDA "breakthrough device" designation for AcoArt Litos™ in 2019 and the NMPA approval for market for AcoArt Tulip™ & Litos™ in December 2020, and successfully launched it in China in January 2021. According to Frost & Sullivan, AcoArt Litos™ is the first domestically-manufactured device receiving FDA "breakthrough device" designation, and AcoArt Tulip™ & Litos™ was the world's first BTK DCB product approved by the NMPA and launched in China. As of the Latest Practicable Date, we had also launched AcoArt Tulip™ & Litos™ in eleven other countries such as Germany, Italy and Switzerland. As of the Latest Practicable Date, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations. We are in the process of completing registrations for AcoArt Tulip™ & Litos™ in Brazil and India. We are also selecting business partners for conducting clinical trials for AcoArt Litos™ in the U.S. and will initiate the relevant application procedures in due course. For 2019 and 2020, we only sold AcoArt Tulip™ & Litos™ in overseas countries, and generated revenue from the sales of RMB2.6 million and RMB3.0 million, respectively. For the three months ended March 31, 2021, our revenue generated from sales of AcoArt Tulip™ & Litos™ in China and overseas was RMB9.5 million.

For details of AcoArt Tulip™ & Litos™, please refer to the paragraphs headed "Business — Our Products and Product Candidates — Our Core Products — 2. AcoArt Tulip™ & Litos™" in this prospectus.

As of the Latest Practicable Date, we owned eight registered patents and had two pending patent applications in relation to our Core Products. For details of the material patents, please refer to the paragraphs headed "Business — Intellectual Property Rights" in this prospectus.

MARKET OPPORTUNITY AND COMPETITIVE LANDSCAPE

Lower Extremity DCB Market

AcoArt Orchid® & Dhalia™ is indicated for treating SFA and PPA lesions, and AcoArt Tulip™ & Litos™ is indicated for treating BTK lesions, respectively. According to Frost & Sullivan, the prevalence of lower extremity artery disease (LEAD) in China increased from 35.8 million in 2015 to 39.6 million in 2019 at a CAGR of 2.5%, and is expected to further increase to 49.8 million in 2030, at a CAGR of 2.1% from 2019 to 2030.

According to Frost & Sullivan, the market size of lower extremity DCB products in China increased from nil in 2015 to RMB141.8 million in 2019. It is estimated to increase to RMB1.3 billion in 2024 (including RMB363.3 million for BTK DCB products) at a CAGR of 55.1% from 2019 to 2024, and further increase to RMB2.9 billion in 2030 (including RMB1.5 billion for BTK DCB products) at a CAGR of 14.6% from 2024 to 2030.

DCB Product Indicated for treating SFA/PPA Lesions

According to Frost & Sullivan, as of the Latest Practicable Date, there were only four NMPA-approved DCB products indicated for the treatment of SFA and PPA lesions on the market in China. According to Frost & Sullivan, we are the dominating market leader in the SFA/PPA DCB market in China, with a market share of approximately 86.9% in terms of revenue generated in 2020.

DCB Product Indicated for Treating BTK Lesions

According to Frost & Sullivan, as of the Latest Practicable Date, AcoArt Tulip™ & Litos™ was the first and only BTK DCB product approved by the NMPA and there was no ongoing clinical trial conducted in China for any other BTK DCB product candidates. So it is expected that we can maintain our leading position in the BTK DCB market in China for at least five years.

Arteriovenous Fistula (AVF) DCB Market

We are expanding the indications of AcoArt Orchid® & Dhalia™ to nephrology for treating AVF stenosis. AVF are often surgically created for use in hemodialysis (HD) procedures for patients with end-stage renal disease, but AVF may become narrowed over time, and repeated HD procedures may further increase the chance of AVF stenosis. According to Frost & Sullivan, the number of patients who underwent HD procedures in China increased from 385.1 thousand in 2015 to 632.7 thousand in 2019 at a CAGR of 13.2%. It is estimated to increase to 1.3 million in 2024 at a CAGR of 16.2% from 2019 to 2024, and to further increase to 3.8 million in 2030 at a CAGR of 18.8% from 2024 to 2030.

According to Frost & Sullivan, as of the Latest Practicable Date, there was only one NMPA-approved arteriovenous access DCB product in China, and we were one of the only two companies conducting clinical trials in China for arteriovenous access DCB product candidates.

Intracranial DCB and Vertebral Artery DCB Market

We are expanding the indications of AcoArt Orchid® & Dhalia™ to neurology for treating vertebral atherosclerotic (VAO) stenosis. Intracranial and vertebral atherosclerotic stenosis of a major cerebral artery is one of the most common causes of stroke worldwide, especially for ischemic stroke. According to Frost & Sullivan, the number of patients with ischemic stroke caused by intracranial atherosclerosis disease increased from 1.4 million in 2015 to 1.6 million in 2019 at a CAGR of 4.1%. It is estimated to increase to 1.9 million in 2024 at a CAGR of 3.7% from 2019 to 2024, and to further increase to 2.2 million at a CAGR of 1.9% from 2024 to 2030.

According to Frost & Sullivan, as of the Latest Practicable Date, there was no NMPA-approved DCB product indicated for the treatment of intracranial or vertebral atherosclerosis in China, and we were the only company conducting clinical trials in China for a DCB product for the treatment of intracranial atherosclerotic stenosis and extracranial vertebral artery stenosis.

Internal Iliac Artery DCB Market

We are expanding the indications of AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™ to andrology for treating vasculogenic erectile dysfunction (ED). According to Frost & Sullivan, the number of patients with ED in China increased from 130.4 million in 2015 to 146.2 million in 2019 at a CAGR of 2.9%. It is estimated to increase to 170.6 million in 2024 at a CAGR of 3.1% from 2019 to 2024, and to further increase to 196.4 million in 2030 at a CAGR of 2.4% from 2024 to 2030.

According to Frost & Sullivan, as of the Latest Practicable Date, there was no NMPA-approved DCB product indicated for the treatment of vasculogenic ED in China, and no similar product candidate had even entered into the clinical trial stage in China. We had initiated a single-center pilot study to evaluate the safety and efficacy of our DCB product for the treatment of vasculogenic ED. According to Frost & Sullivan, as of the Latest Practicable Date, we were one of the very few companies in China conducting pre-clinical studies for DCB product candidates for the treatment of vasculogenic ED.

Radiofrequency Ablation Catheters Market

Our radiofrequency ablation system is indicated for treating varicose vein (VV). According to Frost & Sullivan, the number of patients with VV in China increased from 371.9 million in 2015 to 399.4 million in 2019 at a CAGR of 1.8%. It is estimated to increase to 433.3 million in 2024 at a CAGR of 1.6% from 2019 to 2024, and to further increase to 476.6 million in 2030 at a CAGR of 1.6% from 2024 to 2030.

According to Frost & Sullivan, as of the Latest Practicable Date, there were only three NMPA-approved radiofrequency ablation catheter products indicated for the treatment of VV in China, and we were one of the only two companies conducting clinical trials in China for radiofrequency ablation catheter product candidates for the treatment of VV.

Thrombus Aspiration Catheters Market

Our peripheral aspiration system is indicated for treating venous thromboembolism (VTE). VTE includes pulmonary thromboembolism (PTE) and deep vein thrombosis (DVT). According to Frost & Sullivan, the number of DVT incidence in China increased from 1.1 million in 2015 to 1.5 million in 2019 at a CAGR of 8.3%. It is estimated to increase to 2.2 million in 2024 at a CAGR of 7.8% from 2019 to 2024, and to further increase to 3.3 million in 2030 at a CAGR of 6.9% from 2024 to 2030.

Percutaneous mechanical thrombectomy (PMT) is a type of interventional procedures for DVT. According to the Frost & Sullivan, as of the Latest Practicable Date, there were ten NMPA-approved peripheral PMT catheter products on the market in China, all manufactured by international companies. A number of leading domestic players are conducting pre-clinical studies for their respective peripheral PMT catheter product. Our peripheral aspiration system is currently under development and is expected to be the first domestically-manufactured peripheral aspiration system approved by the NMPA, according to Frost & Sullivan.

For more details, please refer to the section headed "Industry Overview" in this prospectus.

RESEARCH AND DEVELOPMENT

We primarily adopted a self-development business model. Our research and development team self-developed most of the key technologies used in our products and product candidates, and we own substantially all the rights pertaining to all our products and product candidates, except that the formula of the excipient used in our DCB products (which we believe is a key differentiating aspect of our products) was licensed from InnoRa GmbH, our business partner. Please refer to the paragraphs headed "— Collaboration with our Business Partners — Collaboration with InnoRa GmbH" for more details.

In 2019, 2020 and the three months ended March 31, 2020 and 2021, we incurred research and development expenses of RMB25.5 million, RMB83.5 million, RMB6.5 million and RMB36.1 million, respectively. Our research and development expenses directly attributable to the Core Products amounted to RMB20.7 million, RMB24.2 million, RMB4.7 million and RMB6.4 million, respectively, in 2019, 2020 and the three months ended March 31, 2020 and 2021. The increase of our research and development expenses not directly attributable to our Core Products from 2019 to 2020 was mainly resulting from (i) an increase in materials (which primarily consisted of balloons, lumen tubes, marker bands, anti-proliferative drugs, excipients and other chemicals) consumed in relation to the continuous development of our other product candidates (such as our lower limb sirolimus DCB, coronary sirolimus DCB, peripheral scoring balloon, and peripheral aspiration system product candidates); (ii) an increase in consultancy fee incurred for third-party advisory services for the development of our product candidates, which primarily consisted of the one-off technology service fees we paid to Pacific Vascular Technologies, Inc., a reputable vascular testing service provider in the U.S. in 2020 for the development of our peripheral aspiration system; and (iii) an increase in employee benefits expenses mainly due to an increase in the number of research and development employees as a result of our acquisition of VascuPatent Medical, as well as an increase in their salaries. The increase of our R&D expenses not directly attributable to our Core Products from the three months ended March 31, 2020 to the three months ended March 31, 2021 was mainly resulting from (i) our payment of share-based compensation of RMB13.9 million to our research and development employees in the three months ended March 31, 2021; and (ii) an increase in employee benefits expenses of RMB5.3 million mainly due to an increase in the number of research and development employees as a result of our acquisition of VascuPatent Medical, as well as an increase in their salaries. For more details of our research and development expenses, please refer to the paragraphs headed "Financial Information — Description of Selected Components of Statements of Profits or Loss and Other Comprehensive Income Items — Research and Development Expenses" in this prospectus. Furthermore, we have a robust intellectual property portfolio, consisting of 25 registered patents and 15 pending patent applications.

COLLABORATION WITH OUR BUSINESS PARTNERS

Collaboration with InnoRa GmbH

Similar to most competing products currently available, our DCB products use paclitaxel, a drug that can effectively inhibit neointimal growth and thus prevent restenosis, as the anti-proliferative drug. The key differentiating aspects of the DCB products manufactured by different industry players include the excipients used to carry the anti-proliferative drug, and the methods used to coat the anti-proliferative drug and the excipient to the balloon surface. We made substantial investments, and accumulated extensive experience and know-how, in the development of advanced coating methods, and we cooperate with InnoRa GmbH to develop formula of the excipients we use in our DCB products. InnoRa GmbH is a lab-based technology development company founded by our CTO, Dr. Ulrich Speck, and a dominant supplier of drug-coating technologies used by many leading players in the DCB industry. During the Track Record Period and as of the Latest Practicable Date, Dr. Speck held approximately 33.33% of the equity interest in InnoRa GmbH. The research and development team of InnoRa GmbH consists of world renowned scholars and scientists with extensive experience in developing drug-coating technologies used in DCB products. As of the Latest Practicable Date, we had established a collaboration relationship with InnoRa GmbH for around ten years. In May 2011, we entered into a research and development cooperation agreement (the "**R&D Cooperation Agreement**") with InnoRa GmbH in relation to the research and development of certain drug-coating technologies. Pursuant to the R&D Cooperation Agreement, InnoRa GmbH was primarily responsible for performing research activities required for defining a drug-coating formulation, conducting experiments to test drug contents, adherence and chemical stability, and providing support to us when we conduct animal studies and clinical trials and when we seek relevant regulatory approvals for our DCB products in China; while we were mainly responsible for supply of materials, such as stents and catheters, accessories for animal studies, such as plastic tubes and wires, as well as the prototype products. Any IP created by InnoRa GmbH under the R&D Cooperation Agreement shall be offered to us for (i) exclusive licensing in China and (ii) non-exclusive licensing outside China, subject to our right of first refusal.

In October 2013, InnoRa GmbH and we entered into a patent license agreement (the "**License Agreement**"), which was later amended in February 2015, in relation to the license granted by InnoRa GmbH to us. Pursuant to the License Agreement, we were granted a perpetual, irrevocable and transferable license (the "**License**"), consisting of an exclusive license for China and a non-exclusive license for countries outside China, for the relevant intellectual property rights created, owned and/or controlled by InnoRa GmbH in relation to the drug-coating technologies developed under the R&D Cooperation Agreement. In consideration to the License, we shall pay InnoRa GmbH an annual maintenance fee of EUR 20,000, an annual royalty fee amounting to 5% of our net sales of the relevant DCB products, and 20% of the revenue we received from sub-licensing the relevant IP.

In January 2019, to further deepen our cooperation with InnoRa GmbH, we entered into a strategic cooperation agreement (the "**Strategic Cooperation Agreement**") with them and formed a strategic cooperation relationship to jointly develop DCB products. Under the Strategic Cooperation Agreement, we have a right of first refusal over all the intellectual property rights in relation to the projects InnoRa GmbH and we jointly develop under the agreement. The relevant intellectual property rights must be offered to us first, and we are entitled to choose at our sole discretion to either (i) have InnoRa GmbH serve as the registered owner of the intellectual property rights, while we obtain a license to use such intellectual property rights by paying an annual maintenance fee and royalty fee to InnoRa GmbH; or (ii) register the relevant intellectual property rights under our own name, and pay upfront fees and annual royalty fees to InnoRa GmbH. The relevant intellectual property rights will not be offered to any third party, regardless of how much such third party is willing to pay for them, unless we choose neither to register such intellectual property rights under our own name nor to license them from InnoRa GmbH.

During the Track Record Period and up to the Latest Practicable Date, we were obliged under the R&D Cooperation Agreement, the License Agreement (as amended) and the Strategic Cooperation Agreement (collectively, the "**InnoRa Cooperation Agreements**") to pay annual royalty fees and maintenance fees, on a combined basis, for our two Core Products, i.e., AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™, and we did not generate any sub-licensing revenue under the InnoRa Cooperation Agreements. For 2019, 2020 and the three months ended March 31, 2020 and 2021, the total fees that we incurred under the InnoRa

Cooperation Agreements and paid to InnoRa GmbH amounted to RMB6.1 million, RMB8.2 million, RMB1.0 million and RMB2.7 million, respectively.

The drug-coating technologies developed by InnoRa GmbH benefited a large number of players in the DCB market, and many international medical device giants such as Medtronic and B. Braun pay large amounts of royalty fees to InnoRa GmbH every year, for the drug-coating technologies they licensed from InnoRa GmbH, according to Frost & Sullivan. Our DCB products and product candidates are also developed through the collaboration with InnoRa GmbH. We believe that the advanced drug-coating technologies we obtained through the collaboration with, or jointly developed with, InnoRa GmbH had contributed to the good clinical performance of our commercialized DCB products, and believe that our strategic cooperation with InnoRa GmbH, and the advanced technologies we are jointly developing with them, will solidify our leading position in the DCB markets and provide strong support to our future growth.

For more details, please refer to the paragraphs headed "Business — Research and Development — Collaboration with InnoRa" in this prospectus.

Relationships with CROs and SMOs

We collaborate with reputable CROs and SMOs for the support of our clinical trials. When selecting CROs and SMOs, we consider a number of factors, including their expertise, experience and reputation. For each new clinical trial, we generally enter into an agreement with the CRO or SMO. The CROs and SMOs must comply with all applicable laws and regulations and must follow our protocols to ensure that all clinical trial results are accurate and authentic. Under the agreements with our CROs or SMOs, we are responsible for the trial preparation, subject enrollment, trial implementation and management, while the CROs or SMOs take responsibility for record keeping and report preparation to guarantee the clinical trial process is in compliance with applicable laws, regulations and standards. In return for their services, we make scheduled payments as agreed in the agreements. Our CROs and SMOs 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 generally own all the intellectual property rights in relation to the clinical trials and the CROs must maintain strict confidentiality with respect to the information they obtained during the clinical trials.

For more details, please refer to the paragraphs headed "Business — Research and Development — Relationships with CROs and SMOs" in this prospectus.

MANUFACTURING

Our principal manufacturing facility is located at our headquarters in Beijing, China, with an aggregate gross floor area of approximately 6,000 sq.m.. As of the Latest Practicable Date, our facility was primarily used for the production of our balloon catheter products, including DCB and PTA products and products candidates. For 2019 and 2020, our production capacity for our balloon catheter products was 85,700 units, with a utilization rate of 56.8% and 52.7% for the corresponding period. For the three months ended March 31, 2020 and 2021, our production capacity for our balloon catheter products was 21,425 units and 39,156 units, respectively, with a utilization rate of 37.0% and 46.9% for the corresponding period.

OUR SALES, CUSTOMERS, AND PRICING

During the Track Record Period, we generated revenue from four commercialized products, namely AcoArt Orchid® & Dhalia™, AcoArt Tulip™ & Litos™, AcoArt Iris™ & Jasmin™ and AcoArt Lily™ & Rosmarin™, among which AcoArt Iris™ & Jasmin™ and AcoArt Lily™ & Rosmarin™ were only commercialized in China. During the Track Record Period, we derived substantially all of our revenues from the sale of our DCB products in China.

For 2019, 2020 and the three months ended March 31, 2021, the aggregate sales to our five largest customers were RMB74.5 million, RMB161.6 million and RMB48.4 million, representing 59.6%, 83.3% and 90.7% of our revenue, respectively. Sales to our largest customer for the same periods were RMB36.6 million, RMB144.8 million and RMB44.3 million, representing 29.3%, 74.7% and 83.1% of our revenue, respectively. In line with industry practice, we sell a significant portion of our products to hospitals and other medical centers through distributors and/or platform distributors. Our five largest customers in 2019, 2020 and the three months ended March 31, 2021 mainly included our platform distributors.

As of the Latest Practicable Date, we cooperated with 23 distributors and four platform distributors for the sales of our products to hospitals and medical institutions in China. Each of such 23 distributors we cooperated with has deep experience in the medical device distribution industry, and each of such four platform distributors we cooperated with is a large, state-owned platform distributor with extensive distribution network in China. We also cooperated with nine distributors for the sales of our products overseas. As of the Latest Practicable Date, we directly sold our products to two hospitals in China and five hospitals overseas.

We sell our products to our distributors at Ex-factory Prices, which was determined based on a number of factors, including the results of the extensive market research we conduct with KOLs, hospitals, physicians and patients as well as regulatory bodies, our costs, the prices of competing products, the differences in safety and efficacy profiles between our products and competing products, the estimated demands for our products, and the possibility that our products being subject to the centralized procurement programs organized by local governments. Once the Ex-factory Prices are determined, the same prices will be applied to all our domestic distributors without any discrimination or special arrangements. For overseas distributors, the Ex-factory Prices are determined on a case by case basis. For platform distributors, we offer them a single-digit discount on top of the Ex-factory Prices.

Our distributors and/or the sub-distributors under our platform distributors then sell our products to hospitals at the Hospital Procurement Prices, which are often determined through public tender processes organized by government agencies or the relevant hospitals. We generally do not allow our distributors and/or such sub-distributors to sell our products to hospitals at prices lower than the prices set during the tender processes.

The hospitals in turn sell our products to patients at the Retail Prices. We are not involved in the determination of such prices, but in practice, for our domestic sales, the Retail Prices are typically the same as the Hospital Procurement Prices.

The Retail Prices of our products generally remained the same during the Track Record Period. The Retail Price of AcoArt Orchid® & Dhalia™ ranged from RMB22,000 to RMB33,000 per unit; the Retail Price of AcoArt Tulip™ & Litos™ ranged from RMB24,750 to RMB36,000 per unit; the Retail Price of AcoArt Iris™ & Jasmin™ ranged from RMB2,330 to RMB2,860 per unit; and the Retail Price AcoArt Lily™ & Rosmarin™ ranged from RMB5,200 to RMB5,800 per unit.

OUR SUPPLIERS AND RAW MATERIALS

For 2019, 2020 and the three months ended March 31, 2021, purchases from our five largest suppliers in aggregate accounted for 30.3%, 30.8% and 25.8% of our total purchases (including value added tax), respectively, and purchases from our largest supplier accounted for 11.3%, 8.7% and 8.1% of our total purchases for the same periods (including value added tax), respectively. During the Track Record Period, our suppliers mainly include research institutions, raw material suppliers, technology developers and property management service providers.

For our DCB products and PTA balloon products, we primarily use raw materials including balloons, double lumen tubes, marker bands, etc. In 2019, 2020 and the three months ended March 31, 2020 and 2021, our expenses of material consumed under research and development expenses amounted to RMB6.4 million, RMB27.8 million, RMB1.9 million and RMB5.4 million, respectively.

SUMMARY HISTORICAL FINANCIAL INFORMATION

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

Our Consolidated Statements of Profit or Loss and Other Comprehensive Income Items

The following table sets forth selected components of our consolidated statements of profit or loss and other comprehensive income items for the periods indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Revenue	124,910	193,975	19,624	53,320
Cost of sales	(18,979)	(30,195)	(4,042)	(6,639)
Gross profit	105,931	163,780	15,582	46,681
Other income	2,964	4,645	55	2,319
Other gains and losses, net	894	1,177	498	(2,766)
Impairment losses under expected credit loss model, net of reversal	115	(1,130)	(377)	444
Selling and distribution expense	(36,266)	(32,581)	(7,603)	(17,037)
Research and development expenses	(25,479)	(83,487)	(6,514)	(36,135)
Administrative expenses	(20,972)	(72,112)	(5,115)	(19,319)
Listing expenses	–	(10,317)	–	(11,236)
Finance costs	(479)	(1,422)	(223)	(1,045)
Profit (loss) before tax	26,708	(31,447)	(3,697)	(38,094)
Income tax (expense) credit	(3,603)	(12,845)	567	(1,922)
Profit (loss) and total comprehensive income (expense) for the year/period	23,105	(44,292)	(3,130)	(40,016)
Attributable to:				
Owners of our Company	23,105	(43,482)	(3,130)	(40,016)
Non-controlling interest	–	(450)	–	–
	23,105	(44,292)	(3,130)	(40,016)

We started to recognize revenue after the launch of our PTA balloon products and DCB products. In 2019, 2020 and the three months ended March 31, 2020 and 2021, our revenue from sales of products amounted to RMB124.9 million, RMB194.0 million, RMB19.6 million and RMB53.3 million, respectively. During the Track Record Period, we incurred substantial amount of selling and distribution expenses, research and development expenses and administrative expenses, and as a result, we recorded profits of RMB23.1 million in 2019, and losses of RMB44.3 million, RMB3.1 million and RMB40.0 million in 2020 and the three months ended March 31, 2020 and 2021, respectively. Specifically, our research and development expenses increased from RMB25.5 million in 2019 to RMB83.5 million in 2020, primarily due to (i) an increase in third-party contracting expenses of RMB10.2 million incurred for conducting pre-clinical studies and clinical trials, which primarily consisted of payments to our CROs and SMOs; (ii) an increase in material consumed of RMB21.4 million mainly due to the continuous development of our product candidates; (iii) an increase in consultancy fee of RMB9.4 million incurred for third-party advisory services for the development of our product candidates, which primarily consisted of the one-off technology service fees we paid to a reputable vascular testing service provider in the U.S. in 2020 for the development of our peripheral aspiration system; and (iv) an increase in employee benefits expenses of RMB6.6 million mainly due to an increase in the number of research and development employees as a result of our acquisition of VascuPatent Medical, as well as an increase in their salaries. Our research and development expenses increased from RMB6.5

million for the three months ended March 31, 2020 to RMB36.1 million for the three months ended March 31, 2021, primarily due to (i) our payment of share-based compensation of RMB13.9 million to our research and development employees in the three months ended March 31, 2021; (ii) an increase in employee benefits expenses of RMB5.3 million mainly due to an increase in the number of research and development employees as a result of our acquisition of VascuPatent Medical, as well as an increase in their salaries; and (iii) an increase in third-party contracting expenses of RMB5.1 million incurred for conducting pre-clinical studies and clinical trials. For more details, please refer to the paragraphs headed "Financial Information — Description of Selected Components of Statements of Profit or Loss and Other Comprehensive Income Items — Selling and Distribution Expenses", "Financial Information — Description of Selected Components of Statements of Profit or Loss and Other Comprehensive Income Items — Administrative Expenses", and "Financial Information — Description of Selected Components of Statements of Profit or Loss and Other Comprehensive Income Items — Research and Development Expenses" in this prospectus.

Selected Items from the Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as at the dates indicated:

	As at December 31,		As at March 31,
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	39,010	54,700	56,081
Total current assets	73,229	218,241	86,690
Total assets	112,239	272,941	142,771
Total current liabilities	59,189	404,124	206,817
Total non-current liabilities	16,031	149,826	254,410
Net current assets (liabilities)	14,040	(185,883)	(120,127)
Total liabilities	75,220	553,950	461,227
Net assets (liabilities)	37,019	(281,009)	(318,456)

Our total assets increased from RMB112.2 million as at December 31, 2019 to RMB272.9 million as at December 31, 2020, primarily resulting from (i) an increase in our bank balances and cash from RMB31.5 million to RMB147.1 million, primarily as a result of an increase in revenue from the sales of our products and the proceeds received in relation to our equity financing, (ii) an increase in our trade and bill receivables from RMB4.4 million to RMB29.5 million, primarily as a result of changes in the terms of our contracts with certain platform distributors as well as our business growth. We previously recognized revenue for the sales to our platform distributors when their customers received our products, because our sales agreements with platform distributors contained a unilateral termination right through which we had a discretion to request for returns of our products. In 2020, such unilateral termination rights were removed from our sales agreements with platform distributors and since then, we recognized revenue when platform distributors received our products, which contributed to such increase in our trade and bill receivables; and (iii) an increase in property, plant and equipment from RMB7.0 million to RMB22.7 million, primarily due to the addition of machineries for VascuPatent Medical after the acquisition.

Our total assets decreased from RMB272.9 million as at December 31, 2020 to RMB142.8 million as at March 31, 2021, primarily due to (i) a decrease in bank balances and cash from RMB147.1 million to RMB18.6 million, mainly resulting from our payment of dividend during the three months ended March 31, 2021, (ii) a decrease in trade and bill receivables from RMB29.5 million to RMB23.9 million, mainly as we settled bill receivables in the amount of RMB15.8 million during the three months ended March 31, 2021, and (iii) the settlement of amount due from a preferred shareholder of RMB3.3 million during the three months ended March 31, 2021.

Our total liabilities increased from RMB75.2 million as at December 31, 2019 to RMB554.0 million as at December 31, 2020, primarily because of (i) an increase in dividend payable from nil to RMB326.2 million, primarily as the dividends for the controlling shareholder of the Company recognized as distribution during the year, (ii) an increase in preferred shares from nil to RMB133.8 million, mainly as we entered into share purchase agreements and issued preferred shares in 2020, and (iii) an increase in our bank borrowing from nil to RMB20.0 million, primarily resulting from our unsecured bank borrowing denominated in RMB.

Our total liabilities decreased from RMB554.0 million as at December 31, 2020 to RMB461.2 million as at March 31, 2021, primarily due to a decrease of dividend payable from RMB326.2 million to nil as we paid the dividends declared to our Controlling Shareholder during the three months ended March 31, 2021, partially offset by an increase in bank borrowings from RMB20.0 million to RMB144.9 million, which primarily resulted from short-term bank borrowings dominated in USD we raised during the three months ended March 31, 2021.

We had net current liabilities of RMB185.9 million, RMB120.1 million and RMB101.4 million as at December 31, 2020, March 31, 2021 and June 30, 2021, respectively, and net liabilities of RMB281.0 million and RMB318.5 million as at December 31, 2020 and March 31, 2021. Our net current liabilities and net liabilities positions were primarily attributable to the declaration of a special dividend amounting to US$50.0 million to one of our Controlling Shareholders in December 2020 and the payment of the dividend in January 2021. For more details of the special dividend, please refer to the paragraphs headed "Financial Information — Dividend" and "History, Development and Corporate Structure — Corporate Development — 4. Investments by Our Management into CA Medtech" in this prospectus. Our net current liabilities expose us to liquidity risk, and such positions may continue or recur after the Listing. For more details, please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Financial Position and Need for Additional Capital — We had net current liabilities and net liabilities during the Track Record Period, which expose us to liquidity risk, and such positions may continue or recur after the Listing." We plan to improve our net current liabilities position through maintaining sufficient cash inflow from operating activities and replacing our short-term borrowings with long-term bank borrowings in the future.

In addition, we had preferred shares of RMB133.8 million and RMB239.9 million as at December 31, 2020 and March 31, 2021, respectively, primarily as a result of the Series Crossover Preferred Shares we issued in December 2020 and the Series Crossover II Preferred Shares we issued in January 2021. The Series Crossover Preferred Shares and the Series Crossover II Preferred Shares will be re-designated from financial liabilities to equity as a result of the automatic conversion into ordinary shares upon Listing, which, together with the estimated net proceeds from the Global Offering, is expected to turn us into a net asset position.

Summary Consolidated Statements of Cash Flows

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

	As at December 31,		Three Months Ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Cash inflow from operating activities before movements in working capital	32,337	30,625	(1,487)	2,793
Changes in working capital	(10,952)	(32,699)	3,533	6,214
Income taxes paid	(1,529)	(6,691)	(3,672)	(2,995)
Net cash from (used in) operating activities	19,856	(8,765)	(1,626)	6,012
Net cash used in investing activities	(2,317)	(17,735)	(21,616)	(4,161)
Net cash (used in) from financing activities	(3,190)	142,520	(1,156)	(127,204)

	As at December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Net increase in cash and cash equivalents	14,349	116,020	(24,398)	(125,353)
Cash and cash equivalents at beginning of the year/period	17,175	31,524	31,524	147,097
Effect of foreign exchange rate changes	–	(447)	–	(3,160)
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	31,524	147,097	7,126	18,584

We had a net cash inflow from operating activities in an amount of RMB19.9 million and RMB6.0 million in 2019 and the three months ended March 31, 2021, but had a net cash outflow from operating activities in an amount of RMB8.8 million in 2020. Our net cash outflow from operating activities in 2020 was primarily attributable to our loss before tax of RMB31.4 million, which was in turn primarily because we incurred significant research and development expenses and administrative expenses as a result of our business expansion and the development of our various pipeline products in 2020. But after making adjustments for non-cash items such as the costs and expenses incurred in the form of share-based payments (which amounted to RMB52.0 million in total in 2020), we had a cash inflow from operating activities before movements in working capital in an amount of RMB30.6 million. Therefore, the direct reason for our net cash outflow from operating activities in 2020 was the downward adjustments made in relation to the changes in our working capital, which primarily included an increase in trade and bill receivables of RMB26.2 million and a decrease in refund liabilities of RMB22.9 million, each of which was in turn primarily because we changed the terms of our contracts with certain platform distributors in 2020. Please refer to the paragraphs headed "Financial Information – Discussion of Certain Selected Items From the Consolidated Statements of Financial Position" and Notes 21 and 26 of Appendix I to this prospectus for more information about our trade and bill receivables and refund liabilities.

The change in the terms of our contracts with certain platform distributors in 2020 resulted in a sudden and significant increase in our trade and bill receivables and decrease in our refund liabilities, which contributed to the temporary net cash outflow from operating activities in 2020, but we believe that such one-off change would not have a material impact on our long term financial performance, and as our business develops and expands, we expect to generate more net cash inflow from our operating activities, and we expect to generate positive cash flow from operating activities in 2021. In view of our net operating cash outflows position as at December 31, 2020, going forward, we plan to improve such position by (i) further increasing our sales of commercialized products; (ii) rapidly advancing our late-stage pipeline products towards commercialization to generate revenue from product sales; (iii) adopting comprehensive measures to effectively control our operating expenses; and (iv) enhancing working capital management efficiency. For the three months ended March 31, 2021, we had net cash inflow from operating activities amounting to RMB6.0 million. For more details, please refer to the paragraphs headed "Financial Information — Liquidity and Capital Resources — Net Cash Inflow and Outflow from Operating Activities" in this prospectus. During the Track Record Period and up to the Latest Practicable Date, we mainly relied on capital contributions by our shareholders as well as the revenue generated from the sales of our commercialized products as the major sources of liquidity. Our Directors are of the opinion that, taking into account (i) the financial resources currently available to us, including our cash and cash equivalents of RMB20.7 million as of June 30, 2021; (ii) the available bank facilities; (iii) the estimated future operating cash inflows, particularly in light of the estimated increase in sales volume of our commercialized products, and (iv) the estimated net proceeds from the Global Offering (calculated at HK$22.20 per Share, being the low-end of the indicative Offer Price range), we have sufficient working capital to cover at least 125% of our costs, including research and development costs, production costs, sales and marketing expenses, administrative expenses, and finance costs, for at least the next 12 months from the date of this prospectus, and we are able to maintain our financial viability in the foreseeable future.

Taking into account the estimated net proceeds from the Global Offering (calculated at HK$22.20 per Share, being the low-end of the indicative Offer Price range), our Directors estimate that our cash and cash equivalents of RMB18.6 million as of March 31, 2021 are sufficient to maintain our financial viability for at least three years, based on our Directors' and management team's projection of our cash burn rate in the near future. Even without taking into account the estimated net proceeds from the Global Offering, our Directors estimate that our cash and cash equivalents as of March 31, 2021 are sufficient to maintain our financial viability for approximately nine months, based on our Directors' and management team's projection of our cash burn rate in the near future. We projected our cash burn rate for the near future with references to, among others, the net cash outflow used in our operating activities during 2020, the estimated increases in the sales of our commercialized products in 2021 and onward, the estimated increases in our research and development expenses in 2021 and onward, the cash outflow in relation to the payment of the Dividend in January 2021, our historical and planned capital expenditure, and our plans to repay our bank borrowings, including the Loan (Please refer to the paragraphs headed "— Dividend" for more information). Our Directors and our management team will continue to monitor our working capital, cash flows, and our business development status. In the event our business operations experience any material and adverse impact (for example, if the situation of the COVID-19 outbreak significantly deteriorates in China), we will proactively manage our cash flows and control our costs and expenses, for example, by reducing our marketing efforts and sponsoring less industry conferences; on the other hand, in the event we identify any additional promising research and development projects, or identify any suitable target for investment or acquisition, we may adjust our financing plans, to take advantage of such opportunities.

KEY FINANCIAL RATIO

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

	As at December 31,		As at March 31,
	2019	2020	2021
Current ratio[(1)]	1.2	0.5	0.4
Quick ratio[(2)]	0.7	0.5	0.3

Notes:

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

(2) Quick ratio represents current assets less inventories and divided by current liabilities as at the same date.

For more information on our key financial ratio, please refer to the paragraphs headed "Financial Information — Key Financial Ratio" in this prospectus.

RISK FACTORS

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks are set out in the section headed "Risk Factors" in this prospectus. Some of the major risks we face include: (i) our future growth depends substantially on the successful development of our product candidates to commercialization; (ii) clinical product development involves a lengthy and expensive process with an uncertain outcome; (iii) if clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results in a timely manner or at all, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates; (iv) if physicians and hospitals are not receptive to our products, our results of operations may be negatively affected; (v) failure to achieve broad market acceptance could have a material adverse impact on our business and results of operations; (vi) the regulatory approval processes are lengthy, expensive and inherently unpredictable; and (vii) the manufacture of our products is highly complex and subject to strict quality controls.

Given the high risks involved in our business and our industry in general, you may lose substantially all your investments in us. You should read the entire section headed "Risk Factors" in this prospectus before you decide to invest in the Offer Shares.

PRE-IPO INVESTMENTS

The Pre-IPO Investments included Series Crossover financing and Series Crossover II financing. The proceeds we received from the Pre-IPO Investments is US$20.5 million. Our Pre-IPO Investors include companies and funds principally engaged in equity investments in the healthcare sector. Please refer to the paragraph headed "History, Development and Corporate Structure — Pre-IPO Investments" for more details.

OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), our Company will be held as to approximately 48.60% by CA Medtech, which is wholly-owned by CA Medtech II, and in turn wholly-owned by CA Medtech III, a subsidiary owned as to approximately 85.61% by CPEChina Fund III, an exempted limited partnership registered in the Cayman Islands, whose general partner is CPE Funds III, and as to approximately 14.39% by CPE Global Opportunities Fund, an exempted limited partnership registered in the Cayman Islands, whose general partner is CPE GOF.

As CPE Funds III and CPE GOF could jointly control the exercise of the voting power held by CA Medtech, accordingly, CA Medtech, CA Medtech II, CA Medtech III, CPEChina Fund III, CPE Funds III, CPE Global Opportunities Fund and CPE GOF are considered as our Controlling Shareholders upon Listing. Please refer to the section headed "Relationship with Controlling Shareholders" for more details.

DIVIDEND

Under the share purchase agreement entered into by and between Beijing Acotec, Pine Medical, the Pine Medical Shareholders, CA Medtech and CPEChina Fund III (the "**CA Medtech SPA**") in connection with the historical acquisition of Pine Medical by CA Medtech, CA Medtech agreed to make several earn-out payments to the Pine Medical Shareholders (the "**Earn-out Payment Obligations**"), if Beijing Acotec can meet certain business milestones prior to relevant deadlines set forth in the CA Medtech SPA. It was agreed between CA Medtech and our management team that we will declare and pay a special dividend to CA Medtech to facilitate CA Medtech's payment of the Earn-out Payment Obligations. Considering the business development status of Beijing Acotec, our Directors expected that CA Medtech would become obligated to make additional earn-out payments in an amount of approximately US$50.0 million. Please refer to the paragraphs headed "History, Development and Corporate Structure — Corporate Development" and "History, Development and Corporate Structure — Reorganization" for more information about the background of the Earn-Out Payment Obligations and the consensus reached among our management, CA Medtech and CPEChina Fund III to have our Company facilitate such payments. In December 2020, we declared a dividend (the "**CA Medtech Dividend**") in an amount of US$50.0 million to be paid to CA Medtech.

In January 2021, we paid such Dividend to CA Medtech, using a combination of (i) our existing cash at hand at the time, and (ii) proceeds from a term loan we borrowed from Silicon Valley Bank in an amount of US$19.0 million in January 2021 (the "**Loan**"). We plan to utilize approximately 6% of the net proceeds from the Global Offering and cash generated from sales of our commercialized products to fully repay such Loan upon its maturity. Please refer to the paragraphs headed "Future Plans and Use of Proceeds – Use of Proceeds" for more information.

The declaration and payment of the Dividend was approved by our Board. Our Board determined that we had sufficient distributable reserves for the declaration of the CA Medtech Dividend in December 2020 based on the advice we received from our Cayman Islands legal adviser, who confirmed that such declaration and payment was made in compliance with Cayman Companies Act as well as our constitutional documents.

Primarily because of the declaration and payment of the Dividends, as of March 31, 2021, we had deficits of RMB318.5 million. As previously discussed, our Cayman Islands legal adviser confirmed that such declaration and payment of the Dividends was made in compliance with Cayman Companies Act as well as our constitutional documents. We expect that our deficit position will substantially improve upon the consummation of the Listing, by which time our Preferred Shares will be automatically converted into Ordinary Shares, and the difference between the par value and the fair value of our Ordinary Shares would be accounted for as our share premium. We currently expect that we will have positive share capital upon the consummation of the Listing, even if the fair value of our Ordinary Shares is calculated based

on the low-end of the indicative Offer Price range. Based on the advice of our Cayman Islands legal adviser, our Directors believe that even if the Offer Price is further adjusted downwards and therefore we continue to have deficits position after the consummation of the Listing, we will still be in compliance with the applicable Cayman Islands laws as well as our constitutional documents. Our Directors believe that the net proceeds we expect to receive from the Global Offering will further improve our liquidity, and we will be able to pay our debts as they fall due in the ordinary course of our business.

We currently expect to retain all future earnings for use in the operation and expansion of our business, and do not have any dividend policy to declare or pay any dividends in the near 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.

Our PRC subsidiaries may also allocate a portion of their after-tax profits to discretional reserve where our PRC subsidiaries have set aside statutory reserve from their after-tax profits, subject to a resolution of the shareholders. These reserves are not distributable as cash dividends. Furthermore, if our PRC subsidiaries incur debt on their own behalf, the instruments governing such debt may restrict their ability to pay dividends or make other payments to us.

THE GLOBAL OFFERING

The Global Offering by us consists of:

- the offer by us of initially 6,864,000 Shares, or Hong Kong Offer Shares, for subscription by the public in Hong Kong, referred to in this prospectus as the Hong Kong Public Offering; and
- the offer by us of initially 61,769,000 Shares, or International Offer Shares, outside the United States (including to professional, institutional and other investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A or another exemption from the registration requirements under the U.S. Securities Act, referred to in this prospectus as the International Offering.

The number of Hong Kong Offer Shares and International Offer Shares, or together, Offer Shares, is subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue (including the Shares outstanding and to be issued on the conversion of the Preferred Shares), the Offer Shares to be issued by us pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

GLOBAL OFFERING STATISTICS

	Based on the Offer Price of HK$22.20	Based on the Offer Price of HK$23.80
Market capitalization of our Shares[1]	HK$6,957.2 million	HK$7,458.7 million
Pro forma adjusted consolidated net tangible assets of the Group attributable to owners of our Company per Share[2]	RMB3.06 (HK$3.68)	RMB3.37 (HK$4.05)

Notes:

1. The calculation of market capitalization is based on 313,389,171 Shares expected to be in issue immediately after completion of the Global Offering, assuming no additional Shares are issued pursuant to the Over-allotment Option.
2. The pro forma adjusted consolidated net tangible assets of the Group attributable to owners of our Company per Share is calculated after making the adjustments referred to in the paragraphs headed "Financial Information — Unaudited Pro Forma Statement of Adjusted Net Tangible Assets" and on the 313,389,171 Shares expected to be in issue immediately after completion of the Global Offering, assuming no additional Shares are issued pursuant to the Over-allotment Option.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,473.6 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, and assuming the Over-allotment Option being not exercised and at the Offer Price of HK$23.00 per Offer Share (being the mid-point of the indicative Offer Price range). If the Over-allotment Option is exercised in full, the net proceeds that we will receive will be approximately HK$1,702.1 million. We currently intend to apply these net proceeds for the following purposes:

Amount of the estimated net proceeds	Intended use of net proceeds
32%, or HK$471.6 million	For the ongoing research and development and commercialization of our Core Products, AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™, of which:
	16%, or HK$235.8 million, will be used for the ongoing research and development activities, clinical trials and product registration of our Core Products in China, the U.S. and emerging markets
	16%, or HK$235.8 million, will be used for the ongoing sales and marketing activities of our Core Products in China and overseas
23%, or HK$338.9 million	For the development and commercialization of the remaining products in our current product pipeline
24%, or HK$353.7 million	For the expansion of our product portfolio through in-house research and development, collaborations, mergers and acquisitions, in-licensing, and/or equity investments
7%, or HK$103.2 million	For the strengthening of our manufacturing capabilities
8%, or HK$117.9 million	For working capital and general corporate purposes
6%, or HK$88.4 million	For the repayment of the Loan

For details, please refer to the paragraphs headed "Future Plans and Use of Proceeds — Use of Proceeds" in this prospectus.

LISTING EXPENSES

We estimate that listing expenses of approximately RMB87.2 million (HK$105.0 million) (including underwriting commissions of approximately RMB39.5 million (HK$47.5 million), and non-underwriting related expenses of approximately RMB47.8 million (HK$57.5 million) which consist of financial and legal adviser fees and expenses of approximately RMB26.4 million (HK$31.8 million) and other fees and expenses of approximately RMB21.3 million (HK$25.6 million), assuming the Over-allotment Option is not exercised and based on the Offer Price of HK$23.00 per Offer Share, being the mid-point of the indicative Offer Price range of HK$22.20 to HK$23.80), or 6.65% of the gross proceeds estimated to be received by us from the Global Offering, will be incurred by our Company, approximately RMB38.8 million (HK$46.7 million) of which is expected to be charged to our consolidated statements of profit or loss and other comprehensive income, and approximately RMB48.4 million (HK$58.2 million) of which is expected to be capitalized. During the Track Record Period, we incurred listing expenses in the amount of RMB21.5 million, and deferred issue cost in the amount of RMB5.3 million. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

LEGAL PROCEEDINGS

In 2014, when we were conducting clinical trials for AcoArt Lily™ & Rosmarin™ (the "**Relevant Clinical Trial**"), a clinical trial subject enrolled at the China Academy of Chinese Medical Sciences Xiyuan Hospital (中國中醫科學院西苑醫院) ("**Xiyuan Hospital**") suffered from a severe adverse event. The trial subject then received further treatments at Xiyuan Hospital for several years before passing away in February 2019 (collectively, the "**Event**"). Physicians at Xiyuan Hospital and the principal investigator for the Relevant Clinical Trial analyzed the reasons for the Event, and concluded that the occurrence of Event was not related to the use of AcoArt Lily™ & Rosmarin™. However, pursuant to the applicable PRC laws and regulations, in the event a trial subject suffers from personal injuries or death in relation to a clinical trial conducted for a medical device, the sponsor for the clinical trial could be found liable for the relevant damages regardless of whether the relevant medical device was defective or not. Pursuant to the contract we entered into with Xiyuan Hospital in relation to the Relevant Clinical Trial, if any trial subject suffers from any severe adverse event, and such severe adverse event has a causal relationship with the clinical trial or such causal relationship cannot be ruled out, then we shall be responsible for the relevant damages regardless of the underlying causes of such severe adverse event.

In 2015, the families of the trial subject filed a medical dispute proceeding against Xiyuan Hospital and us, which proceeding was finally adjudicated in July 2019. Although the relevant court did not find any defect in AcoArt Lily™ & Rosmarin™, we and Xiyuan Hospital were still found to be liable for 70% and 30% of the damages, respectively. We made a total payment of RMB286,818.7 to the plaintiffs in August 2019 in accordance with the court judgement, and the case was closed.

In 2018, Xiyuan Hospital filed a legal proceeding against us, seeking for compensation by us for the unsettled medical fees incurred by the trial subject. As of the Latest Practicable Date, the proceeding was still under consideration by the relevant court. Our maximum exposure in relation to this proceeding was approximately RMB1.62 million. Although the Event was not related to the use of AcoArt Lily™ & Rosmarin™, we still anticipate that the court will request us to pay a portion of the unsettled medical fees to Xiyuan Hospital. We made a provision in an amount of approximately RMB1.5 million as of December 31, 2019 and 2020 and March 31, 2021 regarding the contingent liabilities in connection with such legal proceeding. Please refer to the paragraphs headed "Business — Legal proceedings in relation to a clinical trial subject — Ongoing legal proceedings" for more information.

We do not believe the above-mentioned proceedings would have any material and adverse effect on our business, financial condition or results of operation, and as of the Latest Practicable Date, we were not involved in any other legal, arbitral or administrative proceedings which we believe would, individually or in the aggregate, have a material and adverse effect on our business, financial condition or results of operation.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Since the end of the Track Record Period, we have continuously developed our business, and we expect to continue to incur significant expenses to fund the development and commercialization of our products and product candidates. Particularly, we expect that we will experience material increase in costs and expenses in 2021 as a result of, among others, the initiation of several clinical trials for our pipeline products. Please refer to the paragraphs below for details.

Initiation of Clinical Trials for Pipeline Products

Since the end of the Track Record Period and up to the Latest Practicable Date, we had initiated five clinical trials for our pipeline products in China, including the RCT for our AcoArt Orchid® & Dhalia™ indicated for treating VAO stenosis, the RCT for our coronary sirolimus DCB product candidate, the RCT for our radio frequency ablation product candidate, and the RCT for AcoArt Daisy™, a DCB product indicated for the treatment of intracranial atherosclerotic stenosis. We also initiated a pilot study for our DCB products indicated for vasculogenic erectile dysfunction. For more details, please refer to the paragraphs headed "Business — Our Products and Product Candidates" in this prospectus. We expect to incur significant research and development expenses as a result of these clinical trials in 2021.

Impact of the COVID-19 Outbreak

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

Our Directors currently expect that the outbreak of COVID-19 had, and will have, the following impact on our business, financial condition and results of operations:

- Clinical trials: We experienced slight delays in the patient enrollment, data collection and data analyses processes for certain of our clinical trials. Specifically, we experienced approximately three-month delays in the patient enrollment process for our RCTs for AcoArt Orchid® & Dhalia™ indicated for treating AVF stenosis and VAO stenosis in China. With respect to our clinical trials in the Germany, We initiated a post-market clinical trial for AcoArt Orchid® in June 2020 in Germany, and experienced approximately six-month delays in the patient enrollment process. Having said that, the outbreak of COVID-19 did not cause any early termination of our clinical trials or necessitated removal of any patients enrolled in our clinical trials. We have employed various measures to mitigate the negative impact the COVID-19 outbreak may have on our ongoing clinical trials in China, including providing alternative methods for safety and efficacy assessment, continuing patient follow-ups through remote access, and engaging in necessary communications with the principal investigators for the clinical trials to identify and address any issues that may arise.

  We had resumed the normal patient enrollment and data analyses for our clinical trials in China since April 2020. In addition, we worked with the CROs we engaged and designed a protocol deviation plan, to further mitigate the possible negative impact of future pandemic outbreak. Based on the foregoing, we currently do not expect the COVID-19 outbreak will have any material long-term impact on our clinical trials or our overall clinical development plans.

- Operations: In China, to protect our employees, we required all of our employees to work remotely since January 2020, and had resumed our normal operations since March 2020 in accordance with applicable laws and regulations, and had adopted a thorough disease prevention scheme to protect our employees. Since the outbreak of the pandemic and up to the Latest Practicable Date, we had no suspected or confirmed COVID-19 cases on our premises or among our employees.

- Product sales: The sales of our DCB products in China for 2020 have been significantly affected by the COVID-19 pandemic. The sales amount of AcoArt Orchid® & Dhalia™ decreased by 70.7% from the fourth quarter of 2019 to the first quarter of 2020, mainly because in the first quarter of 2020, many hospitals in China primarily allocated their medical resources to the diagnosis and treatment of COVID-19 patients, and many patients avoided visiting hospitals for non-critical procedures such as DCB procedures, which resulted in temporary decreases in the use of DCB products by the hospitals. Our sales amount of AcoArt Orchid® & Dhalia™ gradually bounced back since April 2020, and significantly increased by 208.1% from the first quarter of 2020 to the second quarter of 2020.

- Supply chain: We did not experience any shortage of raw materials from our suppliers in the U.S., as before the outbreak of COVID-19, we had stored enough balloons to avoid any shortage in supply caused by the potential trade wars between China and the U.S. We currently do not expect our supply chain will be materially and negatively impacted by COVID-19. Our major domestic suppliers had all resumed normal operations, and none of our overseas suppliers had reported any material disruption to their business operations as a result of COVID-19, as of the Latest Practicable Date. We had not experienced any material difficulties in procuring our major raw materials and have not experienced significant fluctuations in the prices of our supplies.

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

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

Our Directors confirm that, other than as stated above, there has been no material adverse change in our business, financial condition and results of operations since March 31, 2021, being the latest balance sheet date of our consolidated financial statements as set out in the Consolidated Financial Statements included in Appendix I to this prospectus, and up to the date of this prospectus.

Recent Amendments on PRC Laws and Regulations Relating to Medical Devices

On December 21, 2020, the State Council of the PRC adopted an amendment on *the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) (as amended in 2017)* (the "**2017 Medical Device Regulation**") and the amended regulation was publicly issued on March 18, 2021 with an effective date of June 1, 2021 (the "**2021 Medical Device Regulation**"). Compared with the 2017 Medical Device Regulation, the primary amendments under the 2021 Medical Device Regulation include (i) establishing the registrant/holder accountability system, under which the registrant or holder of the marketing approvals of medical devices assumes the legal responsibilities for the safety and effectiveness of medical devices during their entire lifecycle (including the processes of research, development, production, operation and use); (ii) optimizing the administrative examination and approval procedures to allow self-inspection report for the registration of Class II and Class III medical devices and to introduce the exemption of clinical assessment for qualified medical devices; (iii) encouraging innovation through measures such as prioritizing the examination and approval of innovative medical devices and encouraging companies to cooperate with universities and scientific research institutions; (iv) strengthening the post-market regulation of medical devices; and (v) increasing penalties for illegal acts. For more details, please refer to the paragraphs headed "Regulatory Overview – Laws and Regulations Relating to Medical Device – Regulations Relating to Medical Device Registration" in this prospectus.

We have fully complied with the 2021 Medical Device Regulation since it became effective, and will continue to ensure our compliance with the 2021 Medical Device Regulation in our future operations. We focus on developing innovative medical devices in China and expect to make full use of the various optimized procedures and systems under the 2021 Medical Device Regulation to speed up the development and commercialization of our product candidates, and as a result, we believe that the 2021 Medical Device Regulation will be beneficial to our businesses and operations in the long run.

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

"Accountants' Report"	the accountants' report prepared by Deloitte Touche Tohmatsu, details of which are set out in Appendix I to this prospectus
"affiliate(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Application Lists"	the application lists for the Hong Kong Public Offering
"Articles" or "Articles of Association"	our articles of association, as conditionally adopted on June 23, 2021 and will come into effect upon Listing (as amended, supplemented or otherwise modified from time to time), a summary of which is set out in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Beijing Acotec"	Acotec Scientific Co., Ltd.* (北京先瑞達醫療科技有限公司), a limited liability company incorporated under the laws of PRC on January 28, 2008, being an indirect wholly-owned subsidiary of our Company
"Blue Lake"	Blue Lake Investment GmbH, a company incorporated in Germany with limited liability on August 6, 2020 and the special purpose vehicle of Professor Dierk Scheinert
"Board" or "Board of Directors"	our board of Directors
"Business Day"	a day that is not a Saturday, Sunday or public holiday in Hong Kong
"CA Medtech"	CA Medtech Investment (Cayman) Limited, a company incorporated in the Cayman Islands on August 16, 2018 with limited liability and one of our Controlling Shareholders
"CA Medtech II"	CA Medtech Investment II Limited, a company incorporated in the British Virgin Islands on September 4, 2018 with limited liability and one of our Controlling Shareholders

"CA Medtech III"	CA Medtech Investment III Limited, a company incorporated in the British Virgin Islands on August 16, 2018 with limited liability and one of our Controlling Shareholders
"CAGR"	compound annual growth rate
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant, which may be an individual, joint individuals or a corporation
"CCASS Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "the PRC"	the People's Republic of China excluding, for the purposes of this prospectus, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Act"	the Companies Act (As Revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)

"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Company" or "our Company"	Acotec Scientific Holdings Limited (先瑞達醫療科技控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on December 3, 2020
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and in this context, refers to CA Medtech, CA Medtech II, CA Medtech III, CPEChina Fund III, CPE Funds III, CPE Global Opportunities Fund and CPE GOF, further details of which are set out in the section headed "Relationship with Controlling Shareholders" in this prospectus
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Cosmic Elite"	Cosmic Elite Holdings Limited, a company incorporated in BVI with limited liability on September 21, 2020 and owned by Nexus Partners Group Limited and Legend Zone as to 95.31% and 4.69%, respectively
"CPE Funds III"	CPE Funds III Limited, a company incorporated in Cayman Islands with limited liability on January 19, 2018 and one of our Controlling Shareholders
"CPE Global Opportunities Fund"	CPE Global Opportunities Fund, L.P., an exempted limited partnership registered in the Cayman Islands on February 15, 2018, a shareholder of CA Medtech III and one of our Controlling Shareholders
"CPE GOF"	CPE GOF GP Limited, a company incorporated in Cayman Islands with limited liability on February 5, 2018, the general partner of CPE Global Opportunities Fund and one of our Controlling Shareholders
"CPEChina Fund III"	CPEChina Fund III, L.P., an exempted limited partnership registered in the Cayman Islands on January 26, 2018, a shareholder of CA Medtech III and one of our Controlling Shareholders

"Director(s)"	the director(s) of our Company or any one of them
"Dr. Speck"	Dr. Ulrich Speck, chief technology officer of our Company
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
"Frost & Sullivan Report"	the industry report commissioned by us and independently prepared by Frost & Sullivan, summary of which is set forth in the section headed "Industry Overview" in this prospectus
"General Rules of CCASS"	General Rules of CCASS published by the Stock Exchange and as amended from time to time
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** application form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group", "our Group", "our", "we", or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"HKSCC"	the Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of the HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

"Hong Kong Offer Shares"	the 6,864,000 Shares initially being offered by us for subscription pursuant to the Hong Kong Public Offering, subject to reallocation as described in the section headed "Structure of the Global Offering"
"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus) at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus, as further described in the paragraph headed "Structure of the Global Offering-The Hong Kong Public Offering" in this prospectus
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the Hong Kong Underwriting Agreement
"Hong Kong Underwriting Agreement"	the underwriting agreement dated August 10, 2021 relating to the Hong Kong Public Offering and entered into by, among others, our Company, our Controlling Shareholders, the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters
"Independent Third Party" or "Independent Third Parties"	a person or entity who is not a connected person of the Company under the Listing Rules to the knowledge of our Directors after all reasonable enquiries
"International Offer Shares"	the 61,769,000 Offer Shares initially being offered by us for subscription under the International Offering together, where relevant, with any additional Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option, and subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus

"International Offering"	the conditional placing by the International Underwriters of the International Offer Shares at the Offer Price outside the United States (including to professional, institutional and other investors within Hong Kong) in offshore transactions in reliance on Regulation S, and in the United States only to QIBs in reliance on Rule 144A or another available exemption from registration requirement of the U.S. Securities Act, on and subject to the terms and conditions of the International Underwriting Agreement, as further described in the section headed "Structure of the Global Offering"
"International Underwriters"	the underwriters of the International Offering listed in the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering and to be entered into on or around August 17, 2021 by, among others, our Company and the International Underwriters
"Joint Bookrunners"	Morgan Stanley Asia Limited (in relation to the Hong Kong Public Offering only), Morgan Stanley & Co. International plc (in relation to the International Offering only), China International Capital Corporation Hong Kong Securities Limited, China Merchants Securities (HK) Co., Limited and Valuable Capital Limited
"Joint Global Coordinators"	Morgan Stanley Asia Limited and China International Capital Corporation Hong Kong Securities Limited
"Joint Lead Managers"	Morgan Stanley Asia Limited (in relation to the Hong Kong Public Offering only), Morgan Stanley & Co. International plc (in relation to the International Offering only), China International Capital Corporation Hong Kong Securities Limited, China Merchants Securities (HK) Co., Limited and Valuable Capital Limited
"Joint Sponsors"	Morgan Stanley Asia Limited and China International Capital Corporation Hong Kong Securities Limited
"Joy Avenue"	Joy Avenue Limited, a company incorporated in BVI with limited liability on September 8, 2020 and wholly owned by Ms. Li

"Joy Avenue Family Trust"	a discretionary trust established by Ms. Li (as the settlor) and Vistra Trust (Singapore) Pte. Limited (as the trustee) on March 25, 2021 for the benefits of Ms. Li and Joy Avenue
"Latest Practicable Date"	August 3, 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Legend Zone"	Legend Zone Limited, a company incorporated in BVI with limited liability on September 11, 2020 and wholly owned by Ms. Cheng Li, an Independent Third Party
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about August 24, 2021, on which the Shares will be listed and dealings in the Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange
"Mr. Schaffner"	Mr. Silvio Rudolf Schaffner, an executive Director and the chief operating officer of our Company
"Ms. Kung"	Ms. Kung Ping-Er (龔冰萼), the sole shareholder of Pine Medical at the date of its establishment and an Independent Third Party
"Ms. Li"	Ms. Li Jing (李靜), an executive Director, the chief executive officer and chairperson of the Board of our Company
"Nexus Partners Group Limited"	a company incorporated in the BVI on January 4, 2021 with limited liability and wholly owned by Vistra Trust (Singapore) Pte. Limited (as the trustee of Joy Avenue Family Trust)

"Novel Pilot"	Novel Pilot Limited, a company incorporated in BVI with limited liability on April 28, 2020 and a special purpose vehicle of Ms. Li
"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%) of not less than HK$22.20 and expected to be not more than HK$23.80, at which Hong Kong Offer Shares are to be subscribed, to be determined in the manner further described in the paragraphs headed "Structure of the Global Offering — Pricing of the Global Offering" and "Structure of the Global Offering — The Hong Kong Public Offering — Allocation" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option to be granted by us to the International Underwriters exercisable by the Joint Global Coordinators on behalf of the International Underwriters under the International Underwriting Agreement, to require us to allot and issue up to 10,294,000 additional Shares at the Offer Price, representing up to 15% of the total number of Offer Shares initially available under the Global Offering to, among others, cover over-allocations in the International Offering, if any, further details of which are described in the section headed "Structure of the Global Offering" in this prospectus
"Pine Medical"	Pine Medical Limited (長青醫療器械有限公司), a company incorporated with limited liability in Hong Kong on March 7, 2011, being a direct wholly-owned subsidiary of the Company
"Pre-IPO Investments"	the investments in our Company undertaken by the Pre-IPO Investors prior to this initial public offering, the details of which are set out in "History, development and corporate structure"

"Pre-IPO Investors"	the Series Crossover Preferred Shares Shareholders and Series Crossover II Preferred Shares Shareholders
"Professor Dierk Scheinert"	Professor Dierk Scheinert, chief medical officer of our Company and the shareholder of Blue Lake
"Qualified Institutional Buyers" or "QIBs"	qualified institutional buyers within the meaning of Rule 144A under the U.S. Securities Act
"Regulation S"	Regulation S under the U.S. Securities Act
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"Series Crossover Preferred Shares"	the series crossover preferred shares of the Company with a par value of US$0.00001 per share
"Series Crossover Preferred Shares Shareholders"	the holders of Series Crossover Preferred Shares as detailed in "History, Development and Corporate Structure"
"Series Crossover II Preferred Shares"	the series crossover II preferred shares of the Company with a par value of US$0.00001 per share
"Series Crossover II Preferred Shares Shareholders"	the holders of Series Crossover II Preferred Shares as detailed in "History, Development and Corporate Structure"
"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 share(s) in the capital of our Company with a nominal value of US$0.00001 each
"Shareholder(s)"	holder(s) of the Share(s)
"Smartwork Investments Limited"	Smartwork Investments Limited, a company incorporated in BVI with limited liability
"Stabilizing Manager"	Morgan Stanley Asia Limited

"subsidiary"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs, as published by the SFC (as amended, supplemented or otherwise modified from time to time)
"Tianjin Acotec"	Tianjin Xianruida Medical Technology Co., Ltd.* (天津先瑞達醫療科技有限公司), a limited liability company incorporated under the laws of PRC on December 24, 2018, being an indirect wholly-owned subsidiary of our Company
"Track Record Period"	the years ended December 31, 2019 and 2020 and the three months ended March 31, 2021
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"VascuPatent Medical"	VascuPatent Medical (Shenzhen) Co., Ltd.* (為泰醫療器械(深圳)有限公司), a limited liability company incorporated under the laws of PRC on December 18, 2019, being an indirect wholly-owned subsidiary of our Company
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at **www.eipo.com.hk**

"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Win-Link International Corp. Limited"	Win-Link International Corp. Limited, a company incorporated in Hong Kong with limited liability

In this prospectus, the terms "associate," "close associate," "connected person," "core connected person," "connected transaction," "subsidiaries" and "substantial shareholder" shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

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

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

* *For identification purpose*

"ABI"	ankle-brachial index, the ratio of the blood pressure at the ankle to the blood pressure in the upper arm as measured by dividing the ankle systolic pressure by brachial systolic pressure, which helps compare the blood pressure in the upper and lower limbs and diagnose PADs
"all-cause death"	all of the deaths that occur in a population, regardless of the cause, which is measured in clinical trials and used as an indicator of the safety or hazard of an intervention
"AVF"	arteriovenous fistula, an abnormal connection between an artery and a vein, bypassing some capillaries. It is usually surgically created for hemodialysis treatments
"BMS"	bare metal stent, a mesh-like tube of thin wire made of bare metal (i.e., without a coating or covering, and without other advanced features such as bioresorbability) that is used in PCI procedures. After a narrowed artery is opened up in a PCI procedure, stents can be placed in the artery to keep it open and to prevent recoil, thereby reducing the chance of artery restenosis
"BRS"	bioresorbable scaffold, a scaffold used in PCI procedures. It can provide the necessary mechanical support immediately after the PCI procedure to keep the artery open for a period of time, and then gradually degrades in the human body (typically in 2-3 years after the procedure, at which time the artery is typically already healed and no longer need a stent to keep it open), thereby avoiding the risks associated with permanently leaving a foreign object in the vessel
"BTK intervention"	below-the-knee intervention, a procedure for the treatment of PAD with lesions located below the knees
"CABG"	coronary artery bypass grafting, an open-heart surgery in which an artery or vein taken from elsewhere in the body is stitched in place to reroute blood around the blocked artery
"CAD"	coronary artery disease
"CD-TLR"	clinically-driven target lesion revascularization

"CDT"	catheter-directed thrombolysis, a minimally invasive treatment that dissolves abnormal blood clots in blood vessels to help improve blood flow and prevent damage to tissues and organs
"CE Marking"	a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area
"Class III hospital"	a top-level hospital in China. Among the hospital classes, Class III hospitals are 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
"CRO"	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contractual basis
"CTO"	chronic total occlusion, a complete or nearly complete blockage of artery
"CVD"	chronic venous disorder, typically occurring in lower limb veins, causing blood to collect in the veins and lowering the return of the blood to the heart
"DCB"	drug-coated balloon, an angioplasty balloon used in PCI procedures with anti-proliferation drug coated on its surface. The drug can inhibit smooth muscle cell proliferation and migration, thereby further reducing the chance of artery restenosis
"DES"	drug-eluting stent, a stent used in PCI procedures with anti-proliferation drug coated on its surface. The drug can inhibit smooth muscle cell proliferation and migration, thereby further reducing the chance of artery restenosis
"DVT"	deep vein thrombosis, occurring when a blood clot forms in one or more of the deep veins in the body, usually in the leg

"ESRD"	end-stage renal disease, the final stage of chronic kidney disease when the kidney function has declined to the point that the kidney can no longer function on its own
"EVLT"	endovenous laser treatment, a procedure using laser heat to reduce varicose veins
"GCP"	good clinical practice, an international ethical and scientific quality standard for the performance of a clinical trial on medical products involving humans
"HD" or "hemodialysis"	a type of dialysis treatment for kidney failure. The procedure uses an artificial kidney to remove waste and extra fluid from the blood
"hypertension"	also known as high blood pressure, is a long-term medical condition in which the blood pressure in the arteries is persistently elevated; as defined by the Chinese Center for Disease Control and Prevention, hypertension patients refers to patients having an average SBP of over 140 mmHg or an average DBP of over 90 mmHg, or currently using antihypertensive medications
"ICAS"	intracranial atherosclerotic stenosis, an abnormal narrowing of a intracranial artery caused by the accumulation of an atheromatous plaque in the vessel wall
"ICH-GCP"	International Conference on Harmonisation-Good Clinical Practice
"IDE"	investigational device exemption, an approval granted by the FDA that allows a medical device to be used in a clinical research study that involves human subjects or human specimens
"ISR"	in-stent restenosis, occurring when a section of blocked artery which has been opened up with a stent becomes narrowed again
"IVCF"	inferior vena cava filter, a medical device implanted into the inferior vena cava to prevent blood clots from moving through blood into the lungs

"KOLs"	acronym for Key Opinion Leaders; refers to renowned physicians that are able to influence their peers' medical practice
"LEAD"	lower extremity artery disease, the narrowing or blockage of leg arteries
"LINC"	Leipzig Interventional Course, an interdisciplinary live course widely regarded as one of the most authoritative industry events for the discussion of advanced technologies used in endovascular interventions
"LLL"	late lumen loss, the difference between the diameter of the treated artery immediately after the procedure, compared with the diameter of such artery at the follow-up time, which is measured as an indicator of the efficacy of revascularization procedures
"MI"	myocardial infarction, commonly known as heart attack, occurring when blood flow to the heart abruptly decreases or stops, causing damage to the heart muscle
"myocardial ischemia"	also called cardiac ischemia, occurring when blood flow to the heart is reduced, preventing the heart muscle from receiving enough oxygen, which is usually the result of a partial or complete blockage of the heart's arteries. A sudden and severe blockage of one of the heart's artery can lead to a heart attack
"PAD"	peripheral artery disease, the narrowing or blockage of arteries outside the heart or brain
"PCI"	percutaneous coronary intervention, a non-surgical procedure to open a narrowed or blocked coronary artery and restore arterial blood flow to heart tissue
"PD"	peritoneal dialysis, a type of dialysis treatment for kidney failure. The procedure uses the lining of the abdomen to remove waste and extra fluid from the blood
"PMT"	percutaneous mechanical thrombectomy, a percutaneous interventional procedure where a thrombectomy device is passed to the site of DVT to remove blood clots by different mechanical means

"PPA"	popliteal artery
"PTA"	percutaneous transluminal angioplasty, a percutaneous interventional procedure that can open up blocked peripheral arteries using a catheter with a balloon at the end of it, allowing blood to circulate unobstructed
"PTA balloon"	classical plain (i.e., without drug coated on its surface, and without advanced features such as those associated with cutting balloons, scoring balloons, high-pressure balloons, etc.) angioplasty balloon used to widen the narrowed vessel mechanically
"PTE"	pulmonary thromboembolism, a blockage in one of the pulmonary arteries in the lung
"RCT"	randomized controlled clinical trial, a study in which people are allocated at random (by chance alone) to receive one of several clinical interventions. One of these interventions is the standard of comparison or control
"revascularization"	the restoration of perfusion to a body part or organ that has suffered ischemia in medical and surgical therapy
"RFA"	radiofrequency ablation, a non-surgical and minimally invasive procedure that uses an electric current to heat up a small area of nerve tissue to stop it from sending pain signals
"SAT"	single-arm clinical trial, where a sample of individuals with the targeted medical condition is given the experimental therapy and then followed over time to observe their response
"SFA"	superficial femoral artery
"SMO"	site management organization, an organization that provides clinical trial related services to medical device companies having adequate infrastructure and staff to meet the requirements of the clinical trial protocol
"sq.m."	square meter, a unit of area

"SVD"	small vessel disease, occurring when the walls of the small arteries in the heart are damaged
"TIA"	transient ischemic attack, commonly known as mini-stroke, occurring when the blood supply to part of the brain is briefly blocked
"VAO"	vertebral atherosclerosis, occurring when an atheromatous plaque accumulated in the vessel wall of a vertebral artery
"VAS"	vertebral artery stenosis, occurring when the vertebral and basilar arteries at the base of the brain become blocked
"vasculogenic ED"	vasculogenic erectile dysfunction, the inability to achieve and maintain an erection due to defects in the blood flow
"VED"	vacuum erectile device, a non-invasive medical device which applies the mechanism of vacuum to treat erectile dysfunction
"VTE"	venous thromboembolism, occurring when a blood clot forms in a vein
"VV"	varicose vein, also known as varicoses, occurring when a superficial vein becomes enlarged, swollen and twisted. It happens when faulty valves in a vein allow blood to flow in the wrong direction or to pool
"μm"	micrometer

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS ARE SUBJECT TO RISKS AND UNCERTAINTIES

This prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties faced by the Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

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

In some cases, we use the words "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the "Business" and "Financial Information" sections of this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These forward-looking statements are based on current plans and estimates, and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all.

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

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. Particularly, we are a biotechnology company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules. Our operations and the biotech industry involve certain risks and uncertainties, some of which are beyond our control and may cause you to lose all your investment 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.

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

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

RISKS RELATING TO OUR PRODUCTS AND PRODUCT CANDIDATES

Risks Relating to the Development of Our Product Candidates

Our future growth depends substantially on the successful development of our product candidates to commercialization.

Our business substantially depends on our ability to complete the development and obtain the requisite regulatory approvals of our product candidates and successfully commercialize our approved products in a timely manner. We have invested significant efforts and financial resources in the development of our product candidates. During the Track Record Period and up to the Latest Practicable Date, we had developed four registered products. As of the Latest Practicable Date, we had an additional 24 product candidates in various development stages. The successful development and commercialization of our product candidates will depend on several factors, including but not limited to:

- successful enrollment in, and completion of, clinical trials, as well as completion of preclinical studies;
- favorable safety and efficacy data from our clinical trials and other studies;

- receipt of regulatory approvals;
- enhancing commercial manufacturing capabilities, either by enlarging our existing facilities or building new facilities ourselves or making arrangements with third-party manufacturers;
- the ability of our CROs and SMOs to conduct or assist in conducting our clinical trials safely and efficiently and in accordance with our specified trial protocols;
- the performance by any other third parties we may retain in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data;
- obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity;
- ensuring we do not infringe, misappropriate or otherwise violate the patent, trade secret or other intellectual property rights of third parties;
- obtaining required marketing authorizations and launching commercial sales in China, Europe, the United States, India and other targeted markets, if and when approved;
- obtaining favorable governmental and private medical reimbursement for our products, if and when approved;
- appropriately pricing our product candidates and timely collecting payments;
- efficiently and cost-effectively enhancing our marketing and distribution capabilities;
- competition with other vascular intervention procedure medical devices; and
- continued acceptable safety profile following regulatory approval.

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

Clinical product development involves a lengthy and expensive process with an uncertain outcome.

According to a catalogue issued by the NMPA, medical devices are classified into three different categories, Class I, Class II and Class III, depending on the degree of risk associated with each medical device and the extent of control needed to ensure safety and effectiveness. All of our products and product candidates are classified as Class III medical devices. To obtain product registrations for medical devices of Class III in China, we need to conduct, at our own expense, adequate and well-controlled clinical trials to demonstrate the safety and efficacy of our product candidates if they are not exempt from clinical trial requirements in China.

Clinical testing is expensive and can take multiple years to complete, and its outcome is inherently uncertain. There can be no assurance that these trials or procedures will be completed in a timely or cost-effective manner or result in a commercially viable product or expanded indication. We may experience numerous unexpected events before and during the clinical trials that could delay or prevent us from obtaining regulatory approval or commercializing our product candidates, including but not limited to: (i) regulators 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; (ii) our inability to reach agreements on acceptable terms with prospective CROs, SMOs and hospitals as trial centers, the terms of which can be subject to extensive negotiation and may vary significantly among different trial centers; (iii) manufacturing issues, including problems with manufacturing, supply quality, or obtaining sufficient quantities of a product candidate for use in a clinical trial in a timely manner; (iv) clinical trials of our product candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs; (v) the number of patients required for clinical trials of our product candidates may be larger than we anticipate, enrollment may be insufficient or slower than we anticipate; (vi) 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; (vii) we might have to suspend or terminate clinical trials of our product candidates for various reasons, including a finding of unexpected characteristics or a finding that participants are being exposed to unacceptable health risks (including deaths in the worst case scenario); (viii) regulators or ethics committees may require that we or our investigators suspend or terminate clinical research or not rely on the results of clinical research for various reasons, including non-compliance with regulatory requirements; (ix) the cost of clinical trials of our product candidates may be greater than we anticipate and we are unable to obtain additional funding in a timely manner, or at all; and (x) the supply or quality of our product candidates or other materials necessary to conduct clinical trials of our product candidates may be insufficient or inadequate.

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 commercialize our approved products and generate related revenues. Any of these occurrences may adversely affect our business, financial condition and prospects to a significant extent.

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

During the clinical trial process, failure can occur at any time. The results of preclinical studies and pilot study results of our product candidates may not be predictive of the results of confirmatory clinical trial. Product candidates in confirmatory clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and/or feasibility clinical trials. Clinical trials or procedures may experience significant setbacks even after earlier trials have shown promising results. In some instances, there can be significant variability in safety and/or efficacy results between different trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the physical conditions of the patient populations and the rate of dropout among clinical trial participants. Clinical trials of our product candidates may produce negative or inconclusive results. Even if our future clinical trial results show favorable efficacy, not all patients may benefit. For our certain product candidates, it is likely that they may not suit the conditions of certain patients, and severe adverse events and complications may occur for some patients after the treatment. If we decide or are required by regulators to

conduct additional clinical trials or other testing of our product candidates beyond those that we currently contemplate or abandon our product development programs, or if we are unable to successfully complete clinical trials of our product candidates or other testing, or if the results of these trials or tests are not positive or are only modestly positive or if they raise safety concerns, we may (i) be subject to substantial liabilities, (ii) be delayed in or even prevented from obtaining regulatory approval for our product candidates, (iii) obtain approval for indications that are not as broad as intended, (iv) have the product removed from the market after obtaining regulatory approval, (v) be subject to additional post-marketing testing requirements, (vi) be subject to restrictions on how the product is distributed or used; or (vii) be unable to obtain reimbursement for use of the product. Any of such events could materially and adversely affect our ability to commercialize the subject products and generate sales revenues.

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

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

Our clinical trials will likely compete with other clinical trials for product candidates that are in the same therapeutic areas as our product candidates. This competition will reduce the number and types of patients available to us, because some patients who might have opted to enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors. Because the number of qualified clinical investigators and clinical trial sites is limited, we expect to conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients who are available for our clinical trials at such clinical trial sites. Even if we are able to enroll a sufficient number of patients in our clinical trials, delays in patient enrollment may result in increased costs or may affect the timing or outcome of the projected clinical trials. If we experience delays in the completion of, or even termination of, any clinical trial of our product candidates, our ability to obtain requisite regulatory approvals, commercialize our products, commence product sales and generate revenues will be jeopardized. Any of these occurrences may have a material adverse effect our business, financial condition and prospects.

We may not be able to develop new products that are competitive in the market, in a timely manner or at all.

The markets for vascular interventional medical devices are characterized by technological changes, frequent new product introductions, and evolving industry standards. Our products could become technologically obsolete or more susceptible to competition without timely introduction of new and improved technologies. Please refer to the paragraph headed "Risks relating to Our Operations — We face substantial competition and rapid market changes, and our competitors may discover, develop or commercialize competing products before or more successfully than we do, or respond and adapt to the market changes more quickly and effectively." in this section for more details. We expect the markets for vascular interventional medical devices to evolve towards more advanced products, some of which we do not currently produce. Our success therefore depends on our ability to accurately predict the

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

The success of our new or improved product offerings will depend on several factors, including our ability to (i) properly identify and predict industry trends and market demand; (ii) complete product development process successfully in a timely manner; (iii) minimize the time and costs required to obtain regulatory approvals; (iv) optimize our procurement and manufacturing processes to predict and control costs; (v) manufacture and deliver new products in a timely manner; (vi) efficiently and cost-effectively enhance our marketing and distribution capabilities; (vii) price our products at both competitive and commercially justifiable levels; (viii) increase end-customer awareness and acceptance of our new or improved products; and (ix) compete effectively with other medical device developers, manufacturers and marketers. If we are not successful in manufacturing or selling our new or improved products to meet market demand, or if there is insufficient demand for our new or improved products in the market, our business, financial condition, results of operations and prospects could be materially adversely affected.

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

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

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

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

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

We may not be able to identify and deter employees' and third parties' misconduct, and the precautions we take to detect and prevent these activities may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and defending ourselves or asserting our rights, those actions could severely delay our research and development programs, or result in failure to obtain regulatory approvals for our product candidates. The regulatory authorities may also impose civil, criminal and administrative penalties, damages and monetary fines on us, which could materially and adversely affect our reputation and business operation.

Risks Relating to the Commercialization of Our Products

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

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

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

Failure to achieve broad market acceptance could have a material adverse impact on our business and results of operations.

The commercial success of our products depends upon the degree of market acceptance they can achieve, particularly among hospitals and physicians. For example, as compared with PTA balloons and stents, DCBs are a treatment recently developed and introduced to the market, and may fail to receive broad acceptance from patients or physicians as anticipated.

Instead, patients may opt for PTA balloon products or stents in vascular interventional procedures, given their established market acceptance, comparatively lower price and coverage by governmental and private medical insurance.

If any of our products or product candidates (upon commercialization) fail to gain sufficient market acceptance by physicians patients or third-party payors in the industry, the sales of our products will be adversely affected, and we may fail to effectively market our product candidates upon commercialization. In addition, physicians, patients and third-party payors may prefer other innovative products to ours. If our products do not achieve an adequate level of acceptance, we may not be able to generate significant product sales revenues and to achieve profitability. The degree of market acceptance of our products and product candidates, if approved for commercial sale, will depend on a number of factors, including:

- the clinical indications for which our product candidates are approved;
- physicians, hospitals, diseases treatment centers and patients considering our products and product candidates (upon commercialization) as a safe and effective treatment;
- the potential and perceived advantages and disadvantages of our products, product candidates (upon commercialization) and relevant treatments compared to alternative products and treatments;
- the prevalence and severity of any adverse effects or complications;
- product labeling or product insert requirements of regulatory authorities;
- limitations or warnings contained in the labeling approved by regulatory authorities;
- the timing of market introduction of our products and product candidates (upon commercialization) as well as competitive products;
- the cost of treatment in relation to alternative treatments;
- the availability of adequate coverage, reimbursement and pricing by third-party payors and government authorities;
- the willingness of patients to pay out-of-pocket in the absence of coverage and reimbursement by third-party payors and government authorities; and/or
- the effectiveness of our sales and marketing efforts.

If any products that we commercialize fail to achieve market acceptance among physicians, patients, hospitals or other institutions in the industry or if we fail to maintain good relationships with them, we will not be able to generate significant revenue. Even if our products achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or technologies introduced are more favorably accepted by the market and more cost effective than our products, which may render our products obsolete.

If our distributors fail to expand or maintain their sales network, or if we fail to educate or manage our distributors effectively, our sales may decline.

In the medical device industry, it is customary to rely on distributors for sale of medical devices to hospitals. We sell a substantial portion of our commercialized products to third party distributors in China and overseas, which then sell these medical devices to hospitals. We intend to continue engaging distributors to sell our products in the foreseeable future. However, we may not be able to identify or engage a sufficient number of distributors with an extensive sales network. If our distributors fail to maintain or expand their sales network, or otherwise encounter any difficulties in selling our products, our sales revenue will decline and our business, results of operations and prospects may be materially and adversely affected.

In addition to ensuring our reputation through high quality products and responsive services, our well-trained sales team works with our distributors to help them become more sophisticated. We also provide our distributors with technical support, including training in the basic technologies of our products, participating in presentations to physicians and hospitals, and assisting in preparing documents for contracts awarded through competitive biddings and tenders. Our distributors face a learning process with respect to our products, particularly for those newly introduced to the market. We cannot assure you that our distributors will be able to gain the required knowledge in order to market our products effectively in a timely manner or at all.

In addition, we have limited control to manage the activities of our distributors, who are independent from us. We cannot assure that our distributors will not violate our distribution agreements with them. Such violations may include, among other things, (i) failing to meet 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) selling our products at prices below our designated lowest price; (iv) failing to comply with applicable laws or regulatory requirements when marketing, promoting or selling our products, including the anti-corruption laws of the PRC or other jurisdictions; (v) failing to provide proper training and other services to our end customers; or (vi) selling products that compete with ours. Failure to adequately manage our network of distributors, or non-compliance by distributors with our distribution agreements, violations of applicable laws and other illegal or inadequate practices by distributors could harm our corporate reputation and disrupt our sales, and our financial condition and results of operations could be materially adversely affected.

The growth and success of our business depends on the performance of us and our distributors in government-administered tender processes.

Our future growth and success significantly depend on our ability to successfully market our products to hospitals and other medical institutions through our distributors. Hospitals and medical institutions may organize public tenders either by themselves or through local governments. The procedures of such public tenders vary from hospital to hospital and from region to region, and there could be uncertainties with respect to the timing of such procedures. As a result, we are primarily dependent on experienced local distributors to assist us during such procedures. However, we may not always be able to locate a sufficient number of experienced local distributors to sell our products to hospitals and other medical institutions.

Furthermore, even if we could locate a sufficient number of experienced distributors, our bids during the public tender process may not be successful and our products may not be chosen for a number of reasons, including where: (i) our prices are not competitive; (ii) our products fail to meet the technical or quality requirements imposed by the hospitals or are less clinically effective than competing products; (iii) our reputation is adversely affected by

unforeseeable events; or (iv) our service quality or any other aspect of our operation fails to meet the relevant requirements. If we fail in the tender process, we may face difficulties in maintaining the existing level of sales of our products, and we may find it difficult to sell our product candidates (upon commercialization) and our revenue may decline, materially adversely affecting our results of operations and financial condition.

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

Our ability to successfully market our products may involve more inherent risks, take longer time and cost more resources than it would if we were a company with sufficient experience launching such products. As of the Latest Practicable Date, we only commercialized two DCB products and two PTA balloon products and have no experience in commercializing medical devices other than balloon products.

The success of our sales and marketing efforts depends on our ability to attract, motivate and retain qualified and professional employees in our sales and marketing team who have, among other things, the sufficient expertise in vascular interventions and are able to communicate effectively with medical professionals. Furthermore, since we expect to launch new products targeting five therapeutic areas including vascular surgery, cardiology, nephrology, neurology and andrology, we expect to hire more employees with relevant medical device experience and knowledge to strengthen our marketing and sales workforce. However, due to the intense competition for experienced personnel, we may be unable to attract, motivate and retain a sufficient number of qualified sales and marketing employees to support our business development and expansion, and our sales revenue and results of operations may be negatively affected.

In addition, we plan to continue strengthening our cooperative relationship with hospitals, physicians and research institutions for enhancing our product awareness in the market. For example, we may introduce world-renowned hospitals to provide training to the Chinese physicians, and hold academic forum inviting internationally renowned experts to introduce procedural process using our products. However, such promotional activities may not be as effective as we expected, or may be impeded by unanticipated events such as outbreaks of COVID-19, which may cause a decline of our sales revenue, and have a material adverse effect on our business, financial condition and results of operations.

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

In line with market practice, we generally price our products by taking into consideration a variety of factors, such as feedbacks collected from these parties, our costs, the prices of competing products, the differences in safety and efficacy profiles between our products and competing products, the estimated demands for our products, and the possibility that our products being subject to the centralized procurement programs organized by local governments. Some of the factors are beyond our control.

The Chinese government has implemented a number of policies to gradually increase the affordability of medical devices, including combining a list of high-value medical consumables, requiring public hospitals to have zero margin for high-value medical consumables, and establishing provincial-level platforms for procurement. In particular, in order to improve the pricing mechanism and reduce the falsely high prices of high-value medical consumables, the General Office of the State Council issued the Reform Plan for

Governance of High-value Medical Consumables (《治理高值醫用耗材改革方案》) (the "**Reform Plan**") on July 19, 2019, exploring the classified and centralized procurement of high-value medical consumables. On November 5, 2020, Tianjin Medical Purchasing Center implemented the first national-level centralized procurement of high-value medical devices in China. Following the bidding process, ten coronary DES products were selected, with a significant price reduction as compared to the bidding price for such products before the implementation of the centralized procurement policies. Although such centralized procurement only applied to coronary DES products, and therefore would not directly affect the pricing of our products, there are uncertainties whether the centralized procurement scope would be expanded in the future, resulting in the inclusions of our products or product candidates (upon commercialization). Moreover, if any products comparable or similar to our products were included in the centralized procurement, patients' willingness to use our products might be materially and adversely affected and we might be forced to change our pricing strategy. If any or all of the foregoing were to occur, our sales revenue may decrease, which in turn will have a material adverse impact on our financial condition and results of operation.

The implementation status of the "Two-Invoice System" for medical consumables may have material impact on our business. If we are deemed to have violated or circumvented the "Two-Invoice System" for medical consumables by the competent authorities, our business, financial condition, results of operation and reputation could be materially and adversely affected.

In December 2016, eight governmental authorities including the NMPA issued the *Notice on Opinions on the Implementation of the "Two-Invoice System" in Drug Procurement by Public Medical Institutions (for Trial Implementation)* (《關於在公立醫療機構藥品採購中推行"兩票制"的實施意見(試行)》), recommending the gradual implementation of the "Two-Invoice System." In July 2019, the General Office of the State Council issued the *Circular on High-value Medical Consumables* (《治理高值醫用耗材改革方案》), which encouraged local governments to adopt the "Two-Invoice System" for high-value medical consumables. The "Two-Invoice System" refers to a mechanism where only up to two invoices are issued along the chain of distribution process, with one invoice issued by the manufacturer to the distributor, and the other issued by the distributor to the hospitals and other medical service providers. The "Two-Invoices System" aims to eliminate the multiple layers of distributors involved in the process, to streamline the procurement and distribution process, and to ensure more transparent prices for pharmaceuticals and medical consumables. Please refer to the paragraphs headed "Regulatory Overview — Regulations Relating to Medical Device Production and Operation — Two-Invoice System" for more information.

According to Frost & Sullivan, prior to the implementation of policies such as "centralized procurement of medical devices" and the "Two-Invoice System," the medical device distribution market in China was relatively fragmented; a large number of distributors competed in the market, and multiple layers of distributors were often involved before a medical device could be sold from the manufacturer to the hospital. In recent years, with the gradual implementation of such policies, smaller distributors were gradually squeezed out of the market, and the medical device distribution market was consolidated by a few giant players with nationwide delivery and distribution network (who are generally referred to in the industry as platform distributors), and a number of large distributors.

According to our PRC Legal Adviser, the progress of implementation of the "Two-Invoice System" for medical consumables varies in different provinces, autonomous regions and municipalities (collectively, "**provinces**") in China, and in some provinces, the implementation of the "Two-Invoice System" for medical consumables was not mandatory as at the Latest Practicable Date. In provinces where the local competent authorities had formally published

rules or policies requiring the strict implementation of the "Two-Invoice System" for medical consumables (as of the Latest Practicable Date, including Anhui, Fujian, and Hebei), we sell our products directly to distributors, who resell our products to hospitals; in certain provinces which have not required the mandatory implementation of the "Two-Invoice System" for medical consumables (e.g., Beijing, Shanghai, Shandong, etc.), we may cooperate with platform distributors, who sell our products to sub-distributors under them, and such sub-distributors in turn finally resell our products to hospitals and/or medical centers. Platform distributors are our direct counterparties and function as intermediary companies that primarily focus on providing logistics services, helping us realize a relatively centralized management of a large number of such sub-distributors. We adopt the distributorship model and cooperate with platform distributors primarily because through such model and cooperation, we are able to expand hospital coverage and promote our products to a larger group of hospitals in a cost-effective manner, and to reduce the logistics expenses incurred during the distribution process. As confirmed by Frost & Sullivan, the distribution model we adopted is widely adopted in the medical device industry in China.

We believe that the implementation of the "Two-Invoice System" is beneficial to us as it aims to reduce the middle persons involved in the distribution process, and we have no incentive to violate or circumvent the "Two-Invoice System." As confirmed by our PRC Legal Adviser, the distribution model we adopted is not a violation or circumvention of the "Two-Invoice System" as of the Latest Practicable Date. However, the implementation status of the "Two-Invoice System" in different provinces may have a direct impact on the distribution model we adopt, and may indirectly affect our business and financial performance. If going forward, the "Two-Invoice System" is strictly implemented for medical consumables in more provinces, we will proactively adjust the distribution model we adopt, and may choose to reduce our cooperation with platform distributors. However, we may incur additional expenses in adjusting our distribution model (e.g., incurring slightly higher logistics expenses if we have to deliver our products to each of the sub-distributors, instead of using the logistics services currently provided by our platform distributors), and we cannot assure you that we will be successful in promptly and smoothly adjust our cooperation with our platform distributors, or that we will always be successful in ensuring our compliance with the applicable laws and regulations. If we fail to promptly and smoothly adjust our distribution model, or if we are deemed to have violated or circumvented the "Two-Invoice System" for medical consumables by the competent authorities, our business, financial condition, results of operation and reputation could be materially and adversely affected.

Our sales may be affected by the level of medical insurance reimbursement that patients can receive for vascular interventional treatments using our products.

The availability of governmental and private health insurance in China for treatments using our products will influence our ability to sell our products. China has a complex medical insurance system that is currently undergoing reform. The governmental insurance coverage or reimbursement level in China for new procedures and the medical device used in such procedures is subject to significant uncertainty and varies from region to region, as local government approvals for such coverage must be obtained in each geographic region. In addition, the PRC government may change, reduce or eliminate the governmental insurance coverage then available for treatments using our products. Please refer to the paragraph headed "Regulatory Overview — National Medical Insurance Program" in this prospectus for more details. We cannot assure you that our products and product candidates (upon commercialization) will be included in the medical insurance reimbursement list at all times, or at all. To the extent that our products are not included in the medical insurance reimbursement list or if any such insurance schemes are changed or canceled which result in any removal of our products from medical insurance catalogue, patients may choose, and hospitals may recommend alternative treatment methods, which will reduce demand for our

products, and our sales may be adversely impacted or not able to achieve our expected levels, which may lead to a material and adverse effect on our business, results of operations and financial condition.

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

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

Risks Relating to Extensive Government Regulations

The regulatory approval processes are lengthy, expensive and inherently unpredictable. If we are not able to obtain, or experience delays in obtaining, required regulatory approvals, we will not be able to commercialize our product candidates, and our ability to generate revenue will be materially impaired.

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

We currently market and intend to continue to market a substantial portion of our products in China in the foreseeable future. We are required to obtain the NMPA's or its local counterpart's approval before we can market our products in China. As the PRC government has been increasing the level of regulatory control over the medical device industry in recent years, the regulatory approval process tends to take a longer time to complete than before. Significant time, effort and expense are required to bring our products to market in compliance with the regulatory process, and we cannot assure you that any of our products will be approved for sale. Before obtaining regulatory approvals for the commercial sale of any products for a target indication, we must demonstrate in preclinical studies and well-controlled clinical trials, that the product candidate is safe and effective for use for that target indication and that the manufacturing facilities, processes and controls are adequate. We are also required to report any serious or potentially serious incidents involving our products to the NMPA or its local counterparts. When we submit a filing application to the NMPA, the NMPA will decide whether to accept or reject the submission for filing. We cannot be certain that any submissions will be accepted for filing and review by the NMPA. The NMPA may also slow down, suspend or cease review of our applications and any of these could prolong the registration process of our product candidates. Even if regulatory approval or clearance of our products is granted, the approval or clearance could limit the uses for which our products may be labeled and promoted, which may in turn limit the market for our products. Any failure to obtain, or delay in obtaining, regulatory approvals or clearances or to renew registrations for our products could prevent us from successfully marketing our products, which could materially and adversely affect our business, financial condition and results of operation.

Furthermore, results of the regulatory approval process are unpredictable. We could fail to receive regulatory approval for product candidates for many reasons, including: (i) failure to begin or complete preclinical studies or clinical trials; (ii) failure to demonstrate that a product candidate is safe and effective; (iii) failure to deliver clinical trial results to meet the level of statistical significance required for approval; (iv) data integrity issues related to our clinical trials; (v) government authority's disagreement with our interpretation of data from pre-clinical studies or clinical trials; (vi) changes in approval policies or regulations that render our preclinical and clinical data insufficient for approval or require us to amend our clinical trial protocols; (vii) regulatory requests for additional analyses, reports, data, nonclinical studies and clinical trials, or questions regarding interpretations of data and results and the emergence of new information regarding our product candidates or other products; (viii) clinical sites, investigators or other participants in our clinical trials deviating from a trial protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial; and/or (ix) rejection by the regulatory authorities to approve pending applications or supplements to approved applications filed by us or suspension, revocation or withdrawal of approvals. All these factors, among others, may delay or prevent approval and our commercialization plans, or we may decide to abandon the development program.

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

In addition, changes in regulatory requirements and guidance may also occur, and we may need to amend clinical trial protocols submitted to the regulatory authorities to reflect these changes, which may impact the costs, timing or successful completion of a clinical trial. The foreign regulatory approval process may include all of the risks associated with obtaining the NMPA's approval. We cannot assure you that we will be able to meet regulatory requirements of different jurisdictions or that our products will be approved for sale in those jurisdictions. Any failure to obtain, or delay in obtaining, regulatory approvals or clearances or to renew registrations for our products could prevent us from successfully marketing our products in the international markets. Furthermore, 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.

Even if our product candidates were to successfully obtain approval from the regulatory authorities, any approval might significantly limit the approved indications for use, or require that precautions, contraindications or warnings be included on the product labeling, or require expensive and time-consuming post-approval clinical trials or surveillance as conditions of approval. Following an approval for commercial sale of our product candidates, certain changes to the product, such as changes in manufacturing processes and additional labeling claims, may be subject to additional review and approval by the NMPA, the FDA and/or comparable regulatory authorities. Regulatory approvals for any of our product candidates may also be withdrawn.

Our failure to comply with the regulatory requirements could result in governmental agencies taking actions against us, including imposing fines and penalties on us, prohibiting us from manufacturing or selling our products, bringing criminal charges against us, delaying the introduction of our new products into the market, recalling or seizing our products, and/or withdrawing or denying approvals or clearances for our products. We could also be subject to civil or administrative liabilities if we fail to comply with applicable regulatory requirements. If any or all of the foregoing were to occur, we may not be able to meet the demands of hospitals and physicians which use our products and they may cancel orders or purchase products from our competitors.

We may not be able to maintain or renew all the permits, licenses and certificates required for our production.

Companies manufacturing medical devices in China are required to obtain permits and licenses issued by various government authorities, including but not limited to the medical device production permit (醫療器械生產許可證), and if such manufacturing companies store and sell medical devices in places other than their domiciles and the places of production of medical devices, they are also required to obtain the medical device operation permit (醫療器械經營許可證). In addition, companies publishing advertisements on certain media or in certain forms and containing the name, scope of application, functions, structure, composition, action principle, etc. of an medical device shall obtain an approval code issued by relevant examination authority. Please refer to the paragraph headed "Regulatory Overview — Laws and Regulations Relating to Medical Device — Regulations Relating to Medical Device Production and Operation — Management of Medical Device Production", and "Regulatory Overview — Regulations Relating to Medical Device Production and Operation — Regulations Relating to Advertisement of Medical Device" in this prospectus for details. Such approval, permits, licenses and certificates are subject to periodic reviews and renewals by the government authorities, and the standards of such reviews and renewals may change from time to time or become more stringent. There can be no assurance that the government authorities will approve our applications or renewal applications in the future. Any failure by us to obtain the necessary approval, permits, licenses and certificates, or procure such renewals and otherwise maintain all the approval, licenses, permits and certificates required for our business at any time could disrupt our business, which could have a material adverse effect on our business, financial condition and results of operation. If, as a result of any change in the interpretation or implementation of existing laws and regulations or the implementation of new laws and regulations, we are required to obtain additional approval, licenses, permits or certificates for our production of products and product candidates, we cannot assure you that we will be successful in obtaining such approval, licenses, permits or certificates in a timely manner, or at all.

We may not be able to comply with ongoing or additional regulatory obligations which may result in withdrawal of approvals for our products.

Our products will be subject to ongoing or additional regulatory requirements with respect to manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-market studies, submission of safety, efficacy, and other post-market information, and other requirements of regulatory authorities in China, the United States, the EU and other applicable jurisdictions where we market or sell our products. For example, products may be promoted only for their approved indications and for use in accordance with the provisions of the approved label, and any person or entity that is found to have improperly promoted off-label uses may be subject to significant liability. As such, we are and will be subject to continual review and inspections by the regulators in order to assess our compliance with applicable laws and requirements and adherence to commitments we made in any application materials with the NMPA or other authorities.

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

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

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.

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

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

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

- the relevant products may be recalled, withdrawn or seized;
- regulatory authorities may withdraw or limit their approval of our products;
- we may be required to change the way our products are distributed or administered, conduct additional clinical trials, change the labeling or add additional warnings on the labelling of such products;

- we may be required to develop risk evaluation and mitigation measures for the products, or if risk evaluation and mitigation measures are already in place, to incorporate additional requirements under the risk evaluation and mitigation measures;
- we may be subject to regulatory investigations and government enforcement actions;
- we may be required to suspend marketing or remove relevant products from the marketplace;
- a severe decrease in the demand for, and sales of, the relevant products;
- we could be sued and held liable for injury caused to individuals using our products; and
- our reputation, business and prospects may be adversely affected.

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

We could be adversely affected as a result of sales we made, or will make, to certain countries that are, or may become, subject to international sanctions laws and regulations.

Certain countries or organizations, including the U.S., the European Union, and the United Nation, maintain economic sanctions and/or trade restrictions targeting certain countries, territories, organizations and/or individuals. During the Track Record Period, we made *de minimis* sales of our medical device products to certain customers in Turkey, which is subject to targeted sanctions programs. We believe that our business dealings in Turkey during the Track Record Period would not subject us to sanction liabilities because our counterparties in Turkey were not sanctioned entities, the medical device products we sold were not subject to any existing sanction programs, and the sector we operate in is not a sensitive sector frequently subject to sanction programs. However, the relevant sanction programs may be subject to frequent changes, many of which might be purely politics-driven and difficult to foresee. If the sanctions against Turkey or against other countries or territories that we have business dealings in become more expansive or more restrictive, it may adversely affect our ability to work with certain existing or future suppliers, customers and/or other business partners. Furthermore, our association with suppliers, customers and/or business partners that are or become subject to sanctions or other similar restrictions could subject us to actual or perceived reputational harm. Any such reputational harm could result in the loss of investors, suppliers or customers, which could in turn harm our business, financial conditions or prospects.

Risks Relating to Manufacture and Supply of Our Products

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

Quality is extremely important due to the serious and costly consequence of a product failure. The manufacture of many of our products is highly complex and subject to strict quality controls. We have established a quality control and assurance system and adopted standardized operating procedures in order to prevent quality issues with respect to our products and operation processes. For further details of our quality control and assurance system, please refer to the paragraph headed "Business — Quality Control" in this prospectus.

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

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

We mainly rely on our production facilities in Beijing for the manufacturing of our products and product candidates; any disruptions to the operation of our production facilities could materially adversely affect our business, financial condition and results of operations.

We manufacture, assemble and test our products at our manufacture facility which is located in our leased property in Beijing, China. During the Track Record Period, our balloon catheter products, including our DCB product candidates, AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™, and our PTA balloon dilatation catheters, AcoArt Iris™ & Jasmin™ and AcoArt Lily™ & Rosmarin™ were manufactured there. Please refer to the paragraph headed "Business — Manufacturing" in this prospectus for more details. The operation of our production facilities may be substantially interrupted due to a number of factors, many of which are outside of our control, including but not limited to fires, floods, earthquakes, power outages, fuel shortages, health epidemic, mechanical breakdowns, termination of lease by lessor, loss of licenses, certifications and permits, changes in governmental planning for the land underlying these facilities, and regulatory changes.

If the operation of any of our production facilities is substantially disrupted, we may not be able to replace the equipment at such facilities, or use a different facility to continue production in a timely and cost-effective manner. As a result, we may fail to fulfill contract obligations or meet market demand for our products, and our business, revenue and profitability could be materially adversely affected.

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

Our current products and product candidates are classified as Class III medical devices. Such classifications represent a high risk to the human body and requires a high level of supervision to ensure safety and effectiveness. We may be subject to product liability claims if our products have quality issues. For example, we may be sued if our product candidates are perceived to cause injury or are found to be otherwise unsuitable during clinical testing and manufacturing. Any such product liability claims may include allegations of defects in design, component failure, manufacturing error, a failure to warn of dangers inherent in the medical device product, negligence or strict liability. Further, we cannot ensure that physicians will strictly and accurately follow our instructions on the proper usage of our products and product candidates. If our product or product candidates are used incorrectly by physicians, injury may result, which could require review and corrective action by the manufacturer or even give rise

to product liability claims against us. Any serious failures or defects could cause us to withdraw or recall products, and subject us to product liabilities, which may damage our brand name and may have a material adverse effect on our business, financial condition, results of operations and prospects. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material customer complaint or product return from customers.

We have purchased insurance for our clinical trials as required by applicable laws and regulations, and have purchased product liability insurance in certain jurisdictions outside China where we sell our products. However, the coverage of such insurance policies may not be broad enough or the indemnifiable amount may not be sufficient to cover all of our losses incurred by the relevant product liabilities. Pursuant to the applicable PRC laws and regulations, in the event a trial subject suffers from personal injuries or death in relation to a clinical trial conducted for a medical device, the sponsor for the clinical trial could be found liable for the relevant damages regardless of whether the relevant medical device was defective or not. We may incur significant liabilities for any such event occurred in the clinical trials for our product candidates. Furthermore, we have not purchased product liability insurance for any of our marketed products in China, and we may be unable to acquire such insurance at a reasonable cost or in an amount adequate to satisfy any liability that may arise. In this regard, if we cannot successfully defend ourselves against, obtain indemnification from our collaborators for product liability claims, or acquire sufficient product liability insurance at an acceptable cost, we may incur substantial liabilities or be required to limit commercialization of our product candidates, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

We are exposed to risks of product returns or exchange which may adversely affect our business and financial performance and our results of operations.

We generally accept returns for defective products and exchange for defective products or soon-to-expire products to maintain our end-customers' satisfaction. During the Track Record Period, we received certain product exchange requests from some platform distributors (or sub-distributors under such platform distributors) because the relevant products were approaching their expiration dates. We did not suffer from any loss of revenue because of such product exchanges; the costs and expenses incurred in connection with such product exchanges primarily comprised the manufacturing costs and delivery expenses for the relevant products, which in the aggregate amounted to approximately RMB2.3 million and approximately RMB77.3 thousand for 2019 and 2020, respectively. For details of our historical product exchanges, please refer to the paragraphs headed "Business — Product Warranty, Recall, Return and Exchanges" in this prospectus. We cannot assure you that we will not be exposed to risks associated with product returns or exchange in the future. Any product returns or exchange in the future may result in unexpected capital expenditure and could adversely impacted our operating profit and cash flows.

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

We rely on a limited number of third-party suppliers to supply key raw materials used in the research, development and manufacturing of our approved products and product candidates for reasons of quality assurance, cost effectiveness, availability, or constraints resulting from regulatory requirements. Although we believe that we have stable relationships with our existing suppliers, we cannot assure you that we will be able to secure a stable supply of qualified raw materials at all times going forward. Particularly, we purchased balloons, one of the principal raw materials, from two suppliers in the United States during the Track Record Period. The number of suppliers for balloons is limited due to the strict quality requirements.

Such suppliers are subject to various regulations and are required to obtain and maintain various qualifications, licenses and certificates. We cannot assure you that we will be able to identify an alternative qualified supplier in a timely manner or at all, in the event any of our existing suppliers terminate their contracts with us or are no longer qualified. Further, the custom clearance procedures for importing raw materials including balloons could be lengthy and thus could adversely affect the timely supply of such raw materials. If we encounter lengthy custom clearance procedures to import certain of our raw materials, we may experience delays in the supply of our raw materials and interruption in our manufacturing process.

Some of our raw materials suppliers are located outside China, therefore trade wars initiated or regulatory embargoes imposed by foreign countries or China could result in delays or shortages of our raw materials. Furthermore, general economic conditions could also adversely affect the financial viability of our suppliers, resulting in their inability to provide materials and components used in the manufacture of our products. Any change in suppliers could require significant effort or investment in circumstances where the items supplied are integral to product performance or incorporate unique technology, and the loss of existing supply contracts could have a material adverse effect on us.

An increase in the market price of our raw materials and components may adversely affect our profitability.

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

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

To operate our business successfully and meet our customers' demands and expectations, we need to manage our inventory for our products effectively to ensure immediate delivery when required. We are also required to maintain an appropriate level of inventory of our raw materials. Our inventory consists of raw materials, work in progress and finished goods. As our products are highly delicate and complex medical devices, the inventories of our products are exposed to risks associated with damages from outside environment such as accidental drop and squeeze, and temperature fluctuations. Although we have adopted an inventory control system to regularly check and record the relevant statistics of our inventory of products such as storage temperature, we cannot assure you that such inventory will not be damaged or impaired, as our storage may encounter unforeseeable events including fires, floods, earthquakes, power outages, fuel shortages, mechanical breakdowns and other man-made or natural calamities. As our inventories are subject to impairment if their net realizable value falls before we sell them, a high inventory level would subject us to significant risk of impairment if there is a significant decrease in the net realizable value of our raw materials, work in progress, or finished goods within a short period of time. Any unexpected change in

circumstances, such as a shift in market demand, decline in selling price, or default by or loss of a customer, could materially and adversely affect the net realizable value of our inventories. In addition, we may be exposed to increased inventory risks due to accumulated excess inventory of our products or raw materials. All of our products are subject to expiry. Our products and product candidates generally have a shelf life of three years. Excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence or write-offs, which may negatively affect our financial positions.

Furthermore, as we will not be able to recoup our cash paid for raw materials during the production process until the finished products are sold to our customers and the purchase price is settled, our business is subject to significant working capital requirements given the high inventory level and inventory turnover days. Please refer to the paragraph headed "Business — Inventory Management" in this prospectus. We cannot assure you that these measures will be effective and our inventory level will not increase in the future. If our inventory level increases in the future, our financial condition and cash flow could be materially and adversely affected.

Risks Relating to Our Intellectual Property Rights

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

Our success depends in a 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 countries, relying on trade secrets or medical regulatory protection or employing a combination of these methods. This process is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. We may also fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in all such fields and territories.

Patents may be invalidated and patent applications may not be granted for a number of reasons, including known or unknown prior deficiencies in the patent application or the lack of novelty or inventiveness of the underlying invention or technology. We may also fail to identify patentable aspects of our research and development output in time to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements with our employees, consultants, contractors and other third parties who have access to confidential or patentable aspects of our research and development output, any of these parties may breach such agreements and disclose such output before a patent application is filed, jeopardizing our ability to seek patent protection. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries. For instance, in China and other jurisdictions, patent applications for inventions are typically not published until 18 months after filing, or in some cases, not at all. Under the Patent Law of the PRC (《中華人民共和國專利法》) (the "**Patent Law**") promulgated by the Standing Committee of the National People's Congress, as amended, patent applications for inventions are generally maintained in confidence until their publication at the end of 18 months from the filing date. The publication of discoveries in the scientific or patent literature frequently occurs substantially later than the date on which the underlying discoveries were made and the date on which patent applications were filed. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications or that we were the first to file for patent protection of such inventions.

Furthermore, the PRC adopted the "first-to-file" system through the Patent Law when it was first issued on March 12, 1984, under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met. The U.S. has also switched its patent system to the "first-to-file" system for patent applications filed on or after March 16, 2013 through its Leahy-Smith America Invents Act. 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 the United States). In addition, under the PRC patent law, any organization or individual that applies for a patent in a foreign country for an invention or utility model accomplished in China is required to report to the China National Intellectual Property Administration (the "**CNIPA**"), for confidentiality examination. Otherwise, if an application is later filed in China, the patent right will not be granted.

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

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

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

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

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

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

We currently hold issued trademark registrations and have trademark applications pending, any of which may be the subject of a governmental or third-party objection, which could prevent the registration or maintenance of the same. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business. Moreover, as our 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, or engaging in conduct that constitutes unfair competition, defamation or other violation of our rights, our business could be materially adversely affected.

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

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

Failure to adequately protect our intellectual property rights may adversely affect our reputation and disrupt our business.

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

Our success depends, in part, on our ability to protect our proprietary technologies. We have built an intellectual property portfolio in China and other overseas jurisdictions to protect our technologies, inventions and know-how and ensure our future success with commercializing our products. As of the Latest Practicable Date, we owned 25 registered patents and 15 pending patent applications in China and overseas. Please refer to the paragraph headed "Business-Intellectual Property Rights" in this prospectus for more details. Due to the different regulatory bodies and varying requirements in these jurisdictions, we cannot assure you that we will be able to obtain patent protection for all or any aspects of our products in all or any of these jurisdictions. The process of seeking patent protection can be lengthy and expensive, and we cannot assure you that our patent applications will result in patents being issued, or that our existing or future issued patents will be sufficient to provide us with meaningful protection or commercial advantage. Since many of our current or potential competitors have substantial resources and have made substantial investments in competing technologies, we cannot assure you that they do not have, and will not obtain, patents that will prevent, limit or interfere with our ability to make, use or sell our products in either China or abroad. In addition, 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.

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 adverse result in any litigation proceeding could put our patents, as well as any patents that may issue in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, some of our confidential information could be compromised by disclosure during this type of litigation.

Defendant counterclaims alleging invalidity or unenforceability are commonplace, a third party can assert invalidity or unenforceability of a patent on numerous grounds. Third parties may also raise similar claims before administrative bodies in China or abroad, even outside the context of litigation. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our products or product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity of our patents, for example, we, our patent counsel, and the patent examiner could be unaware of invalidating prior art during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our products or product candidates. Such a loss of patent protection could have a material adverse impact on our business.

If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and financial penalties and may have to redesign or discontinue selling the affected products.

The medical device industry is litigious with respect to patents and other intellectual property rights. Companies operating in our industry routinely seek patent protection for their product designs, and many of our principal competitors have large patent portfolios. Companies in the medical device industry have used intellectual property litigation to gain a competitive advantage. Whether a product infringes a patent involves an analysis of complex legal and factual issues, the determination of which is often uncertain. We may be unaware of third-party patents or patent applications, and given the dynamic nature of the area in which we operate, additional patents are likely to be issued that relate to our business. We face the risk of claims that we have infringed on third parties' intellectual property rights in the countries where we operate, principally China. In addition, a number of our employees have previously worked for one or more of our competitors. There can be no assurance that such employees have not used, or will not use in the future, their previous employers' proprietary know-how or trade secrets in their work for us, which could result in litigation against us. Prior to developing major new products, we evaluate existing intellectual property rights. However, our competitors may also have filed for patent protection which is not as yet a matter of public

knowledge or claim trademark rights that have not been revealed through our searches of relevant public records. Our efforts to identify and avoid infringing on third parties' intellectual property rights may not always be successful. Third parties may assert that we are using technology in violation of their patent or other proprietary rights. Any claims of patent or other intellectual property infringement, even those without merit, could:

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

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

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

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

Depending on decisions by the National People's Congress of the PRC (the "**NPC**") and the CNIPA, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future. The United States has enacted and is currently implementing wide-ranging patent reform legislation. Recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. There could be similar changes in the laws of other jurisdictions that may impact the value of our patent rights or our other intellectual property rights. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents once obtained, if any.

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

In addition to our issued patent and pending patent applications, we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our 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, advisers and other third parties. We also enter into employment agreements or consulting agreements with our employees and consultants that include undertakings regarding assignment of inventions and discoveries. However, non-disclosure agreements with employees, consultants, contractors and other parties may not adequately prevent disclosures of our trade secrets and other proprietary information. Any of these parties may breach such agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. If any of our trade secrets were lawfully obtained or independently developed by a competitor, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed.

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

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

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

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

Investment in medical device development is highly speculative because it entails substantial upfront capital expenditures and significant risks that a product candidate may fail to complete clinical trials, gain regulatory approval or become commercially viable. You may lose substantially all of your investments in our Company given the nature of the biotechnology industry. During the Track Record Period and up to the Latest Practicable date, we had only four commercialized products and 24 product candidates at various development stage. We generated revenue from certain commercialized products while at the meantime incurred substantial amount of selling and distribution expenses, research and development expenses and administrative expenses related to our products and product candidates, and as a result, we recorded profits of RMB23.1 million in 2019, and losses of RMB44.3 million, RMB3.1 million and RMB40.0 million in 2020 and the three months ended March 31, 2020 and 2021.

We expect that our financial performance will fluctuate from period to period due to the development status and the regulatory approval timeline of our product candidates. We may continue to incur net losses in the foreseeable future, and such losses may even increase as we continue to conduct pre-clinical and clinical trials for our product candidates, seek regulatory approvals for our product candidates, manufacture our product candidates for clinical trials and our products for commercial sale, commercialize our approved products, attract and retain qualified personnel, maintain, protect and expand our intellectual property portfolio, and comply with laws, regulations and rules applicable to our biotechnology business and our status as a public company in Hong Kong, among others. Our financial performance will depend, in part, on the number, scope and complexity 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 other payments we make or receive with arrangements with third parties.

Typically, it takes many years to develop a new medical device from the time it is initially designed to when it is available for commercial sales. To become and remain profitable, we must be successful in a range of challenging activities, including completing the clinical trials for our product candidates, obtaining regulatory approvals from the NMPA and other competent regulatory bodies, and commercializing our approved products to achieve market acceptance. We are unable to predict when, or whether, we will be able to achieve or maintain profitability. In addition, we may encounter unforeseen expenses, difficulties, complications, delays and other unknown situations, all of which may result in our failure in some or all of our development efforts. For example, if the clinical trial results of our product candidates are not satisfactory, we may be unable to successfully launch our product candidates as expected. Even if we do succeed in all of the above activities, we may not be able to generate revenues

that are significant or sufficient enough to achieve profitability. 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 may impact investors' perception of the potential value of our Group and could impair our ability to maintain and enhance our research and development efforts, continue our operations, raise capital or expand our business. You may lose all or part of your investment due to any decline in the value of our Group.

A substantial amount of our revenue during the Track Record Period was derived from the sales of one product, AcoArt Orchid® & Dhalia™. If we are unable to maintain the sales volumes, pricing levels or profit margins of the product, our business, financial condition and results of operations may be materially and adversely affected.

During the Track Record Period, a substantial amount of our revenue was derived from the sales of one product, AcoArt Orchid® & Dhalia™, which we commercialized in Europe in 2014 and in China in 2016. Sales of AcoArt Orchid® & Dhalia™ accounted for over 80% of our total sales during the Track Record Period. Although we launched another Core Product, AcoArt Tulip™ & Litos™, in China in January 2021, and expect to generate a substantial amount of revenue from AcoArt Tulip™ & Litos™ going forward, we cannot assure you that the sales of the product will grow as anticipated. Therefore, the sales of AcoArt Orchid® & Dhalia™ may continue to account for a significant portion of our total sales in the near future. However, we cannot assure you that demand for AcoArt Orchid® & Dhalia™ will continue to grow as anticipated. There is also no assurance that we will be able to maintain our sales and profit margin for AcoArt Orchid® & Dhalia™, which may be adversely affected by many factors outside of our control, including downward pricing pressure caused by changes in market competition, expiration of patent protection, introduction of substitute products marketed by our competitors, disruptions in manufacturing or sales, issues with respect to product quality or severe adverse events incurred after the procedure, coverage of medical insurance and disputes over intellectual property or other matters with third parties. If we are unable to maintain the sales volumes, pricing levels or profit margins of AcoArt Orchid® & Dhalia™, 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 AcoArt Orchid® & Dhalia™, or to do so in a timely or competitive manner.

Our five largest customers contributed a substantial amount of our revenue during the Track Record Period. If our relationship with any of them deteriorates, or if any of them decides to cease or reduce its purchases from us for any other reason, our business and financial position may be materially and adversely affected.

For 2019, 2020 and the three months ended March 31, 2021, the aggregate sales to our five largest customers were RMB74.5 million, RMB161.6 million and RMB48.4 million, representing 59.6%, 83.3% and 90.7% of our revenue, respectively. Sales to our largest customer for the same periods were RMB36.6 million, RMB144.8 million and RMB44.3 million, representing 29.3%, 74.7% and 83.1% of our revenue, respectively. Most of our major customers during the Track Record Period were our platform distributors and some of our platform distributors were controlled by the same parent company. For example, in 2020, our largest and second largest customers, both our platform distributors, were ultimately controlled by the same parent company, Sinopharm Group Co. Ltd. (國藥控股股份有限公司) ("**Sinopharm Group**"), and our sales to these two customers, on a combined basis, amounted to RMB144.8 million in 2020, representing 74.7% of our total sales in 2020. If any of our major customers ceases to purchase from us or substantially reduces its order size in the future, whether due to the deterioration of our relationship, or due to any other reason unrelated to ourselves, we may not be able to identify other qualified platform distributors within a short period of time, or at all, and we may not be able to maintain our business relationship with the sub-distributors under such platform distributors. As a result, our business and financial performance may be materially and adversely affected.

We had net current liabilities and net liabilities during the Track Record Period, which expose us to liquidity risk, and such positions may continue or recur after the Listing.

We had net current liabilities of RMB185.9 million, RMB120.1 million and RMB101.4 million as at December 31, 2020, March 31, 2021 and June 30, 2021, respectively, and net liabilities of RMB281.0 million and RMB318.5 million as at December 31, 2020 and March 31, 2021. Our net current liabilities and net liabilities positions were primarily attributable to the declaration of a special dividend amounting to US$50.0 million to one of our Controlling Shareholders in December 2020 and the payment of the dividend in January 2021. For more details of the special dividend, please refer to the paragraph headed "Financial Information — Dividend" in this prospectus. Our net current liabilities expose us to liquidity risk, and such positions may continue or recur after the Listing. Our future liquidity, the payment of trade and other payables, our capital expenditure plans and the repayment of our outstanding debt obligations as and when they become due will primarily depend on our ability to maintain adequate cash generated from operating activities and adequate external financing. We may have net current liabilities and negative equity in the future, which may limit our working capital for the purpose of operations or capital for our expansion plans and materially and adversely affect our business, financial condition and results of operations. For more details of our net current liabilities position, please refer to the paragraph headed "Financial Information — Discussion of Certain Selected Items from the Consolidated Statement of Financial Position" in this prospectus.

We had net cash outflows from our operating activities in 2020. If we continue to have negative operating cash flows in the future, our liquidity and financial condition may be materially and adversely affected.

We had a net cash inflow from operating activities in an amount of RMB19.9 million and RMB6.0 million in 2019 and the three months ended March 31, 2021, but had a net cash outflow from operating activities in an amount of RMB8.8 million in 2020. Our net cash outflow from operating activities in 2020 was primarily attributable to our loss before tax of RMB31.4 million, which was in turn primarily because we incurred significant research and development expenses and administrative expenses as a result of our business expansion and the development of our various pipeline products in 2020. But after making adjustments for non-cash items such as the costs and expenses incurred in the form of share-based payments (which amounted to RMB52.0 million in total in 2020), we had a cash inflow from operating activities before movements in working capital in an amount of RMB30.6 million. Therefore, the direct reason for our net cash outflow from operating activities in 2020 was the downward adjustments made in relation to the changes in our working capital, which primarily included an increase in trade and bill receivables of RMB26.2 million and a decrease in refund liabilities of RMB22.9 million, each of which was in turn primarily because we changed the terms of our contracts with certain platform distributors in 2020. Please refer to the paragraphs headed "Financial Information – Discussion of Certain Selected Items From the Consolidated Statements of Financial Position" and Notes 21 and 26 of Appendix I to this prospectus for more information about our trade and bill receivables and refund liabilities.

The change in the terms of our contracts with certain platform distributors in 2020 resulted in a sudden and significant increase in our trade and bill receivables and decrease in our refund liabilities, which contributed to the temporary net cash outflow from operating activities in 2020, but we believe that such one-off change would not have a material impact on our long term financial performance, and as our business continues to develop and expand, we expect to generate more net cash inflow from our operating activities. For the three months ended March 31, 2021, we had net cash inflow from operating activities amounting to RMB6.0 million.

Our existing capital resources may not be sufficient to fund our operations in the future, and if we are unable to obtain additional financings, we may be unable to complete the development of our product candidates and the commercialization of our approved products.

Our product candidates will require completion of clinical development, regulatory review and significant marketing efforts which require substantial investment before we can commercialize the approved products and generate revenue. Our approved products will also require substantial marketing and promotion efforts to increase the sales revenue. Since our inception, we have invested a significant portion of our financial resources in the development and commercialization of our products and product candidates. We recorded net cash inflows from our operating activities during the Track Record Period, primarily attributable to the profits generated the sales of a limited number of commercialized products. Whether we can continue to generate profit from our operating activities largely depends on the successful commercialization of our product candidates and sales revenue of our approved products. We cannot assure you that we will continue to generate positive cash flows in the future. If we 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 of capital on conducting research and development activities, advancing the clinical development of our product candidates and commercializing our approved products. However, our existing capital resources may not be sufficient for us to complete all of our planned development and commercialization of our current product candidates for the anticipated indications, to initiate and conduct additional product development programs and to further promote and market our approved products. Accordingly, we will need further funding through public or private offerings, debt financing, governmental subsidies, collaboration and licensing arrangements and/or other sources.

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

We are subject to credit risk in collecting trade receivables from our customers and recover prepayments, deposits and other receivables.

Our cash flow and profitability would be affected by the timely settlement of payments by our customers. During the Track Record Period, our customers were primarily distributors. As of December 31, 2019 and 2020 and March 31, 2021, we recorded trade and bill receivables of RMB4.4 million, RMB29.5 million and RMB23.9 million, respectively. We provide credit term for approximately two months to our distributors based on their credit profile and credit history. Although we did not experience any material credit risk for trade receivables during the Track Record Period, however, if our distributors' cash flows, working capital, financial condition or results of operations deteriorate or they experience delays in payments from the hospitals, they may be unable, or they may otherwise be unwilling, to make payments owed to us promptly or at all. Any substantial defaults or delays could materially and adversely affect our cash flows, and we could be required to terminate our relationships with distributors in a manner that will impair the effective distribution of our products. Therefore, we may be exposed to credit risk in relation to our customers.

In addition, there are uncertainties about the recoverability of our prepayments, deposits and other receivables which primarily included prepayment for selling and distribution expenses and advances to suppliers. As of December 31, 2019, 2020 and March 31, 2021, we recorded prepayments, deposits and other receivables of RMB4.4 million, RMB9.6 million and RMB13.2 million, respectively. However, there is no guarantee that the suppliers and service providers will perform their obligations in a timely manner and we are subject to credit risk in relation to prepayments, deposits and other receivables. We conduct assessments on the recoverability of prepayments, deposits and other receivables based on, among others, our historical settlement records, our relationship with relevant counterparties, payment terms, current economic trends and to a certain extent, the larger economic and regulatory environment, which involve the use of various judgments, assumptions and estimates by our management. However, there is no assurance that our expectations or estimates will be entirely accurate for the future, as we are not in control of all the underlying factors affecting such prepayments, deposits and other receivables. Therefore, if we are not able to recover the prepayments, deposits and other receivables as scheduled, our financial position and results of operations may be adversely affected.

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

For 2019, 2020 and the three months ended March 31, 2021, we recorded income tax expenses of RMB3.6 million, RMB12.8 million and RMB1.9 million, respectively. We enjoyed certain preferential tax treatment during the Track Record Period. For example, our major operating entity, Beijing Acotec, was qualified as a "High and New Technology Enterprise" under the relevant PRC laws and regulations and entitled to a preferential income tax rate of 15% on its estimated assessable profits. Beijing Acotec was also accredited as a "Social Welfare Entity" pursuant to relevant laws and regulations promulgated by the State Council of the PRC. As a result, an amount equivalent to the total salaries paid to staff with physical disability may be further deducted from Beijing Acotec's taxable income. We cannot assure you that we will continue to received such preferential tax treatment at historical levels, or at all. In the event that any of the preferential tax treatment currently enjoyed by us is reduced, discontinued or withdrawn by the government authorities, our results of operations and growth prospects may be materially and adversely affected.

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

As at March 31, 2021, we had intangible assets of RMB2.2 million and goodwill of RMB1.2 million. Our determination on whether intangible assets are impaired requires an estimation on recoverable amount of the intangible assets, which is based on a number of assumptions made by our management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, the carrying amount of the intangible assets may exceed its recoverable amount, our intangible assets may be impaired. Furthermore, our determination on whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated, which depends on the expected future cash flows from the cash-generating units. If we determine the expected future cash flow to decrease, our goodwill may be impaired. Any significant impairment of intangible assets and goodwill 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, please refer to Note 4 headed "Significant Accounting Policies — Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill", and Note 17 headed "Intangible Assets" of the Accountants' Report set out in Appendix I to this prospectus.

We have historically received government grants pursuant to local preferential treatment policies and we may not receive such grants or subsidies in the future.

We have historically received government grants consisting of tax rebates granted to our Tianjin subsidiary pursuant to local preferential treatment policies. During the Track Record Period, we recognized government grants as other income of RMB2.9 million, RMB4.6 million, RMB41,000 and RMB2.3 million for 2019, 2020 and the three months ended March 31, 2020 and 2021, respectively. For further details of our government grants, see "Financial Information — Description of Selected Components of Statements of Profit or Loss and Other Comprehensive Income Items — Other Gains and Losses, Net." Our eligibility for government grants depends on a variety of factors and the policies according to which we historically received government grants may be halted by the relevant government entities at their sole discretion. There is no assurance that we will continue to receive such government grants or receive similar level of government grants, or at all, in the future.

Fair value changes in our financial instruments and related valuation uncertainty had materially affected, and may continue to materially affect, our financial condition and results of operations.

Our financial instruments included, among others, preferred shares during the Track Record Period. The financial instruments were not traded in an active market and the respective fair value is determined by using valuation techniques. The discounted cash flow method was used to determine the total equity value of our Company and the equity allocation model was adopted to determine the fair value of the financial instruments. Key valuation assumptions used to determine the fair value of the preferred shares included discount rate, risk-free interest rate, volatility and the possibility to achieve a qualified initial public offering. For details, please refer to the paragraphs headed "Financial Information — Description of Selected Components of Statements of Profit or Loss and Other Comprehensive Income Items — Other Gains and Losses, Net" and Note 8 and 39 of the Accountant's Report set out in Appendix I to this prospectus. Any change in the assumptions may lead to different valuation results and, in turn, changes in the fair value of these financial instruments. Further, our preferred shares will be automatically converted to Shares upon the closing of the Global Offering. To the extent we need to revalue the preferred shares prior to the closing of the Global Offering, any change in fair value of these preferred shares and related valuation uncertainty could materially affect our financial position and performance. As at December 31, 2020 and March 31, 2021, we recorded financial liabilities at fair value through profit or loss of RMB133.8 million and RMB239.9 million, respectively, which primarily represent the carrying amount of our preferred shares. We also recorded fair value gains on preferred shares of RMB0.4 million in 2020 and fair value losses on preferred shares of RMB2.6 million for the three months ended March 31, 2021, respectively. The preferred shares were initially recognized at fair value, and the decreases in the fair value of such financial instruments were recognized as fair value gain on our consolidated income statement. The fair value gain of financial instruments is a non-cash item that will not recur in financial years after the closing of the Global Offering. We cannot assure you that there will be no significant changes on the fair value of the preferred shares from March 31, 2021 to the Listing Date. After the automatic conversion of all preferred shares into Shares upon the closing of the Global Offering, we do not expect to recognize any further gains or losses on fair value changes from these preferred shares in the future.

Net changes in fair value of financial assets are linked to market and therefore subject to uncertainties of accounting estimates in the fair value measurement and the use of significant unobservable inputs in the valuation techniques.

We recorded fair value gains on financial assets at fair value through profit or loss, net, of approximately RMB0.3 million, RMB0.6 million, RMB90,000 and RMB19,000 for 2019, 2020 and the three months ended March 31, 2020 and 2021, respectively. For details, please refer to the paragraphs headed "Financial Information — Description of Selected Components of Statements of Profit or Loss and Other Comprehensive Income Items — Other Gains and Losses, Net." Among our financial assets, our key management insurance contract are measured at fair value with significant unobservable inputs used in the valuation techniques and the changes in their fair value are recorded in the consolidated profit or loss, therefore directly affecting our results of operations. There is no assurance that we will not incur any fair value losses in the future. If we incur significant fair value losses on the financial assets, our results of operations, financial condition and prospects may be adversely affected.

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

We had fair value gains on financial assets at fair value through profit or loss of RMB0.3 million, RMB0.6 million, RMB90,000 and RMB19,000 for 2019, 2020 and the three months ended March 31, 2020 and 2021, respectively, which were mainly related to interests accrued from the wealth management products we purchased from banks. Pursuant to the Guidance on Regulating Financial Institution's Asset Management Business (《關於規範金融機構資產管理業務的指導意見》) promulgated by the People's Bank of China, the China Banking and Insurance Regulatory Commission, the China Security Regulatory Commission and the State Administration of Foreign Exchange on April 27, 2019, financial institutions selling wealth management products shall not guarantee the returns of principal and interest of such products. As a result, the returns of our investments on the wealth management products were not guaranteed, and therefore were measured at fair value through profit or loss. We are exposed to credit risks in relation to these financial assets, which may adversely affect their fair value. Net changes in their fair value are recorded as our other income or losses, and therefore directly affect our results of operations. We may continue to invest in wealth management products in the future when we believe that we have surplus cash on-hand and the potential investment returns are attractive. However, there can be no assurance that our internal management and investment strategy will be effective and adequate with respect to our purchased wealth management products. We cannot guarantee that we will not experience losses with respect to such investments in the future or that such losses or other potentially negative consequences due to such investments will not have material adverse effects on our business, results of operations and prospects.

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

We may seek additional funding through equity offerings, debt financings, collaborations and licensing arrangements. If we raise additional capital through the sale of equity or convertible debt 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 have adopted a restricted share unit scheme on January 8, 2021, the principal terms of which are summarized in the paragraph headed "D. Share Incentive Scheme" in Appendix IV to this prospectus. For 2019, 2020 and the three months ended March 31, 2021, we incurred share-based payments of nil, RMB52.0 million, and RMB33.4 million, respectively. To further incentivize our employees (including directors) 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 OPERATIONS

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

Beginning in early 2020, there was an outbreak of a novel strain of coronavirus, later named COVID-19. In March 2020, the World Health Organization declared COVID-19 to be a pandemic. As part of its intensified efforts to contain the spread of COVID-19, governments across the world took a number of actions, including imposing lockdown policies which restrict citizens to travel outside, quarantining and otherwise treating individuals who are infected with COVID-19, asking residents to remain at home and to avoid public gatherings and encouraging work-from-home arrangements, among other actions. COVID-19 has resulted in temporary closures of many corporate offices, retail stores, and manufacturing facilities and factories across China.

The outbreak, which has already resulted in a high number of fatalities, is likely to have an adverse impact on the livelihood of the people both in China and globally, which in turn will have a negative impact on the global economy. Our business operation has also been, and may continue to be, negatively affected by the outbreak. For example, many hospitals in China allocated significant resources to contain COVID-19, and patients suffering from other diseases generally avoided going to hospitals in order to prevent being infected. As a result, many vascular interventional procedures were delayed or cancelled, and the demand for our PTA balloon products and DCB products applied in vascular interventional procedures decreased. Moreover, the development progress of our product candidates were delayed due to the prolonged process of patient enrollment for our ongoing clinical trials, and the slow-down of the responses from the relevant governmental authorities reviewing our clinical trial applications, among other reasons. Please refer to the paragraph headed "Summary — Recent Developments and No Material Adverse Change" for a more detailed discussion of the relevant impact on us.

While many of the restrictions on movements within China have been relaxed, there is great uncertainty around the future of the COVID-19 outbreak and how it will impact our operations. In particular, we cannot accurately forecast the potential impact of additional outbreaks as government restrictions are relaxed, further shelter-in-place or other government

restrictions implemented in response to such outbreaks, or the impact on the ability of our suppliers and other business partners to remain in business as a result of the ongoing pandemic or such additional outbreaks. With the uncertainties surrounding the COVID-19 outbreak until a cure or vaccine has been discovered, the threat to our business disruption and the related financial impact remains.

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

We are highly dependent on Ms. Jing Li, our Chief Executive Officer, Dr. Ulrich Speck, our Chief Technology Officer, Mr. Silvio Schaffner, our Chief Operating Officer, Dr. Dierk Scheinert, our Chief Medical Officer and other management members to help us successfully implement our business strategies. We do not maintain key person insurance for our management members. If any of them leaves us for any reason including starting their own business that competes with our business, our business, results of operations and prospects may be materially and adversely affected.

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

Furthermore, replacing executive officers, key employees and consultants may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. Competition to hire from this limited pool is intense, and we may face difficulties for hiring and retaining talents and highly skilled personnel from time to time as our competitors may offer more attractive salary package, higher positions and better training opportunities to such talents. As a result, we may be unable to hire, train, retain or motivate these key personnel or consultants on acceptable terms given the competition among numerous medical device companies for similar personnel. We also experience competition for the hiring of research and development and clinical personnel from universities, research institutions, government entities and other organizations. As a result, we may incur additional expenses and devote significant time to recruit and train new personnel, which could severely disrupt our business and growth. For example, our internal training for manufacturing personnel can last for at least two months depending on the position and the experience of the particular recruit, in which case there can be a lag between the time we initiate recruiting for such personnel and their commencement of work. This lag could potentially interfere with our progress for research and development of our product candidates. In addition, our consultants and advisers 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 have a limited operating history compared to some of our competitors. Our operations to date have focused on business planning, raising capital, establishing our intellectual property portfolio and conducting preclinical studies and clinical trials of our pipeline products and the commercialization of our products. As of the Latest Practicable Date, we only had four commercialized products, among which AcoArt Orchid® & Dhalia™, one of our Core Products, contributed to substantially all our revenue during the Track Record Period and up to date. Other than the four products, a majority of our pipeline products are still at various development stages, and we have not yet demonstrated ability to successfully obtain regulatory approvals for any such pipeline products.

As a result of our limited operating history, and particularly in light of the rapidly evolving nature of our industry, it may make it difficult to evaluate our current business and reliably predict our future performance. Our historical results may not provide a meaningful basis for evaluating our business, financial condition, results of operation and future prospects, and we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors, and may not be able to achieve promising results in future periods. If we cannot address these risks and overcome these difficulties successfully, our business and prospects will suffer.

We may encounter difficulties in managing our growth and expanding our operations successfully.

As we seek to advance our product candidates through clinical trials and commercialization, and further our commercialization of approved products, we plan to continue to expand our development, manufacturing, marketing and sales capabilities. Please refer to the paragraph headed "Business — Our Strategies" in this prospectus for more details. The success of our growth strategy will depend on, among other things, our ability to continue to innovate and develop advanced technologies in the highly competitive medical device market in China and globally, maintain our efficient operating model, attract and retain skilled personnel who have the specialized skills needed to design, develop and manufacture medical devices, obtain and maintain regulatory approvals and effectively market our products using our network of distributors and our own sales and marketing team. However, we have limited operational, administrative and financial resources, which may be inadequate to sustain the growth we seek to achieve. In particular, in order to implement our growth strategy, we will need to increase our investment in, among other things, our research and development, manufacturing facilities, marketing and other areas of operations. If we are unable to manage our growth and expansion effectively, our business may be adversely affected.

We face substantial competition and rapid market changes, and our competitors may discover, develop or commercialize competing products before or more successfully than we do, or respond and adapt to the market changes more quickly and effectively.

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

Our business opportunities could be reduced or eliminated if our competitors develop and commercialize products that are more effective, have fewer severe adverse events, are less expensive or are more convenient than any products that we commercialize or are developing. Our competitors in the global market may also apply for marketing approvals in China or other countries for medical device products with the same intended use as our products and product candidates. The capacity of the relevant authorities, such as the NMPA, to concurrently review multiple marketing applications for the same type of innovative medical device may be limited, therefore such authorities' schedule to review our product candidates may be delayed when our product candidates are under the authorities' concurrent review with our competitors' products, and the registration process of our product may be prolonged. Moreover, our competitors may obtain approvals from the NMPA, the FDA or other comparable regulatory authorities more rapidly than we do. For example, the local government of Hainan province has recently issued a policy on the management of imported medical devices that are urgently needed in clinical practice. According to the new policy, medical devices from international brands qualified for certain criteria may enjoy an expedited review and approval procedure in Hainan province. Such policies may allow our competitors to establish a strong market position before we are able to enter the market.

Mergers and acquisitions in the medical device industries may result in even more resources being concentrated among a small number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific, management and marketing personnel, establishing clinical trial sites and patient registration for clinical trials, as well as acquiring technologies complementary to, or necessary for, our programs. Our inability to compete effectively could reduce our revenues and current market share, impair our ability to achieve our targeted market share in future periods, cause a decline in our growth rates, and harm our leading position in the vascular interventional medical device market in China, and our business, financial condition, results of operation and return on capital expenditures may be materially and adversely affected.

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

The medical device industry in China is rapidly evolving due to economic growth in China, changes in government policies and funding levels and other factors discussed in this prospectus. We invest in research and development activities, build a robust distributor network and our own marketing and sales workforce, establish relationships with hospitals and physicians, as well as adjust our prices from time to time depending on market conditions.

Many of our competitors have significantly greater financial resources and expertise and experience in research and development, preclinical testing, conducting clinical trials, obtaining regulatory approvals, manufacturing and marketing than we do, and are more capable than us to respond and adapt to the market changes in a timely and effective manner. Our inability to adequately respond to market changes could have a material adverse effect on our market position, and our reputation may be materially and adversely affected which could adversely affect our relationships with physicians and hospital administrators and our long-term ability to effectively market and sell our products or conduct clinical trials for our new products. In this regard, our business, financial condition and results of operation may be materially and adversely affected.

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

We rely on third parties, including clinical trial institutions, public hospitals, CROs and SMOs, to assist us in designing, implementing and monitoring our clinical trials. In order to

ensure the quality of our clinical trials, we selectively choose these third parties, taking into consideration their work methodology and experience, among other factors. We rely on these parties for execution of our pre-clinical studies and clinical trials, and do not control all aspects of their activities. If any of these parties terminates its agreements with us, we may not be able to enter into arrangements with alternative third parties that meet our standards, or on commercially reasonable terms, or at all, and the development of the product candidates covered by those agreements could be substantially delayed. In addition, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocols, legal and regulatory requirements and scientific standards, and our reliance on these third parties does not relieve us from our regulatory responsibilities. However, these third parties may not successfully carry out their contractual obligations, meet expected deadlines or follow clinical and manufacturing guidelines and protocols. Moreover, if any of these parties fail to perform their obligations under our agreements with them in the manner specified in those agreements, the NMPA and/or other comparable regulatory authorities may not accept the data generated by those studies or may require us to perform additional clinical trials before approving our marketing applications, which would increase the cost of and the development time for the relevant product candidate. If any of the pre-clinical studies or clinical trials of our product candidates is affected by any of the above-mentioned reasons, we will be unable to meet our anticipated development or commercialization timelines, which would have a material adverse effect on our business and prospects.

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, we have cooperated with InnoRa GmbH for a decade for the research and development of certain drug-coating technologies. Our Core Products and some other DCB product candidates utilized such technologies as licensed by InnoRa GmbH to us. For more details, please refer to the paragraph headed "Business — Research and Development — Collaboration with InnoRa GmbH" in this prospectus. If InnoRa GmbH terminates its research and development cooperation with us, we may fail to obtain the rights to use the relevant technologies we are jointly developing with InnoRa GmbH. Furthermore, if InnoRa GmbH terminates the license of using the relevant technologies they granted us, we might lose the relevant IP protection, and if it in turn grants exclusive licenses in relation to the underlying technologies to other third parties, or otherwise forbids us from using the underlying technologies, we might no longer be able to legally commercialize our DCB products, including our Core Products, that utilized the same underlying technologies in the relevant jurisdictions. If any of the aforesaid happens, our business, financial condition and results of operation may be materially and adversely affected.

We face competition in seeking appropriate strategic partners and the negotiation process for the collaboration, alliances or licensing arrangements can be time-consuming and complex, and other medical device companies may have greater resources and potentials than us that may lead us to a disadvantageous position in competing for an ideal strategic partner for product development and commercialization. Moreover, we may not be successful in our efforts to establish a strategic partnership or other arrangements for our product candidates because third parties may not view our product candidates as having the requisite potential to demonstrate safety and efficacy or commercial viability, and may deem our product candidates to be at too early of a development stage for collaborative effort. If and when we collaborate with a third party for the development and commercialization of a product candidate, we can expect to relinquish some or all of the control over the future success of that product candidate to the

third party. For any products or product candidates that we may seek to in-license from third parties, we may face significant competition from other medical device companies with greater resources or capabilities than us, and any agreement that we do enter may not result in the anticipated benefits.

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

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

As a result, we may not be able to realize the benefit of current or future collaborations, strategic partnerships or the license of our third-party products if we are unable to successfully integrate such products with our existing operations and company culture, which could delay our timelines or otherwise adversely affect our business. We also cannot be certain that, following a strategic transaction or license, we will achieve the revenue or specific net income that justifies such transaction. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our product candidates or bring them to market and generate product sales revenue, which would harm our business prospects, financial condition and results of operations.

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

To enhance our growth, we may acquire businesses, products, technologies or know-how or enter into strategic partnerships that we believe would benefit us in terms of product development, technology advancement or distribution network, among others.

Any completed, in-process or potential acquisition or strategic partnership may entail numerous risks, including:

- increased operating expenses, including research and development expenses due to an increased number of product candidates, administrative expenses as well as selling and distribution expenses, which result in an increased cash requirements;
- the assumption of additional indebtedness or contingents;
- the issuance of our equity securities;
- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products and product candidates and regulatory approvals;
- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs; and/or
- deficiencies in internal controls, data adequacy and integrity, product quality and regulatory compliance, and product liabilities in the acquired business we discover after such acquisition, which may subject us to penalties, lawsuits or other liabilities.

Further, any difficulties in the integration of acquired businesses, product or technologies or unexpected penalties, lawsuits or liabilities in connection with such businesses, product or technologies could have a material adverse effect on our reputation, business, financial condition and results of operation. In addition, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense.

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

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

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

We may from time to time become subject to various litigation, legal or contractual disputes, investigations or administrative proceedings arising in the ordinary course of our business, including but not limited to various disputes with or claims from our suppliers, customers, licensors, contractors, business partners and other third parties that we engage for our business operations. As of the Latest Practicable Date, we had one ongoing legal proceeding with Xiyuan Hospital. Our maximum exposure in relation to this proceeding was approximately RMB1.62 million. We made a provision in an amount of approximately RMB1.5 million as of December 31, 2019 and 2020 and March 31, 2021 regarding the contingent liabilities in connection with such legal proceeding. For details, please refer to the paragraphs headed "Business — Legal Proceedings and Regulatory Compliance — Legal proceedings in relation to a clinical trial subject" in this prospectus. On-going or threatened litigation, legal or contractual disputes, investigations or administrative proceedings may divert our management's attention and consume their time and our other resources. In addition, any similar claims, disputes or legal proceedings involving us or our employees may result in damages or liabilities, as well as legal and other costs and may cause a distraction to our management. Furthermore, any litigation, legal or contractual disputes, investigations or administrative proceedings which are initially not of material importance may escalate and become important to us, due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. If any verdict or award is rendered against us or if we settle with any third parties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business projects. In addition, negative publicity arising from litigation, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands and products. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

We could be subject to criminal sanctions or civil and administrative penalties if we violate any applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China and other jurisdictions.

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

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

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

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

During the process of clinical trials, we need to collect and store a large quantity of patients' personal data and information, which require us and our third-party vendors such as clinical trial institutions, hospitals, CROs and SMOs to maintain an effective control system to protect such personal data and information. The personal information of patients or subjects for our clinical trials is highly sensitive and we are subject to strict requirements under the applicable privacy protect regulations in the relevant jurisdictions. Whilst we have adopted security policies and measures to protect our proprietary data and patients' privacy, misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of personal data might not be avoided due to human error, employee misconduct or system

breakdown. We also cooperate with third parties including principal investigators, hospitals, CROs and SMOs for our clinical trials. Any leakage or abuse of patient data by our third-party partners may be perceived by the patients as a result of our failure. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of information security that results in the unauthorized release or transfer of personally identifiable information or other patient data, could cause our customers to lose trust in us and could expose us to legal claims. Whilst we have made efforts to ensure our compliance with the applicable privacy regulations in the relevant jurisdictions, we may not be capable of adjusting our internal policies in a timely manner and any failure to comply with applicable regulations could also result in regulatory enforcement actions against us.

If our employees or distributors engage in bribery or corrupt practices or other improper conduct, we may be subject to liability and our reputation and business could be harmed.

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

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

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

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

Although we maintain insurance policies that cover losses arising from accidents and natural calamities in respect of our clinical trials, this insurance may not provide adequate coverage against potential liabilities resulting from the use of or exposure to hazardous materials. 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.

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

In the ordinary course of our business, we collect and store sensitive data, including, among other things, legally protected patient health information, personally identifiable information about our employees, intellectual property, and proprietary business information. We manage and maintain our applications and data utilizing on-site systems and outsourced vendors. These applications and data encompass a wide variety of business critical information including research and development information, commercial information and business and financial information. Because information systems, networks and other technologies are critical to many of our operating activities, shutdowns or service disruptions at our Company or vendors that provide information systems, networks, or other services to us pose increasing risks. Such disruptions may be caused by events such as computer hacking, phishing attacks, ransomware, dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity, as well as power outages, natural disasters (including extreme weather), terrorist attacks or other similar events. Such events could have an adverse impact on us and our business, including loss of data and damage to equipment and data. In addition, system redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient to cover all eventualities. Significant events could result in a disruption of our operations, damage to our reputation or a loss of revenues. In addition, we may not have adequate insurance coverage to compensate for any losses associated with such events.

We could be subject to risks caused by misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in the information systems and networks of our Company and our vendors, including personal information of our employees and patients, and company and vendor confidential data. In addition, outside parties may attempt to penetrate our systems or those of our vendors or fraudulently induce our personnel or the personnel of our vendors to disclose sensitive information in order to gain access to our data and/or systems. Like other companies, we have on occasion experienced, and will continue to experience, threats to our data and systems, including malicious codes and viruses, phishing, and other cyber-attacks. The number and complexity of these threats continue to increase over time. If a material breach of our information technology systems or those of our vendors occurs, the market perception of the effectiveness of our security measures could be harmed and our reputation and credibility could be damaged. We could be required to expend significant amounts of money and other resources to repair or replace information systems or networks. In addition, we could be subject to regulatory actions and/or

claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims for misuse or inappropriate disclosure of data, as well as unfair or deceptive practices. Although we develop and maintain systems and controls designed to prevent these events from occurring, and we have a process to identify and mitigate threats, the development and maintenance of these systems, controls and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated. Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated entirely.

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

We and/or other parties related to our operations, such as landlords or managers of premises on or local science parks in which we operate, are required to obtain and maintain various approvals, licenses, permits and certificates (e.g. drainage permits) to operate our business. Some of these approvals, permits, licenses and certificates are subject to periodic renewal and/or reassessment by the relevant governmental authorities, and the standards of such renewal and/or reassessment may change from time to time. Any failure to obtain or renew such approvals, licenses, permits and certificates necessary for our operations may result in enforcement actions thereunder, including orders issued by the regulatory authorities causing our operations to cease. In the event that such enforcement action is taken, we may be required to take corrective measures or remedial actions incurring additional capital expenditure, and our business operations could be materially and adversely disrupted.

Third parties including research institutions, CROs, SMOs, distributors and suppliers on whom we may rely to research, develop, produce, promote, sell and distribute our products, may be required to obtain, maintain and renew various permits, licenses and certificates to develop, produce, promote and sell our products. These third parties may also be 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 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 business operation of such third parties, and if they fail to maintain or renew any such 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 these third parties to obtain any additional permits, licenses or certificates that were previously not required to operate their respective businesses, there can be no assurance that they will successfully obtain such permits, licenses or certificates. These third parties' failure to obtain the additional permits, licenses or certificates may in turn restrict the conduct of our business, decrease our revenues and/or increase our costs, which could materially reduce our profitability and impair our prospects.

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

Our operations, and those of our distributors, suppliers, research institution collaborators and other business partners, could be subject to natural or man-made disasters, health epidemic, or business interruptions, for which we are predominantly self-insured. The occurrence of any of these business disruptions could seriously harm our and our partners'

operations and financial condition and increase our and their costs and expenses. Furthermore, our ability to obtain supplies of raw materials for manufacturing our products and product candidates could be disrupted if the operations of these suppliers are affected by a man-made or natural disaster, health epidemic, or other business interruption. Damage or extended periods of interruption to our administration, development, research, manufacturing or storage facilities due to fire, natural disaster, health epidemic, power loss, communications failure, unauthorized entry or other events could cause us to cease or delay development or commercialization of some or all of our product candidates.

For example, the ongoing COVID-19 pandemic and additional outbreaks in China could significantly affect 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. 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.

Although we maintain insurance policies that cover losses arising from accidents and natural disasters in respect of our clinical trials, machinery, equipment, inventories and other fixed assets in our research and manufacturing facilities, our insurance might not cover all losses under such circumstances and our business may be seriously harmed by such delays and interruption.

We have limited insurance coverage to adequately cover all the risks and hazards associated with our operations.

We operate in the medical device industry, which involves numerous operating risks and occupational hazards. As of the Latest Practicable Date, we maintain insurance policies that cover losses arising from accidents and natural calamities in respect of our clinical trials. Although we maintain product liability insurance policies in most of the foreign countries where we sell our products, we do not maintain product liability insurance policies in the PRC. For more details of our insurance policies, please refer to the paragraph headed "Business — Insurance" in this prospectus. We cannot assure you that the existing insurance coverage is sufficient to compensate for actual losses suffered or incurred. To the extent that such losses or payments are not insured or the insured amount is not adequate, we may be required to pay substantial damages or compensation, and our business, results of operations and financial condition may be materially and adversely affected. For the specific risks of inadequate insurance coverage in the event of product liability claims, please refer to the paragraph headed "We may be exposed to potential product liability claims and product recalls, and our insurance coverage may be inadequate to protect us from all the liabilities we may incur" in this section.

Our business significantly depends on our reputation and customer perception of us, and any negative publicity on us or failure to maintain and enhance our recognition and reputation may materially adversely affect our business, financial condition and results of operations.

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

- our products fail to gain acceptance by patients, doctors and hospitals;
- our products are defective or malfunction;

- lawsuits or regulatory investigations are instituted against us or relating to our products or industry;
- we provide poor or ineffective customer service; or
- we are subject to product liability claims.

If we are unable to maintain and further enhance our reputation and recognition, our ability to attract and retain customers may be impeded and our business prospects may be materially adversely affected. Any negative incident or negative publicity concerning us, our products, our management, our employees and our distributors, regardless of its veracity, could harm our image and diminish the trust from our customers and the market, which could in turn result in decreased sales of our products and materially and adversely affect our business. As a result, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity, and may not be able to diffuse them to the satisfaction of our investors and customers.

Failure to make adequate statutory social welfare contribution for our employees may subject us to penalties.

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. We have in the past failed to make full contribution to the housing provident fund for certain employees. Although these employees had voluntarily waived their rights to receive our payment of housing provident fund contributions and as of the Latest Practicable Date, no competent government authorities had imposed administrative action, fine or penalty to us, we cannot assure your that no fine or penalty will be imposed on us in this regard in the future. In addition, pursuant to the PRC laws and regulations, payment of social insurance and housing provident fund should be based on employment relationship between the employer and the employee as evidenced by labor contract. We have engaged third-party human resource agencies and made contributions to social insurance and housing provident funds for some of our employees through such agencies. We may be subject to penalties if such agencies failed to pay social insurance and housing provident funds in full. Furthermore, we may hire foreign employees in China from time to time due to our business needs. Pursuant to applicable PRC laws and regulations, foreigners who work in China shall obtain a work permit and a residence permit, and if we hire someone without such permits, we may be subject to penalties. Meanwhile, we are required to pay social insurance in China for foreign employees in full based on their actual salary level, otherwise we may be required by competent authorities to pay the outstanding amount, and could be subject to late payment penalties or enforcement by the court.

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 (《國稅地稅徵管體制改革方案》) (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, no 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 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.

Risks relating to our failure to complete property leasing registrations for our lease properties.

As of the Latest Practicable Date, we leased four properties in Beijing, Tianjin, Shanghai and Shenzhen with an aggregate gross floor area of approximately 11,920.51 sq.m. Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, eight of our lease agreements were not registered with the relevant authorities. According to our PRC Legal Adviser, the failure to complete the registration process does not affect the validity of the property lease agreements but a maximum penalty of RMB10,000 may be imposed on us for the non-registration of each lease. We cannot assure we will not be subject to any penalties arising from the non-registration of lease agreements and any disputes arising out of our leased properties in the future.

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

Certain of our bank balances and cash, trade receivables, other receivables, and trade and other payables are denominated in foreign currencies. Therefore, we are exposed to foreign currency risk. We recorded net exchange loss under net other gains and losses of RMB0.2 million for 2019 and the three months ended March 31, 2021, respectively, and net exchange gains under net other gains and losses of RMB0.1 million for 2020. The exchange rate of RMB against USD and other foreign currencies fluctuates is affected by, among other things, the policies of the PRC Government and changes in China's and international political and economic conditions, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between RMB, USD, HKD or other currencies in the future. In addition, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in RMB exchange rates and achieve policies goals. There remains significant international pressure on the PRC Government to adopt a more flexible currency policy, which, together with domestic policy considerations, could result in a significant appreciation of RMB against USD, HKD or other foreign currencies.

The proceeds from the Global Offering will be received in HKD. As a result, any appreciation of RMB against USD, HKD or any other foreign currencies may result in the decrease in the value of our proceeds from the Global Offering. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

RISKS RELATING TO DOING BUSINESS IN CHINA

The medical device industry in China is highly regulated and such regulations are subject to changes, which may adversely affect our business.

We conduct the majority of our operations in China. The medical device industry in China is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new devices. In recent years, the regulatory framework in China regarding the medical device industry has undergone significant changes, and we expect that it will continue to undergo significant

changes. Any such changes or amendments may result in increased compliance costs on our business or cause delays in or prevent the successful development or commercialization of our product candidates in China and reduce the benefits we believe are available to us from developing and manufacturing vascular interventional medical devices in China.

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

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

While the PRC economy has experienced significant growth over the past 40 years, growth has been uneven across different regions and among various economic sectors of China. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are currently applicable to us. In addition, in the past the PRC government implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and results of operation. More generally, if the business environment in China deteriorates from the perspective of domestic or international investment, our business in China may also be adversely affected.

PRC legal system embodies inherent uncertainties that may affect the protection afforded to our business.

The PRC legal system is based on written statutes. Prior court decisions may be adduced for reference but have limited precedential value. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with such economic matters as the issuance and trading of securities, shareholders' rights, foreign investment, corporate organization and governance, commerce, taxation and trade, with a view towards developing a comprehensive system of commercial law. However, as these laws and regulations are relatively new, the effect of these laws and regulations on the rights and obligations of the parties involved may involve uncertainty. As a result, the legal protections available to us under the PRC legal system may be limited.

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

Furthermore, PRC laws and regulations afford significant protection to state-owned assets. Transactions that may lead to losses of state-owned assets are subject to heightened scrutiny by the competent authorities, and the competent authorities have significant discretion in interpreting and implementing the relevant laws and regulations. In the event we or our affiliates conduct transactions with state-owned enterprises or their affiliates, there might be risks and uncertainties involved that we might be found to have caused losses of state-owned assets, which may subject us to liabilities and could materially and adversely affect our business, financial condition and results of operation.

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

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 and senior management personnel reside within the PRC, and substantially all 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 and senior management personnel. Furthermore, the PRC does not have treaties providing for the reciprocal enforcement of judgments of courts with the United States, the United Kingdom, Japan or many other countries. In addition, 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 judgments of a court obtained in the United States and any of the other jurisdictions mentioned above may be difficult or impossible.

On July 14, 2006, the Supreme People's Court of the PRC and the government of Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Arrangement**"). Under the Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly selected as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing. In addition, the Arrangement has expressly provided for "enforceable final judgement," "specific legal relationship" and "written form." A final judgement that does not comply with the Arrangement may not be recognized and enforced in a PRC court.

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

We may be treated as a resident enterprise for PRC tax purposes under the Enterprise Income Tax Law of the PRC (the "*EIT Law*") and the dividends payable to investors and gains on the sale of our Shares by our investors may become subject to PRC tax. Under the EIT Law of the PRC, our offshore subsidiaries may therefore be subject to PRC income tax on their worldwide taxable income.

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

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or that have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to PRC EIT at the rate of 10% on dividends received from PRC companies and gains realized upon disposition of equity interests in the PRC companies pursuant to the EIT Law and other applicable PRC tax regulations and statutory documents, which may be reduced or eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the non-resident enterprise resides. Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification.

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

Under the EIT Law, an enterprise established outside the PRC with "de facto management bodies" within China is considered a "resident enterprise," meaning that it is treated in a manner similar to a Chinese enterprise for PRC EIT purposes. The implementing rules of the EIT Law define "de facto management bodies" as "management bodies that exercise substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《國家税務局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》), or Circular 82, specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following are located or resident in China: (i) senior management personnel and departments that are responsible for daily production, operation and

management; (ii) financial and personnel decision-making bodies; (iii) key properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings; and (iv) half or more of senior management or directors having voting rights. The State Taxation Administration of the PRC, or the STA, has subsequently provided further guidance on the implementation of Circular 82.

As substantially all of the operational management of our Company is currently based in the PRC, our offshore subsidiaries may be deemed to be "PRC resident enterprises" for the purpose of the EIT Law. If our offshore subsidiaries are deemed PRC resident enterprises, they could be subject to the EIT at 25% on our global income, except that the dividends we receive from our PRC subsidiaries may be exempt from the EIT to the extent such dividend income constitutes "dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise." It is, however, unclear what type of enterprise would be deemed a "PRC resident enterprise" for such purposes. The EIT on our subsidiaries' global income could significantly increase our tax burden and adversely affect our cash flows and profitability.

We may be subject to transfer pricing challenge by the relevant tax authorities and hence additional tax liabilities, which could have adverse impacts on our results of operations.

During the Track Record Period, our Beijing and Hong Kong subsidiaries entered into certain cross-border intra-group transactions to facilitate our purchases and sales in overseas countries. For details, please refer to the paragraph headed "Business — Sales, Distribution and Marketing" in this prospectus. Pursuant to applicable tax laws and regulations and the transfer pricing regulations in the PRC, HK and other jurisdictions, related party transactions should comply with the arm's length principle and if the related party transactions fail to comply with the arm's length principle, and result in reductions of the enterprise's taxable income, the competent tax authorities have the power to make adjustments to such enterprise's taxable income following certain procedures.

There is no assurance that the tax authorities will not subsequently challenge the appropriateness of our transfer pricing arrangement or that the relevant regulations or standards governing such arrangement will not be subject to future changes. If any competent tax authorities in Hong Kong or the PRC later find that our transfer pricing arrangements do not comply with the relevant transfer pricing laws and regulations, we may face adverse tax consequences including additional taxes, interests or penalties, which may result in a higher overall tax liability for our Group and may adversely affect the business, financial condition and operating results of our Group.

The heightened scrutiny over acquisitions from the PRC tax authorities may have a material and adverse impact on our business, acquisition or restructuring strategies or the value of your investment in us.

On February 3, 2015, the STA issued the 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稅若干問題的公告》) (the "**Circular 7**"), which abolished certain provisions in the Notice on Strengthening the Administration of Enterprise Income Tax on Non-Resident Enterprises (《關於加強非居民企業股權轉讓企業所得稅管理的通知》) (the "**Circular 698**"), which was previously issued by the STA on December 10, 2009, as well as certain other rules providing clarification on Circular 698. Circular 7 provided comprehensive guidelines relating to, and also heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise (the "**PRC Taxable Assets**").

For example, Circular 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets according to Article 47 of the EIT Law, when 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, by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC enterprise income taxes and without any other reasonable commercial purpose.

Except as provided in Article 5 and Article 6 of Circular 7, transfers of PRC Taxable Assets under the following circumstances shall be automatically deemed as having no reasonable commercial purpose, and are subject to PRC enterprise income tax: (i) more than 75% of the equity value of the overseas enterprise is directly or indirectly from PRC Taxable Assets; (ii) more than 90% of the total assets (cash excluded) of the overseas enterprise are directly or indirectly composed of investment in China at any time during the year prior to the indirect transfer of PRC Taxable Assets, or more than 90% of the income of the overseas enterprise is directly or indirectly from China during the year prior to the indirect transfer of PRC Taxable Assets ; (iii) the overseas enterprise and its subsidiaries directly or indirectly hold PRC Taxable Assets and have registered in the host countries (regions) in order to meet the local legal requirements in relation to organization forms, yet prove to be lack of economic substance due to their inadequate ability to perform their intended functions and withstand risks as their alleged organization forms suggest; or (iv) the income tax from the indirect transfer of PRC Taxable Assets payable abroad is lower than the income tax in China that may be imposed on the direct transfer of such PRC Taxable Assets.

Although Circular 7 contains certain exemptions (including, (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement), it remains unclear whether any exemptions by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying Circular 7. Therefore, the PRC 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 the PRC 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.

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

In the past, local governments in Beijing, China granted certain financial incentives from time to time to us as part of our efforts to encourage the development of local businesses. The timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives at any time. In addition, some of the government financial incentives are granted on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. We cannot guarantee that we will satisfy all relevant conditions, and if we fail to satisfy any such conditions, we may be deprived of the relevant incentives. We cannot assure you of the

continued availability of the government incentives currently enjoyed by us. Any reduction or elimination of incentives would have an adverse effect on our financial condition and results of operations.

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

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

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

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

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past we had acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and had established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation. Furthermore, the PRC government from time to time adjusts or changes its tax laws and regulations. For example, under the IIT Law which was last amended on August 31, 2018 and came into effect on January 1, 2019, foreign nationals have no domicile in China but have resided in the PRC for a total of 183 days or more in a tax year, would be subject to PRC individual income tax on their income gained within or outside the PRC. Should such rule be strictly enforced, our ability to attract and retain highly skilled foreign scientists and research technicians to work in China may be materially affected, which may in turn have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. Further adjustments or changes to PRC tax laws and regulations, together with any uncertainty resulting therefrom, could also have an adverse effect on our business, financial condition and results of operations.

We may be restricted from transferring our scientific data abroad.

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (《科學數據管理辦法》), or the Scientific Data Measures, which provides a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, enterprises in China must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Further, any researcher conducting research funded at least in part by the Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. Given the term state secret is not clearly defined,

if and to the extent any data collected or generated in connection with our services will be subject to the Scientific Data Measures and any subsequent laws as required by the relevant government authorities, we cannot assure you that we can always obtain relevant approvals for sending scientific data (such as the results of our pre-clinical studies or clinical trials conducted within China) abroad or to our foreign partners in China. If we are unable to obtain necessary approvals in a timely manner, or at all, our business, results of operations, financial conditions and prospects may be materially and adversely affected. If the relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to fines and other administrative penalties imposed by those government authorities.

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

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

Regulations relating to offshore investment activities by PRC residents or entities may subject us to fines or sanctions imposed by the PRC government, including restrictions on our PRC subsidiary's abilities to pay dividends or make distributions to us and our ability to increase our investment in our PRC subsidiary.

The SAFE has promulgated several regulations requiring PRC residents and entities to register with PRC government authorities before engaging in direct or indirect offshore investment activities, including Circular of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Roundtrip Investment through Special Purpose Vehicles Conducted by Domestic Residents in China via Special-Purpose Companies (《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**"), issued and effective on July 4, 2014. SAFE Circular 37 requires PRC residents and entities to register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with assets or equity interests of onshore companies or offshore assets or interests held by the PRC residents and entities, 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. If a shareholder who is a PRC citizen or resident does not complete the

registration with the local SAFE branches, the PRC subsidiaries of the special purpose vehicle may be prohibited from distributing their profits and proceeds from any reduction in capital or liquidation to the special purpose vehicle, and the special purpose vehicle may be restricted to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements described above may result in liabilities for the PRC residents and entities under PRC laws for evasion of applicable foreign exchange restrictions, including (1) the requirement by the SAFE to return the foreign exchange remitted overseas within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive and (2) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive. For details, please refer to the paragraphs headed "History, Development and Corporate Structure — PRC Legal Compliance — SAFE Circular 37" in this prospectus.

We may not at all times be fully aware or informed of the identities of all our beneficiaries who are PRC nationals, and may not always be able to compel our beneficiaries to comply with the requirements of SAFE Circular 37 or other related regulations. As a result, we cannot assure you that all of our Shareholders or beneficiaries who are PRC nationals will at all times comply with, or in the future make or obtain applicable registrations or approvals with the SAFE, the National Development and Reform Commission (the "**NDRC**") and the Ministry of Commerce of the PRC (the "**MOFCOM**") or their local branches which are required by SAFE Circular 37 or other related regulations, including applicable NDRC and MOFCOM regulations.

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

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

It is notably that the United States government has recently made significant changes in its trade policy and has taken certain actions that may materially impact international trade, such as announcing import tariffs which have led to other countries, including China and members of the European Union, imposing tariffs against the United States in response. The United States has also threatened to impose further export controls, sanctions, trade embargoes, and other heightened regulatory requirements on China and Chinese companies. These have raised concerns that there may be increasing regulatory challenges or enhanced restrictions against China and other Chinese companies in a wide range of areas. In March 2018, the U.S. announced the imposition of tariffs on steel and aluminum entering the U.S. and in June 2018 announced further tariffs targeting goods imported from China. Recently both China and the U.S. have each imposed tariffs indicating the potential for further trade barriers. Currently, it remains unclear what actions, if any, the U.S. government will take with respect to other existing international trade agreements. It is also unknown whether and to what extent new tariffs (or other new laws or regulations) will be adopted, or the effect that any such actions would have on us or our industry. Any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our future products, the competitive position of our future products, the hiring of scientists and other research and

development personnel, and import or export of raw materials in relation to product development, or prevent us from selling our future products in certain countries. There can be no assurance that existing and potential collaboration partners will not alter their perception of us or their preferences as a result of such adverse changes in the relationship between China and the U.S. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to the recent U.S. -China trade tension, such changes could have an adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and there can be no assurance that an active market would develop, and the price and trading volume of our Shares may be volatile.

Prior to this Global Offering, there has been no public market for our Shares. The Offer Price for our Offer Shares was the result of negotiations among us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Offer Price may differ significantly from the market price for our Shares following this Global Offering. We have applied for listing of and permission to deal in our Offer Shares on the Stock Exchange. On April 30, 2018, Stock Exchange adopted new rules under Chapter 18A of Listing Rules, or Chapter 18A. Chapter 18A permits for the first time listing on the Stock Exchange of pre-revenue, loss making Biotech Companies such as us. As required by Chapter 18A, our stock marker ACOTEC-B includes the letter "B" to denote we are a Biotech Company listed pursuant to Chapter 18A.

A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the 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 not decline following the Global Offering. In addition, the trading price and trading volume of the Shares may be subject to significant volatility in responses 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 the vascular interventional medical device markets, 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.

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

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

The Offer Price of the Offer Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the Global Offering, any assets will be distributed to Shareholders after the creditors' claims. If we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a shareholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, limitations on our ability to acquire or license intellectual property rights or declaring dividends, or other operating restrictions.

There will be a time gap between pricing and trading of our Shares, and the price of our Shares when trading begins could be lower than the Offer Price.

The Offer Price 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 Stock Exchange until they are delivered, which is expected to be five Business Days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Shares before the commencement of trading. 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.

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

There can be no assurance that we will declare and pay dividends because the declaration, payment and amount of dividends are subject to the discretion of our Directors, depending on, among other considerations, our operations, earnings, cash flows and financial position, operating and capital expenditure requirements, our strategic plans and prospects for business development, our constitutional documents and applicable law. For more details on our dividend policy, please refer to the paragraph headed "Financial Information — Dividend" in this prospectus.

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

On April 30, 2018, the Hong Kong Stock Exchange adopted rules under Chapter 18A of its Rules Governing the Listing of Securities on the Stock Exchange. 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. 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.

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways with which you may not agree or which do not yield a favorable return to our shareholders. We plan to use the net proceeds from the Global Offering to continue the research and development activities of our product candidates to commercialization, strengthen our research and development capabilities, expand our product portfolio, and enhance our manufacturing and distribution capabilities, among others. For details, please refer to the paragraph headed "Future Plans and Use of Proceeds — Use of Proceeds" in this prospectus. However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net proceeds from this Global Offering.

Facts, forecasts and statistics in this prospectus relating to the vascular interventional medical device industry may not be fully reliable.

Facts, forecasts and statistics in this prospectus relating to the vascular interventional medical 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, the Underwriters 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 prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

You should rely solely upon the information contained in this prospectus, the Global Offering and any formal announcements made by us in Hong Kong when making your investment decision regarding our Shares. Subsequent to the date of this prospectus but prior to the completion of the Global Offering, there may be press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of any such press articles or other media coverage, 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 of the projections, valuations or other forward-looking information about us in any such press articles or media coverage. 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. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus.

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

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

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

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

(1) We have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives appointed are Mr. Chen CHEN and Ms. Ching Yi LI. Ms. Ching Yi LI is situated and based in Hong Kong. Each of our authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email;

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

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

(4) We have appointed Orient Capital (Hong Kong) Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to our authorized representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and us; and

(5) We have provided the Stock Exchange with the contact details of each Director (including their respective mobile phone number, office phone number and e-mail address).

Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives, the Directors and/or the compliance advisor in accordance with the Listing Rules.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary of an issuer must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Our Company had appointed Mr. Chen LI and Ms. Ching Yi LI as our joint company secretaries. Ms. Ching Yi LI is an associate member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom and The Hong Kong Institute of Chartered Secretaries, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Mr. Chen LI has been responsible for product and business development of our Company since 2016. He has extensive experience in business management of our Company but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules. While Mr. Chen LI may not be able to solely fulfill the requirements of the Listing Rules, our Company believes that it would be in the best interests of our Company and the corporate governance of our Company to appoint Mr. Chen LI as our joint company secretary due to his thorough understanding of the internal administration and business operations of our Group.

Accordingly, while Mr. Chen LI does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, 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 such that Mr. Chen LI may be appointed as a joint company secretary of our Company. Pursuant to the Guidance Letter HKEX-GL108-20, the waiver will be for a fixed period of time (the "**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 (a "**Qualified Person**") and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial period of three years from the Listing Date, and is granted on the condition that Ms. Ching Yi LI, as a joint company secretary of our Company, will work closely with, and provide assistance to, Mr. Chen LI in the discharge of his duties as a joint company secretary and in gaining the relevant company secretary experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations. Given Ms. Ching Yi LI's professional qualifications and experience, she will be able to explain to both Mr. Chen LI and our Company the relevant requirements under the Listing Rules. Ms. Ching Yi LI will also assist Mr. Chen LI in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Ching Yi LI is expected to work closely with Mr. Chen LI, and will maintain regular contact with Mr. Chen LI, the Directors and the senior management of our Company. The waiver will be revoked immediately if Ms. Ching Yi LI ceases to provide assistance to Mr. Chen LI as a joint company secretary for the three-year period after the Listing or where there are material breaches of the Listing Rules by our Company. In addition, Mr. Chen LI will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the Listing.

In the course of preparation of the Listing, Mr. Chen LI attended a training session on the respective obligations of the Directors and senior management and our Company under the relevant Hong Kong laws and the Listing Rules provided by our Company's Hong Kong legal adviser, and has been provided with the relevant training materials. Our Company will further ensure that Mr. Chen LI has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws, regulations and the Listing Rules. Furthermore, both Mr. Chen LI and Ms. Ching Yi LI will seek and have access to advice from our Company's Hong Kong legal and other professional advisers as and when required. Our Company has appointed Orient Capital (Hong Kong) Limited as the Compliance Adviser upon our Listing pursuant to Rule 3A.19 of the Listing Rules, which will act as our Company's additional channel of communication with the Stock Exchange, and provide professional guidance and advice to our Company and its joint company secretaries as to compliance with the Listing Rules and all other applicable laws and regulations. Prior to the end of the three-year period, the qualifications and experience of Mr. Chen LI and the need for ongoing assistance of Ms. Ching Yi LI will be further evaluated by our Company. We will liaise with the Stock Exchange to enable it to assess whether Mr. Chen LI, having benefited from the assistance of Ms. Ching Yi LI for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the "relevant experience" within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

Please refer to the section headed "Directors and Senior Management" in this prospectus for further information regarding the qualifications of Mr. Chen LI and Ms. Ching Yi LI.

WAIVER IN RELATION TO EXEMPTION FROM STRICT COMPLIANCE WITH PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

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

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

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

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

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 reference to "two financial years" or "two years", as the case may be.

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 prepared to cover the two financial years ended December 31, 2019 and 2020 and the three months ended March 31, 2021.

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

(a) our Company is an interventional medical device company in China and falls within the scope of biotech company as defined under Chapter 18A of the Listing Rules. Our Company will fulfil the additional conditions for listing applicable to a Chapter 18A company;

(b) notwithstanding that the financial results set out in this prospectus are only for the two financial years ended December 31, 2019 and 2020 and the three months ended March 31, 2021 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this prospectus pursuant to the relevant requirements;

(c) given that our Company is only required to disclose its financial results for the two financial years ended December 31, 2019 and 2020 and the three months ended March 31, 2021 in accordance with Chapter 18A of the Listing Rules and preparation of the financial results for the year ended December 31, 2018 would require additional work to be performed by our Company and the reporting accountants, strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for our Company; and

(d) the Accountants' report covering the two financial years ended December 31, 2019 and 2020 and the three months ended March 31, 2021, together with other disclosure in this prospectus, has already provided the potential investors with adequate and reasonable up-to-date information in the circumstances to form a view on the track record of our Company; and that all information which is necessary for the investing public to make an informed assessment of the business, assets and liabilities, financial position, management and prospects has been included in this prospectus. Therefore, the exemption would not prejudice the interest of the investing public.

The SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the condition that particulars of the exemption are set out in this prospectus and this prospectus will be issued on or before August 12, 2021.

CONSENT FOR ALLOCATION OF OFFER SHARES TO A CONNECT CLIENT OF CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AS A CORNERSTONE INVESTOR

In connected with the cornerstone investment by CICCL (as defined in the section headed "Cornerstone Investments"), as (i) China International Capital Corporation Hong Kong Securities Limited is one of the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers and the Underwriters in connection with the Global Offering; and (ii) China International Capital Corporation Hong Kong Securities Limited is an indirect wholly-owned subsidiary of CICCL, CICCL is considered as a "connected client" of China International Capital Corporation Hong Kong Securities Limited under paragraph 13(7) of the Placing Guidelines. For further details, please refer to the section headed "Cornerstone Investments".

The Joint Sponsors have applied for, and the Stock Exchange has granted us, a consent under paragraph 5(1) of Appendix 6 of the Listing Rules to permit CICCL to subscribe for the International Offer Shares as a cornerstone investor in the placing tranche of the International Offering, on the following basis and/or conditions:

(a) any Offer Shares to be allocated to CICCL will be held on behalf of independent third parties;

(b) the cornerstone investment agreement of CICCL does not contain any material terms which are more favourable to CICCL than those in other cornerstone investment agreements;

(c) CICCL has not participated, and will not participate, in the decision-making process or relevant discussions among the Company, the Joint Bookrunners and the Underwriters as to whether CICCL will be selected as a cornerstone investor;

(d) no preferential treatment has been, nor will be, given to CICCL other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Guidance Letter HKEX-GL-51-13;

(e) CICCL confirms that to the best of its knowledge and belief, it has not received and will not receive preferential treatment in the IPO allocation as a cornerstone investor by virtue of its relationship with China International Capital Corporation Hong Kong Securities Limited, other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Guidance Letter HKEX-GL51-13;

(f) Each of the Company, the Joint Sponsors, the Joint Bookrunners, CICCL has provided the Stock Exchange with written confirmations in accordance with Guidance Letter HKEX-GL-85-16; and

(g) details of the cornerstone investments and details of the allocation has been/will be disclosed in the prospectus and allotment results announcement of the Company.

WAIVER AND CONSENT IN RELATION TO THE SUBSCRIPTION FOR OFFER SHARES BY CLOSE ASSOCIATE OF OUR CONTROLLING SHAREHOLDERS AND EXISTING SHAREHOLDER AS CORNERSTONE INVESTORS

As of the Latest Practicable Date, our Company is directly or indirectly held by the Controlling Shareholders, including CPEChina Fund III and Global Global Opportunities Fund, as to 64.81% in its entire issued share capital. Immediately following the completion of the Global Offering, assuming that all of the Preferred Shares have been converted to ordinary Shares on a one-to-one basis and no exercise of the Over-allotment Option, CPEChina Fund III and Global Global Opportunities Fund will be interested in 48.60% of the Company's issued share capital. CPE Investment Wu Limited is held as to 85.61% by CPEChina Fund III and 14.39% by CPE Global Opportunities Fund. Therefore, CPE Investment Wu Limited is a close associate of our Controlling Shareholders and a core connected person of the Company. It has entered into a cornerstone investment agreement with us, pursuant to which CPE Investment Wu Limited has agreed to, subject to certain conditions, acquire at the Offer Price a certain number of our Shares for the benefit of CPEChina Fund III and CPE Global Opportunities Fund.

PRIMEONE LUCK LIMITED, one of our existing shareholders and a Pre-IPO Investor, is owned by Greenwoods Bloom Fund III, L.P. as to 94.55% and by WORLDTOP ELITE LIMITED as to 5.45%. As of the Latest Practicable Date, PRIMEONE LUCK LIMITED directly holds 1.53% of the entire issued share capital of the Company. PRIMEONE LUCK LIMITED has entered into a cornerstone investment agreement with us, pursuant to which PRIMEONE LUCK LIMITED has agreed to, subject to certain conditions, acquire at the Offer Price a certain number of our Shares.

Rule 9.09 of the Listing Rules provides that there must be no dealing in the securities for which listing is sought by any core connected person of an issuer (except as permitted by Rule 7.11 of the Listing Rules) from 4 clear business days before the expected hearing date until listing is granted (the "**Relevant Period**").

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of an issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new listing applicant either in his or its own name or through nominees if the conditions set out in Rules 10.03(1) and (2) of the Listing Rules are fulfilled, namely (i) that no securities are offered to them on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) that the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Paragraph 5(2) of Appendix 6 to the Listing Rules provides that no allocations will be permitted to directors or existing shareholders of a listing applicant or their close associates, whether in their own names or through nominees, unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules as set out above are fulfilled, without the prior written consent of the Stock Exchange.

According to the Guidance Letter HKEX-GL92-18, the Stock Exchange permits existing shareholders holding 10% or more of shares in a Biotech Company (as defined in the Listing Rules) to subscribe shares in the initial public offering as cornerstone investor provided that the issuer complies with Rules 8.08(1) and 18A.07 of the Listing Rules in relation to shares held by the public.

According to the Guidance Letter HKEX-GL92-18, a listing applicant's existing shareholders or their close associates are permitted to participate either as cornerstone investors or as placees in an initial public offering, subject to the satisfaction of certain conditions set out therein.

We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with Rules 9.09, and 10.04 of, and consent under paragraph 5(2) of Appendix 6 to, the Listing Rules to permit CPE Investment Wu Limited and Prime Luck Limited to participate in the Global Offering as cornerstone investors, subject to the following conditions:

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

(b) the Offer Shares to be subscribed by and allocated to CPE Investment Wu Limited and PRIMEONE LUCK LIMITED under the Global Offering will be at the same Offer Price and in respect of CPE Investment Wu Limited and PRIMEONE LUCK LIMITED subscribing by way of cornerstone investment, on substantially the same terms as other cornerstone investors (including being subject to a six-month lock up arrangement following Listing) and each of CPE Investment Wu Limited and PRIMEONE LUCK LIMITED shall pay for the relevant Offer Shares before dealing commences on the Listing Date;

(c) no preferential treatment has been, nor will be, given to CPE Investment Wu Limited and PRIMEONE LUCK LIMITED by virtue of their relationship with the Company in any allocation in the placing tranche, other than the preferential treatment of assured entitlement under the cornerstone investment (in respect of CPE Investment Wu Limited and PRIMEONE LUCK LIMITED subscribing as cornerstone investors) which follows the principles set out in the Guidance Letter HKEX-GL51-13, that, save as disclosed in the section headed "Cornerstone Investments" in this prospectus, the cornerstone investment agreements of each of CPE Investment Wu Limited and PRIMEONE LUCK LIMITED do not contain any material terms which are more favorable to them than those in other cornerstone investment agreements; and

(d) details of the subscription of the Offer Shares by CPE Investment Wu Limited and PRIMEONE LUCK LIMITED in the Global Offering as cornerstone investors will be disclosed in this prospectus and the allotment results announcement of our Company.

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 and the Listing Rules for the purpose of giving information to the public with regard to the 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 in this prospectus misleading.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. The Global Offering comprises the Hong Kong Public Offering of initially 6,864,000 Offer Shares and the International Offering of initially 61,769,000 Offer Shares (subject to, in each case, reallocation on the basis referred to under the section headed "Structure of the Global Offering" in this prospectus and, in case of the International Offering, to any exercise of the Over-allotment Option).

The listing of our Shares on the Stock Exchange is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Underwriting Agreement relating to the International Offering is expected to be entered into on or around Tuesday, August 17, 2021. Further information regarding the Underwriters and the Underwriting Agreements are set out in the section headed "Underwriting" in this prospectus.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein. 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 must not be relied upon as having been authorized by the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, partners, agents, employees or advisers or any other party involved in the Global Offering.

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

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

RESTRICTIONS ON OFFER AND SALE OF THE OFFER 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 the Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on offers and sales of the Shares described in this prospectus.

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

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue (including the Shares outstanding and to be issued on the conversion of the Preferred Shares), the Offer Shares to be issued by us pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

Dealings in the Shares on the Stock Exchange are expected to commence on Tuesday, August 24, 2021. Save as disclosed in this prospectus, no part of our Shares or loan capital is listed or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on any other stock exchange as of the date of this prospectus. All the Offer Shares will be registered on the Hong Kong register of members of the 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, our Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by or on behalf of the Stock Exchange.

PROFESSIONAL TAX ADVICE RECOMMENDED

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

OVER-ALLOTMENT OPTION AND STABILIZATION

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

HONG KONG REGISTER OF MEMBERS AND HONG KONG STAMP DUTY

Our Company's principal register of members will be maintained by its principal share registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands. All of the Offer Shares issued pursuant to the Global Offering will be registered on the Company's Hong Kong share register to be maintained in Hong Kong by its Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Dealings in the Shares registered in the Company's Hong Kong share register will be subject to Hong Kong stamp duty.

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

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 date of commencement of dealings in the Shares on the Stock Exchange or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second 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 enabling the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and on the application forms.

STRUCTURE OF THE GLOBAL OFFERING

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

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all. Unless indicated otherwise, (i) the translations between Renminbi and U.S. dollars were made at the rate of RMB6.4610 to US$1.00, (ii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.7750 to US$1.00, and (iii) the translations between Renminbi and Hong Kong dollars were made at the rate of RMB0.8310 to HK$1.00. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

LANGUAGE

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

ROUNDING

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

DIRECTORS

Name	Address	Nationality
Executive Directors		
Jing LI (李靜)	Unit 4-19A, 6/F Ma Dian Guan Cheng Bei Yuan Haidian District, Beijing PRC	Chinese
Silvio Rudolf SCHAFFNER	Seestrasse 89 8267 Berlingen Switzerland	Swiss
Non-executive Directors		
Ke TANG (唐柯)	Room 801, Building 20 Shoucheng International 36 Guangqu Road, Chaoyang District, Beijing PRC	Chinese
Chen CHEN (陳琛)	Room 2C, Block A 6 Gongyuan West Street Dongcheng District, Beijing PRC	Chinese
Independent Non-executive Directors		
Yuqi WANG (王玉琦)	Room 1501, No. 13, Lane 717 Golden City Road Changning District, Shanghai PRC	Chinese
Hong NI (倪虹)	House 17B, Shouson Peak 9-19 Shouson Hill Road Deep Water Bay Hong Kong	Chinese (Hong Kong)
Kin Yee POON (潘建而)	Flat D, 33/F, Tower 1A Grand Austin 9 Austin Road West Tsim Sha Tsui Hong Kong	Chinese (Hong Kong)

For further information regarding our Directors, please see the section headed "Directors and Senior Management".

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors and Joint Global Coordinators	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong **China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
Joint Bookrunners and Joint Lead Managers	**Morgan Stanley Asia Limited** (in relation to the Hong Kong Public Offering) 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong **Morgan Stanley & Co. International plc** (in relation to the International Offering) 25 Cabot Square Canary Wharf London E14 4QA United Kingdom **China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong **China Merchants Securities (HK) Co., Limited** 48/F., One Exchange Square Central Hong Kong

	Valuable Capital Limited Room 2808, 28th Floor China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Legal Advisers to the Company	*As to Hong Kong and United States laws:* **O'Melveny & Myers** 31/F, AIA Central 1 Connaught Road Central Hong Kong *As to PRC law:* **Tian Yuan Law Firm** 10/F, Tower B, China Pacific Insurance Plaza 28 Fengsheng Lane Xicheng District Beijing 100032 China *As to Cayman Islands law:* **Maples and Calder (Hong Kong) LLP** 26th Floor, Central Plaza 18 Harbour Road Wanchai Hong Kong
Legal Advisers to the Underwriters	*As to Hong Kong and United States laws:* **Herbert Smith Freehills** 23/F, Gloucester Tower 15 Queen's Road Central Hong Kong *As to PRC law:* **Commerce & Finance Law Offices** 12-14th Floor, China World Office 2, No. 1 Jianguomenwai Avenue Beijing, PRC

Legal Advisers to the Controlling Shareholders	*As to Hong Kong law:* **Wilson Sonsini Goodrich & Rosati** Suite 1509, 15/F Jardine House 1 Connaught Place Central Hong Kong
Auditor and Reporting Accountant	**Deloitte Touche Tohmatsu** *Certified Public Accountants and Registered Public Interest Entity Auditors* 35/F One Pacific Place 88 Queensway Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 1018, Tower B 500 Yunjin Road Xuhui District, Shanghai PRC
Compliance Adviser	**Orient Capital (Hong Kong) Limited** 28/F-29/F, 100 Queen's Road Central Central Hong Kong
Receiving Bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Registered office	PO Box 309, Ugland House Grand Cayman KY1-1104 Cayman Islands
Corporate headquarters	4-5/F., Building No. 1 16 North Hongda Road Beijing Economic-Technological Development Area Beijing PRC
Principal place of business in Hong Kong	14th Floor, Golden Center 188 Des Voeux Road Central Hong Kong
Company's website	**www.acotec.cn** (The contents on this website do not form part of this prospectus)
Joint Company Secretaries	Mr. Chen LI (李晨) 4-5/F., Building No. 1 16 North Hongda Road Beijing Economic-Technological Development Area Beijing PRC Ms. Ching Yi LI (李菁怡) *(ACG, ACS)* 14/F, Golden Centre 188 Des Voeux Road Central Hong Kong
Authorized representatives	Mr. Chen CHEN (陳琛) Room 2C, Block A 6 Gongyuan West Street Dongcheng District, Beijing PRC Ms. Ching Yi LI (李菁怡) *(ACG, ACS)* 14/F, Golden Centre 188 Des Voeux Road Central Hong Kong

Audit Committee	Ms. Kin Yee POON *(Chairperson)* Dr. Yuqi WANG Mr. Chen CHEN
Remuneration Committee	Dr. Yuqi WANG *(Chairperson)* Ms. Hong NI Ms. Jing LI
Nomination Committee	Dr. Yuqi WANG *(Chairperson)* Ms. Hong NI Ms. Jing LI
Principal share registrar and transfer office	**Maples Fund Services (Cayman) Limited** PO Box 1093, Boundary Hall Cricket Square, Grand Cayman KY1-1102, Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Principal bankers	**China CITIC Bank, Beijing Mentougou Branch** 1/F., Junyang International Building 1 Shilongnan Road, Mentougou District Beijing PRC

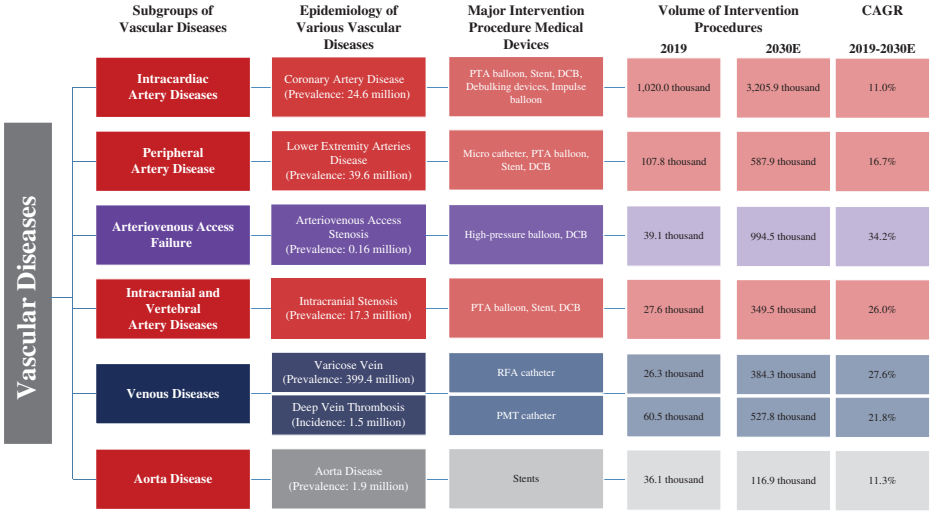
The information and statistics set out in this section and other sections of this prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers. In addition, we engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering. We believe that the sources of this information are appropriate sources for such information and 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. However, the information has not been independently verified by our Company, the Joint Sponsors, any of their respective directors, employees, agents or advisers or any other person or party involved in the Global Offering (except for Frost & Sullivan), and no representation is given as to its accuracy. Certain information and statistics contained herein may not be consistent with other information and statistics compiled within or outside China. As such, investors are cautioned not to place any undue reliance on the information, including statistics and estimates, set forth in this section or similar information included elsewhere in this prospectus. We 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 an impact on the information in this section in any material respect.

OVERVIEW OF VASCULAR INTERVENTION PROCEDURE MEDICAL DEVICE MARKET

Overview of Vascular Diseases

Vascular diseases refer to conditions that affect the arteries and/or veins, and can be categorized into artery diseases, venous diseases, and arteriovenous access failure. Depending on the location of the arteries affected, artery diseases can be further categorized into intracardiac artery diseases, aorta diseases, intracranial and vertebral artery diseases, and peripheral artery diseases. Venous diseases mainly include varicose vein and deep vein thrombosis. The following diagram illustrates the various types of vascular diseases, their prevalence or incidence rates in China, as well as information regarding the relevant intervention procedure medical devices:

Epidemiology of Various Vascular Diseases in China (2019) and Relevant Intervention Procedure Medical Devices



Source: Literature research, expert interview and Frost & Sullivan analysis. The epidemiology of the vascular diseases listed above was estimated by Frost & Sullivan based on the prevalence rate or incidence rate reported by literatures and interviews from relevant experts. Frost & Sullivan also conducted market researches on both the demand side and the supply side on the relevant marketed and under-study medical devices via multi-channel sources, including secondary industry report, enterprise sales data, the overview of the major and other competitors, and the market development trends. Based on these researches, Frost & Sullivan estimated the volume of intervention procedures in China for each vascular diseases.

Treatment Solutions for Vascular Diseases

Treatment for Artery Diseases

Most artery diseases occur as a result of the narrowing, blocking or weakening of the arteries, which in turn is primarily caused by atherosclerosis, where fatty deposits (plaque) build up on the artery walls and reduce blood flow. When the blood lipid content is high, cholesterol and other substances are prone to deposit on the artery wall and form plaque. These plaque buildups can cause artery stenosis, which can substantially interfere with blood flow and generate lesions.

Treatment methods for atherosclerosis primarily include lifestyle changes, medications, traditional open surgeries, and minimally invasive interventional procedures. Lifestyle changes and medications can help control risk factors such as diabetes, hypertension, high blood lipids and high cholesterol, but such methods alone are often insufficient to treat the diseases. In some cases of very severe atherosclerosis, open surgeries are necessary, such as endothelial dissection (in which process the physician makes a small incision to expose the damaged artery and then removes any substances that impede blood flow) and bypass surgery (in which process the physician takes a section of healthy blood vessel from another part of the body and uses it to connect the healthy artery across the narrowed portion of the artery). Minimally invasive interventional procedure provides an alternative method for the treatment of atherosclerosis, and is gradually becoming the preferred choice of patients and physicians, because it generally causes fewer complications, allows faster recovery, and is relatively cheaper as compared to open surgeries.

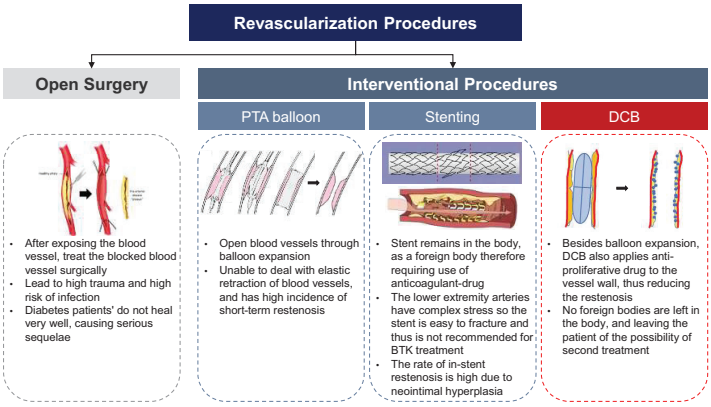
Percutaneous transluminal angioplasty (PTA) is a percutaneous interventional procedure to open up blocked peripheral arteries, allowing blood to circulate unobstructed. In a PTA procedure, the physician inserts a balloon-type catheter into an artery in the patient's groin or arm, and then inflates the balloon several times to push the fatty deposits against the artery wall. With the help of X-ray, the physicians can make sure the vessel is opened. When blood flows freely through the artery, the balloon catheter can be taken out. Different types of stents including bare metal stents (BMS), drug-eluting stents (DES) and bioresorbable scaffolds (BRS)* may be placed within the peripheral artery to keep the vessel open and reduce the risks of restenosis and recoil.

Note:

* In addition to DCB, BRS is another innovative therapy. Similar to DES, BRS can provide the necessary radial force to keep the blood vessel open immediately after the procedure, thereby reducing the elastic retraction and acute occlusion of the blood vessel, and preventing restenosis. As the vessel heals and no longer needs additional radial force to keep it open, BRS can be gradually absorbed by the human body. In this regard, similar to DCB, BRS can also achieve the notion "leave nothing behind." However, it is difficult to treat PAD using BRS, because PAD lesions are typically very long (e.g., the average target lesion length of the trial subjects of the RCT for AcoArt Orchid® &Dhalia™ were 147 mm, much longer than the length of BRS products), and vessels in arms and legs are subject to frequent movements (so BRS products implanted in the relevant vessels have higher risks of moving and fracturing). In addition, according to Frost & Sullivan, as of the Latest Practicable Date, there were only two first-generation BRS products in the China market, each with a strut thickness over 150 μm. Treatment using BRS products with thick struts often lead to turbulence in blood flow around the struts, which increases the accumulation of platelets in the BRS, thereby increasing the risk of post-operation thrombosis as well as many other biological risks. Therefore, it is expected that DCB will remain a more favorable treatment solution in the field of PAD, particularly LEAD.

In a traditional PTA procedure, the physician uses PTA balloons to treat vascular stenosis or occlusion. The major drawback of PTA balloons is the high incidence of short-term restenosis. Stents are effective in preventing vessel restenosis, but may cause complications such as thrombosis, stent fracture, and in-stent restenosis (ISR). DCB therapy is an innovative therapy using angioplasty balloons coated with anti-proliferative drugs. As compared to PTA balloons, DCB can effectively inhibit neointimal hyperplasia thanks to the drugs coated on the balloons, thereby reducing late lumen loss and restenosis. As compared to stents, DCB can significantly reduce the risk of thrombosis, avoid stent fracture and ISR, and more importantly, offer a unique value proposition of "leaving nothing behind" in human bodies.

The following diagram illustrates the available treatment solutions for atherosclerosis, and the key features, advantages and disadvantages of such treatment solutions:



Source: Literature research and Frost & Sullivan analysis

Treatment for Venous Diseases and Arteriovenous Access Failure

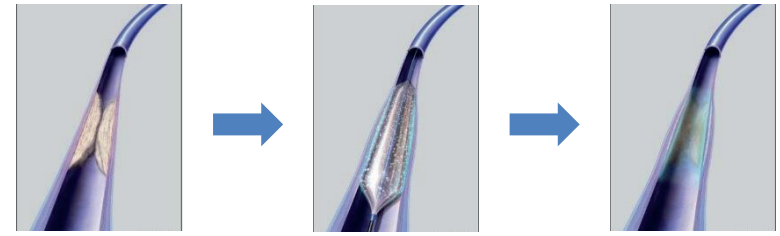
Please refer to the paragraphs headed "— Radiofrequency Ablation Catheters Market — Treatment of Varicose Vein and Energy Platform Procedures" and "— Thrombus Aspiration Catheters Market — Treatment of DVT" for more information about the treatment solutions for venous diseases.

Please refer to the paragraphs headed "Arteriovenous Fistula (AVF) DCB Market — Treatment of Stenosed Hemodialysis Arteriovenous Fistula" for more information about the treatment solutions for Arteriovenous Access Failure.

Overview of DCB

Mechanism and Indications of DCB

Drug-coated balloons (DCBs), sometimes also referred to as drug-eluting balloons (DEBs), are angioplasty balloons coated with a cytotoxic chemotherapeutic agent. Compared with PTA balloons, DCBs carry anti-proliferative drugs such as paclitaxel or sirolimus which are released to the vessel wall when the balloons are inflated, and have the potential to prohibit cell division and to limit restenosis or blockage re-growth. The diagram below illustrates the mechanism of DCB:



Source: Literature research and Frost & Sullivan analysis

The first DCB product in the world was invented by Dr. Ulrich Speck and was first launched in Europe in 2009. After over a decade of development, DCBs have been widely used in the field of coronary and peripheral interventions worldwide, particularly in medically advanced countries. In China, DCBs are currently approved by the NMPA for the treatment of coronary artery diseases (CAD), lower extremity artery diseases (LEAD) and hyperplasia in arteriovenous fistulae in dialysis patients, while a number of leading players in the DCB market in China are exploring the possibilities of further expanding the indications of DCB products.

Drug Coating Technology of DCB

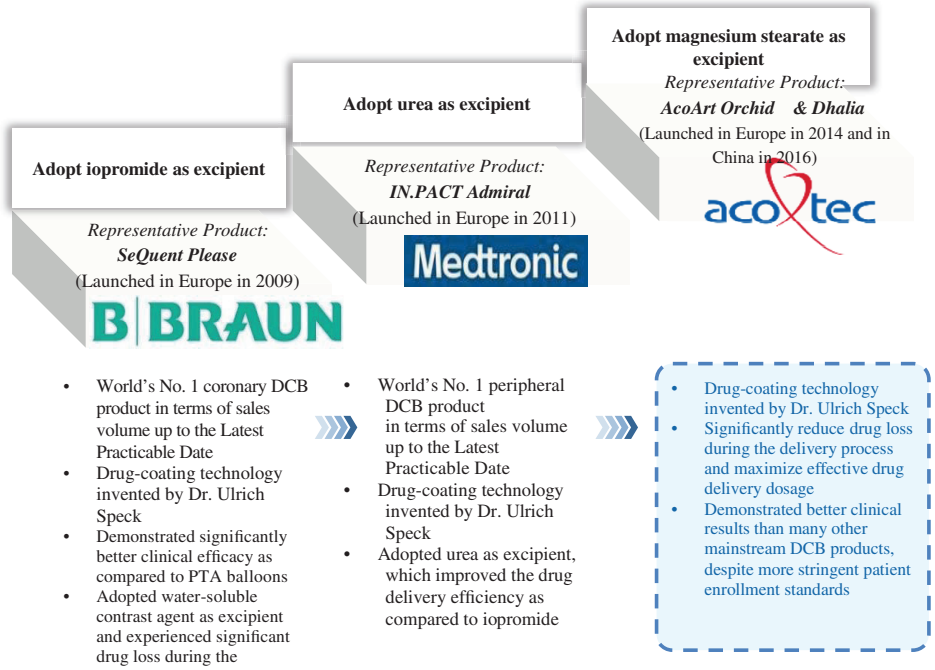
The key differentiating aspects of DCB are what drug is used and how it is attached to the balloon surface. An ideal drug delivery system can (i) effectively hold the drug in place before the balloon reaches target lesion, so that the drug would not be easily washed off by the blood flow; (ii) quickly transfer the drug from the balloon surface to the vessel intima once the balloon reaches the target lesion, so as to reduce the procedure time; and (iii) achieve long-term and sustained release of drug at the target lesion at an appropriate dosage, so as to ensure long-term therapeutic effect of inhibiting intimal hyperplasia.

The commonly used anti-proliferative drugs include water-soluble sirolimus, fat-soluble paclitaxel and their derivatives. Both paclitaxel and sirolimus had already been widely used in drug-eluting stents for the treatment of coronary artery diseases, with ample evidence suggesting that sirolimus might be a better choice because it is more effective in suppressing reactive hyperplasia and has a wider therapeutic range. But for DCB products indicated for the treatment of PAD, currently paclitaxel is the most widely used drug coating, because as compared with paclitaxel, sirolimus has lower rate of tissue absorption and less drug retention

in tissue. The key technological bottleneck of sirolimus DCB is to optimize the drug releasing curve to achieve long-term and sustained release dosage. If this bottleneck can be overcome, sirolimus has the potential to be widely used in DCB products in the future.

History and Evolvements of DCB Products

The diagram below shows the major evolvements of DCB products in terms of drug-coating technology and the representative products in the global market:



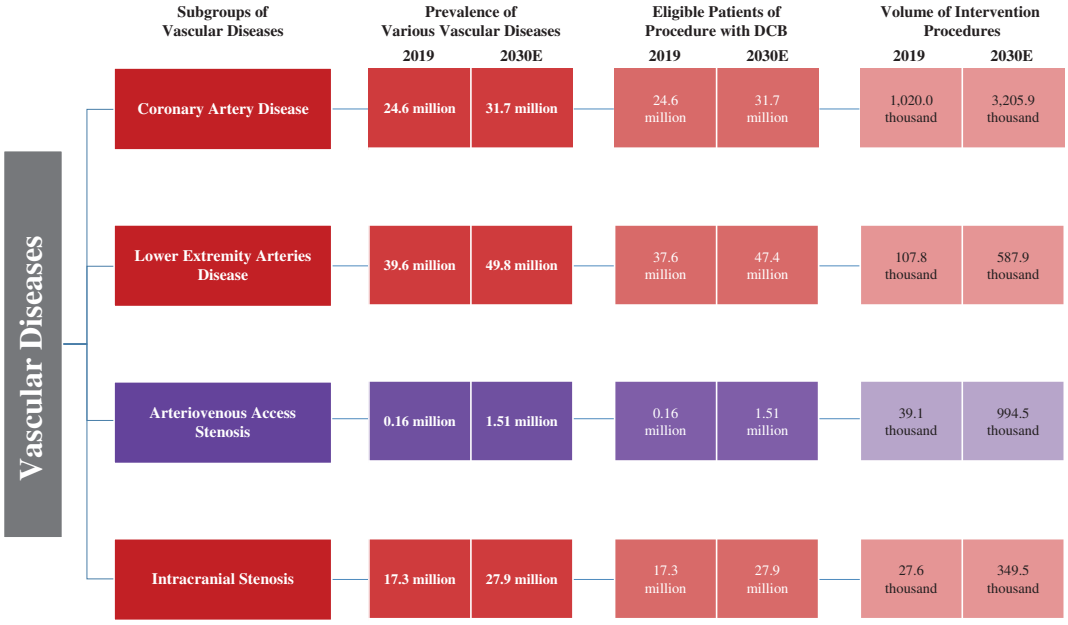
Source: Company websites, EMA, NMPA, literature research and Frost & Sullivan analysis

DCB Product Market in China

The DCB product market in China is still in its early stage of development, with significant growth potential. After DCB was first approved for the treatment of CAD in China, the market size of DCB increased significantly from RMB26.9 million in 2015 to RMB1.0 billion in 2019 at a CAGR of 150.5%. With the expected indication expansion of DCB products for the treatment of other vascular diseases, the DCB product market in China is expected to further climb to RMB6.0 billion in 2024 at a CAGR of 41.5% from 2019 to 2024, and to further increase to RMB14.3 billion in 2030 at a CAGR of 15.5% from 2024 to 2030.

The following diagram illustrates the number of patients eligible for intervention procedures using DCB products in China:

Number of Patients Eligible for Intervention Procedures Using DCB Products in China

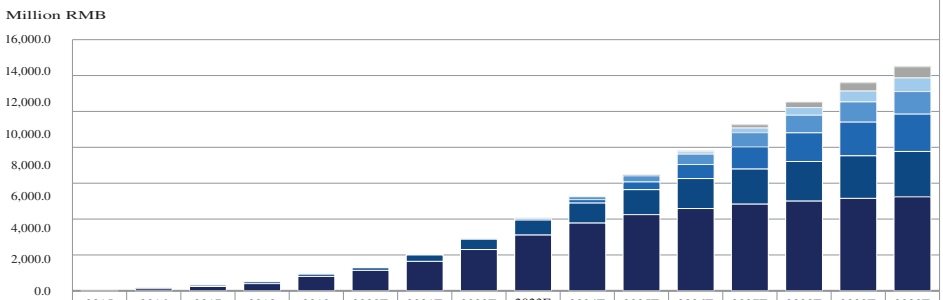


Source: Literature research, expert interview and Frost & Sullivan analysis. The epidemiology of the vascular diseases listed above was estimated by Frost & Sullivan based on the prevalence rate reported by literatures and interviews from relevant experts, while the number of eligible patients of procedure with DCB was further reckoned with multiple factors including if stenosis happened, which is the major indication of DCB. Frost & Sullivan also conducted market researches on both the demand side and the supply side on the relevant marketed or under-study DCB via multi-channel sources, including secondary industry report, enterprise sales data, the overview of the major and other competitors, and the market development trends. Based on these researches, Frost & Sullivan estimated the volume of DCB intervention procedures in China for each vascular diseases.

Our Core Products are currently aimed at the LEAD market, and we are actively exploring the opportunities to expand the indications of our Core Products to other fields such as AVF stenosis, intracranial and vertebral stenosis, and vasculogenic ED. The following diagram illustrates the historical and estimated market size of DCB products in China, with breakdown by major therapeutic areas.

Historical and Forecasted Market Size of DCB by Therapeutic Areas in China, 2015-2030E

Period	CAD	LEAD	AVF Stenosis	Intracranial & Vertebral Stenosis	Vasculogenic ED	Others	Total
2015-2019	141.7%	–	–	–	–	–	150.5%
2019-2024E	36.3%	55.1%	–	–	–	–	41.5%
2024E-2030E	5.6%	14.6%	48.7%	40.8%	86.8%	–	15.5%



	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Total	26.9	209.3	364.2	574.8	1,060.0	1,473.9	2,304.1	3,328.7	4,631.5	6,013.7	7,384.7	8,942.5	10,581.9	12,032.0	13,254.4	14,272.7
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	89.4	211.6	361.0	530.2	713.6
Vasculogenic ED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.4	59.3	147.2	296.6	485.6	690.4	866.4
Intracranial & Vertebral Stenosis	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27.8	184.3	390.2	659.7	901.4	1,120.7	1,289.6	1,437.8
AVF Stenosis	0.0	0.0	0.0	0.0	0.0	7.2	20.8	42.8	95.1	220.0	490.9	894.0	1,415.4	1,825.4	2,143.7	2,376.8
LEAD	0.0	74.7	87.3	116.2	141.8	164.2	407.6	655.3	957.2	1,274.2	1,590.1	1,909.6	2,236.4	2,525.7	2,712.6	2,890.0
CAD	26.9	134.6	277.0	458.6	918.2	1,302.6	1,875.7	2,630.6	3,551.4	4,314.9	4,854.3	5,242.6	5,520.5	5,713.7	5,888.0	5,988.1

Note: The calculation of the Market Size of DCB by Therapeutic Areas in China only includes the revenue of DCB approved for indicated therapeutic area at ex-factory level. For the therapeutic area that has no approved DCB, Frost & Sullivan had estimation on when DCB would be approved based on the under-study DCB circumstances in China.

Source: Literature research, expert interview and Frost & Sullivan analysis. Frost & Sullivan conducted market researches and interviews on both the demand side and the supply side on the relevant marketed or under-study DCB via multi-channel sources, including literature researches, secondary industry report, enterprise sales data, expert interview, the overview of the major and other competitors, the overview of major DCB and relevant market pricing, and the market development trends. Based on these researches, Frost & Sullivan collected the revenue of marketed DCB with public information and made estimation for the revenue of those without public information to calculate the market size of DCB in different therapeutic areas. Besides, the market size only includes the revenue of DCB approved for indicated therapeutic area at ex-factory level. For the therapeutic area that has no approved DCB, Frost & Sullivan had estimation on when DCB would be approved based on the under-study DCB circumstances in China.

Entry Barriers for DCB Product Market in China

The development and commercialization of DCB products require strong research and development capabilities, in-depth understanding of market trends and extensive management experience, therefore, there exist high entry barriers for new players to enter the DCB product market, including:

- *Advanced technologies in product design and manufacturing*. As a type of high-end Class III medical device, DCB products involve highly sophisticated technologies. For example, although it might be possible for new players to copy the combination of the anti-proliferation drug and the excipient used by other DCB product manufacturers, they typically would not have sufficient know-how to effectively and efficiently coat such drugs on the balloons. Only mature companies with sophisticated product design and manufacturing technologies can overcome these challenges. Similarly, ensuring an appropriate drug releasing curve for the DCB products also requires extensive research and experience, which new players usually lack.

- *Strict regulations and policies*. The regulatory regime for Class III interventional devices in China is very strict. For example, before a DCB product can be approved for commercialization, the manufacturer needs to conduct extensive pre-clinical studies and needs to complete multiple rounds of clinical trials, which would take a very long time to complete (at least three years, according to Frost & Sullivan), and would involve significant costs. Established companies have more resources to quickly respond to, and to strictly comply with, such regulations and policies, and it might be difficult for new participants in the industry to do the same.

- *Significant first-mover advantages of an established domestic player*. Different from most other segments of the medical device market in China, the peripheral DCB product market in China is dominated by a domestic player, namely Acotec, according to Frost & Sullivan. Each of Acotec's launched DCB products was approved by the NMPA multiple years ahead of its competitors. Leveraging its established first-mover advantages, Acotec is actively exploring opportunities to further expand the indications of its products. With the favorable policies adopted by the PRC government encouraging domestic medical device companies, it is expected that Acotec can further strengthen its leading position, and establish high entry barriers difficult for other players in the industry to surpass.

Growth Drivers for DCB Market in China

The DCB product market in China is expected to maintain its high growth rate mainly due to the following factors:

- *Government support*. Chinese government has adopted various policies to encourage the innovation of medical device in recent years. For instance, the Health and Wellness Plan of the Thirteenth Five-Year Plan (《"十三五"衛生與健康規劃》) aims to implement an expanded national reimbursement list for innovative medical devices. Moreover, in December 2019, the NMPA issued the Guidelines on Conditional Approval for Medical Devices (《醫療器械附條件批准上市指導原則》) to address the urgent market needs for medical devices indicated for treating life-threatening diseases, which accelerated the reviewing process and allows conditional approval for such medical devices. These favorable government policies are expected to support further expansion of the DCB market in China.

- *Ability to address unmet medical needs*. DCB products had demonstrated their potential to address a variety of unmet medical needs. For example, DCB can effectively lower the risks of vascular restenosis and recoil, without having to implant a foreign object in human bodies. Furthermore, for certain small and complex arteries, and for certain diseases that involve long and complex lesions, stenting might not be an ideal treatment solution, and might not even be a viable choice, leaving DCB as the most suitable, and sometimes the only viable, treatment solution. With the escalating prevalence of vascular diseases, enhanced patient health awareness, increased patient affordability, and improved clinical practice of physicians, it is expected that DCB therapies targeting various vascular diseases can maintain their growth momentum in China in the upcoming years.

- *Potential cost-saving solution as compared to traditional therapies*. DCB therapy outperforms many traditional therapies in multiple therapeutic areas, not only in terms of its good safety and efficacy profiles, but also in terms of its cost efficiency. As a result, an increasing number of patients may find DCB therapy more appealing than traditional therapies, thereby further drive the growth of the market.

- *Potential indication expansion*. DCB products have been widely used in the field of coronary and peripheral interventions in many medically advanced countries, but the DCB product market in China is still at its emerging stage with only a few commercialized products indicated for treating a limited number of diseases. It is expected that the DCB therapy may further expand to other therapeutic areas such as treating intracranial artery diseases, vertebral artery diseases and internal lilac artery diseases. Such potential in indication expansion will motivate market players to allocate more resources to the development of DCB drug-coating technology and drive the DCB market in China to grow in the future.

Lower Extremity DCB Market

Overview of Lower Extremity Arterial Diseases (LEAD) and Treatment

LEAD is the most common manifestation of PAD caused by atherosclerosis. LEAD occurs when plaque forms in leg arteries and causes poor blood flow, which may result in leg pain and increase the risk of developing open, infected sores on the skin. Without treatment, LEAD can cause leg tissues to die, sometimes requiring amputation. Major risk factors for LEAD include smoking, diabetes, obesity, hypercholesterolemia, hypertension, family history and age. The prevalence of LEAD in China increased from 35.8 million in 2015 to 39.6 million in 2019 at a CAGR of 2.5%, and is expected to further increase to 49.8 million in 2030, at a CAGR of 2.1% from 2019 to 2030. The expected increase in the prevalence of LEAD in China is primarily due to the potential increase of the number of patients with diabetes mellitus during the same period. Diabetes mellitus is the leading cause of atherosclerotic lesions in BTK arteries and its most common manifestation in lower extremity is diabetic foot. The prevalence of patients with diabetes mellitus in China increased from 114.7 million in 2015 to 129.4 million in 2019 at a CAGR of 3.1%, and is expected to further increase to 170.3 million in 2030, at a CAGR of 2.5% from 2019 to 2030. The expected increase in the prevalence of diabetes mellitus in China is primarily due to the aging of population and potential unhealthy lifestyle in the future. For patients with diabetes mellitus, the high blood sugar levels will prevent nutrients and oxygen from energizing cells, prevent the immune system from functioning efficiently, and increase inflammation in the body's cells, which finally lead to the slow wound healing and ulceration of the foot, namely the diabetic foot. According to Frost & Sullivan, a large and increasing patient pool suffers from diabetic foot in China. The prevalence of diabetic foot in China increased from 6.5 million in 2015 to 7.4 million in 2019 at a CAGR of 3.1%, and is expected to increase to 9.7 million in 2030 at a CAGR of 2.5% from 2019 to 2030.

In the early stages of LEAD, treatment options for patients primarily include behavioral changes and drug therapy. In more advanced stages of LEAD such as critical and acute limb ischemia, revascularization through intervention procedures or bypass surgeries is necessary to reduce the risk of amputation. In recent years, lower extremity intervention procedures have developed rapidly and are increasingly preferred by physicians and patients over bypass surgeries as they generally cause fewer complications and allow faster recoveries. Categorized by the anatomical location of target lesions, lower extremity intervention procedures include above-the-knee interventions and below-the-knee interventions.

Above-the-knee interventions

Above-the-knee interventions primarily target lesions in superficial femoral artery (SFA) and popliteal artery (PPA). Common therapies adopted in the intervention procedures for the treatment of SFA/PPA lesions include PTA balloons, stents and DCBs.

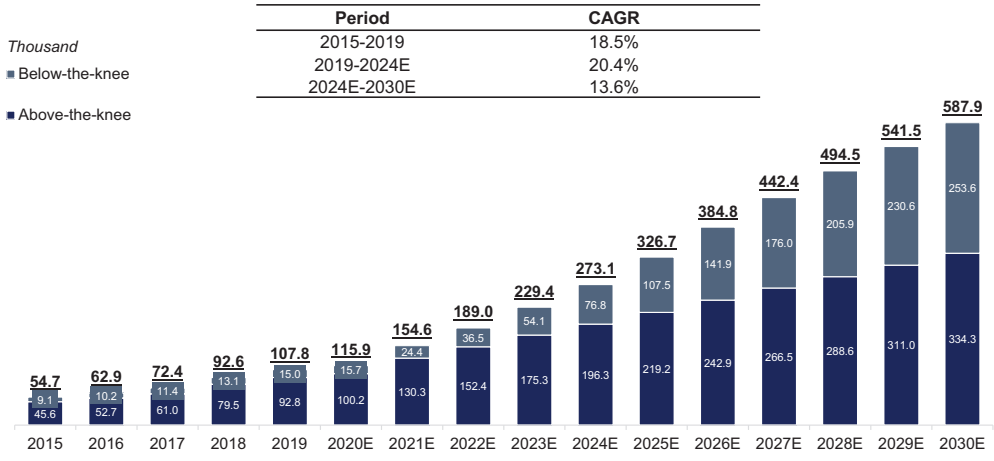
Below-the-knee interventions

Below-the-knee (BTK) interventions primarily target lesions in tibial artery, fibular artery and dorsalis pedis artery. These BTK arteries generally have smaller diameter than above-the-knee arteries and the BTK lesions are normally longer than the SFA/PPA lesions. As a result, stenting is normally not suitable for the treatment of BTK lesions. Low-profile PTA balloon is currently the mainstream therapy for the treatment of BTK lesions. Driven by the large patient pool and the increasing awareness of the benefits of DCB therapy among physicians and patients, below-the-knee interventions using DCB products are expected to grow rapidly in China.

Lower Extremity Intervention Procedures in China

Despite the huge pool of patients suffering from LEAD in China, only a very small portion of such patients received treatment. The diagram below shows the number of lower extremity intervention procedures in China:

Historical and Forecasted Volume of Lower Extremity Artery Intervention Procedures in China, 2015-2030E



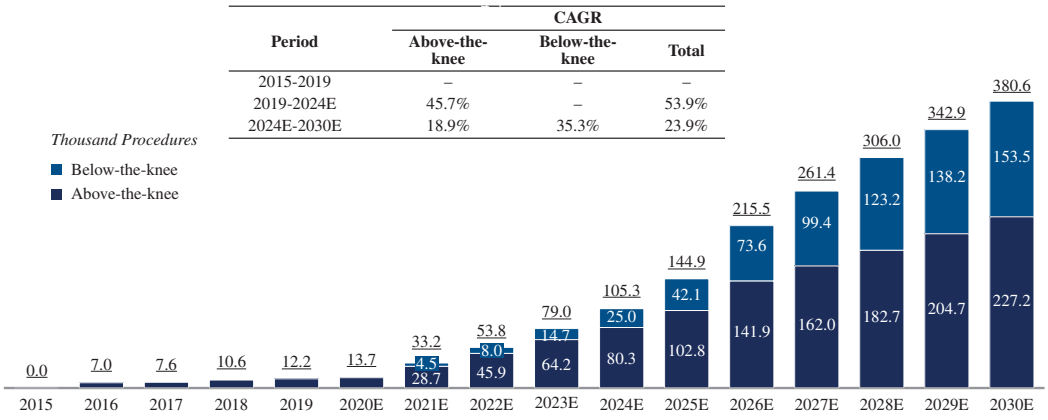
Note: The calculation of the volume of LEAD intervention procedures in China only includes the relevant intervention medical devices approved for use in the treatment of LEAD.

Source: *Literature research, expert interview and Frost & Sullivan analysis. Frost & Sullivan conducted market researches on both the demand side and the supply side on the relevant marketed or under-study intervention medical devices indicated for use in the treatment of LEAD via multi-channel sources, including NMPA approved medical device database, enterprise sales data, the overview of the major and other competitors, literature researches, expert interview, and the market development trends. Based on these researches, Frost & Sullivan estimated the volume of intervention procedures in China. The expected increase in the number of LEAD intervention procedures is primarily due to the potential increasing population of patients with LEAD, the incremental acknowledgment of the benefits of intervention procedures over open surgery, and the arising number of approved intervention medical devices in the future.*

Lower Extremity DCB Procedures in China

Because of the benefits of DCB therapy as compared to other interventional therapies such as PTA balloons and DESs, particularly in the field of treating LEAD, DCB procedures are expected to capture a significant portion of lower extremity intervention procedures. The number of lower extremity DCB procedures in China increased from nil in 2015 to 12.2 thousand in 2019. It is estimated to increase to 105.3 thousand in 2024 (including 25.0 thousand below-the-knee DCB procedures) at a CAGR of 53.9% from 2019 to 2024, and to further increase to 380.6 thousand in 2030 (including 153.5 thousand below-the-knee DCB procedures) at a CAGR of 23.9% from 2024 to 2030. The diagram below shows the historical and forecasted number of lower extremity DCB procedures in China:

Historical and Forecasted Volume of Lower Extremity DCB Procedures in China, 2015-2030E



Note: The calculation of the volume of LEAD DCB procedures in China only includes the DCB approved for use in the treatment of above-the-knee or below-the-knee. The first DCB in China obtained the approval for use in the above-the-knee by NMPA in 2016, namely the AcoArt Orchid® & Dhalia™. While the first DCB in China obtained the approval for use in the below-the-knee by NMPA in 2020, namely the AcoArt Tulip™ & Litos™, which is expected to have sales and intervention procedures in 2021.

Source: Literature research, expert interview and Frost & Sullivan analysis

Market Size of Lower Extremity DCB Products in China

The market size of lower extremity DCB products in China increased from nil in 2015 to RMB141.8 million in 2019. It is estimated to increase to RMB1.3 billion in 2024 (including RMB363.3 million for below-the-knee DCB products) at a CAGR of 55.1% from 2019 to 2024, and further increase to RMB2.9 billion in 2030 (including RMB1.5 billion for below-the-knee DCB products) at a CAGR of 14.6% from 2024 to 2030.

Competitive Landscape of DCB Products Indicated for Treating SFA/PPA Lesions

Analysis and Comparison of Approved SFA/PPA DCB Products in China

As of the Latest Practicable Date, there were only four NMPA-approved DCB products indicated for the treatment of superficial femoral (SFA) and popliteal arteries (PPA) lesions on the market in China, details of which are set out in the below table:

Manufacturer		Acotec	Endovastec	Medtronic	Zylox Medical
Product Name		AcoArt Orchid® & Dhalia™	Reewarm PTX	IN.PACT Admiral	UltraFree
Coated Drug		Paclitaxel	Paclitaxel	Paclitaxel	Paclitaxel
Drug Dosage, μg/mm²		3.0	3.0	3.5	3.0
Excipient		Magnesium Stearate	Iopromide	Urea	No excipient
Target Lesions		SFA/PPA (including P1, P2, P3 segments of PPA)	Lower limb (excluding BTK arteries)	Lower limb (excluding BTK arteries)	Lower limb (excluding BTK arteries)
Balloon Length, mm		20-300	20-220	20-120	20-220
Balloon Diameters, mm		3-12	2-7	4-7	2-12
Guidewire, inch	0.014	×	√	×	×
	0.018	√	√	×	√
	0.035	√	×	√	√
Approval	NMPA	2016	2020	2020	2020
	FDA	N/A	N/A	2014	N/A
	CE	2014	2020	2009	2020

Source: FDA, EMA, NMPA, company websites and Frost & Sullivan analysis

The table below summarizes the key information of the clinical trials conducted by the above four DCB product manufacturers for product registration in China:

Manufacturer		Acotec	Endovastec		Medtronic		Zylox Medical
Product Name		AcoArt Orchid® &Dhalia™	Reewarm PTX		IN.PACT Admiral		UltraFree
Clinical Trial Initiated In		2013.04	2014.07		2010.09	2014.03	N/A
Clinical Trial		NCT01850056	Published Literature	CMDE Evaluation Report	NCT01175850; NCT01566461	NCT02118532	CMDE Evaluation Report
Patient Enrolled		200	200	200	331	143	192
Trial Type		RCT	RCT	RCT	RCT	SAT	RCT
Enrolled Lesions	Target Lesion Length, mm	147 ± 110	96 ± 48	N/A	89 ± 49	104 ± 65	70 ± 63
	CTO, %	54	49	N/A	26	52.4	N/A
Clinical Endpoint	6 months LLL, mm	0.05 ± 0.73	0.49 ± 0.81	0.49 ± 0.81	N/A	N/A	0.50 ± 0.82
	6 months Restenosis Rate, %	22.5	28.9	28.1	N/A	N/A	21.1
	6 months CD-TLR, %	6.1	16.9*	N/A	N/A	N/A	6.5
	12 months CD-TLR, %	7.2	15.0*	15*	2.4	2.9	N/A
	12 months Patency Rate, %	76.1	N/A	N/A	82.2	89.1	54.0
	5-year CD-TLR, %	22.5	N/A	N/A	25.5	N/A	N/A
	5-year All-cause Death, %	17.3	N/A	N/A	15.8	N/A	N/A

* *The TLR results of Endovastec are all-TLR but not CD-TLR.*

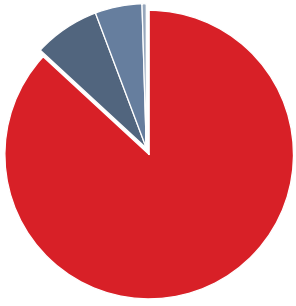
Note: The above information was derived from different clinical trials for different products without the support of controlled, head-to-head clinical studies.

Source: ClinicalTrials.gov, literature research, CMDE and Frost & Sullivan analysis

As demonstrated in the table above, as compared to the other clinical trials, the clinical trial for AcoArt Orchid® & Dhalia™ adopted more stringent patient enrollment standards: patients enrolled for the AcoArt Orchid® & Dhalia™ clinical trial had an average lesion length of 147 mm, and 54% of the patients enrolled had chronic total occlusion (CTO) (i.e., their diseased arteries was completely obstructed). In terms of six-month late lumen loss (LLL), which was the primary endpoint of the AcoArt Orchid® & Dhalia™ clinical trial and one of the most important efficacy indicators for DCB products, the trial subjects who were treated with AcoArt Orchid® & Dhalia™ had an average six-month LLL of only 0.05 mm, meaning that six-months after being treated with AcoArt Orchid® & Dhalia™, the average diameter of the treated arteries of the trial subjects reduced by merely 0.05 mm as compared to the average diameter immediately after the procedures, which convincingly demonstrated the long-term effectiveness of AcoArt Orchid® & Dhalia™ in preventing vessel restenosis.

Acotec is the dominating market leader in the SFA/PPA DCB market in China, and the other three market players just received NMPA's approvals for their respective SFA/PPA DCB products in 2020. The following diagram illustrates the market shares of the existing players in the industry in terms of revenue generated in 2020:

Market Share of Players of in the SFA/PPA DCB Market in China, 2020E



Company	Revenue, Million RMB	Share
Acotec	142.6	86.9%
Player A	12.2	7.4%
Player B	8.6	5.3%
Player C	0.8	0.5%

Note: Frost & Sullivan has estimation for the revenue which does not have public information.

Source: Annual reports, expert interview and Frost & Sullivan analysis

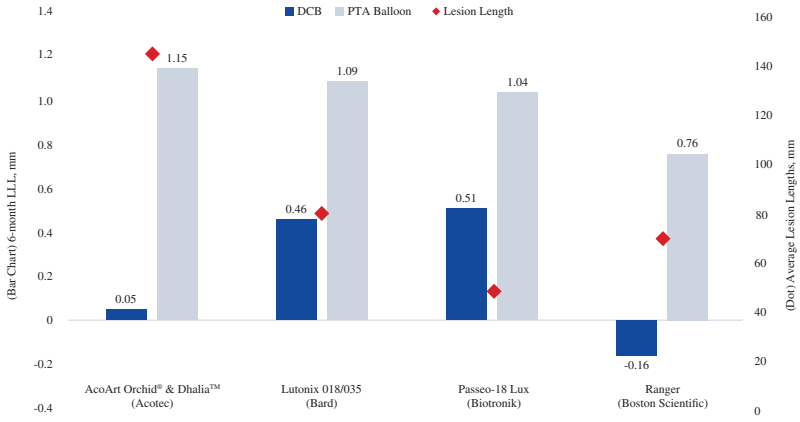
Analysis and Comparison of SFA/PPA DCB Products under Clinical Study in China

As of the Latest Practicable Date, only four DCB products indicated for the treatment of SFA/PPA lesions were under clinical study in China and all of them are manufactured by international brands, details of which are set out in the below table:

Manufacturer	Biotronik	Boston Scientific	Cardionovum	C.R. Bard
Product Name	Passeo-18 Lux	Ranger OTW/SL OTW	Legflow OTW	Lutonix 018/035
Coated Drug	Paclitaxel	Paclitaxel	Paclitaxel	Paclitaxel
Indication	SFA, PPA	SFA, PPA	SFA, PPA	SFA, PPA
Primary Outcome Measures	MALE, CD-TLR	TLR	CD-TLR	Primary Patency of the Target Lesion
Time Frame	1 month	12 months	12 months	0-12 months
Trial Locations	China	China	China	China
Note	Passeo-18 Lux obtained CE mark in the use of treatment for SFA/PPA in 2014	Ranger got FDA approval in the use of treatment for SFA/PPA in 2020; Ranger obtained CE mark in the use of treatment for SFA/PPA in 2014	Legflow obtained CE mark in the use of treatment for SFA/PPA in 2012	Lutonix got FDA approval in the use of treatment for SFA/PPA in 2014; Lutonix obtained CE mark in the use of treatment for SFA/PPA in 2011

Source: Company websites, ClinicalTrials.gov and Frost & Sullivan analysis

The above four SFA/PPA DCB products have been launched for years and obtained wide acceptance in overseas markets. Upon approval by the NMPA, they will become competing products of AcoArt Orchid® & Dhalia™ in the China market. As of the Latest Practicable Date, Biotronik, Boston Scientific, Cardionovum and C.R. Bard were conducting clinical trials as required by the NMPA for these four DCB products in China but had not published any trial results. Nevertheless, three of them (i.e., Biotronik, Boston Scientific and C.R. Bard) have published the results of the clinical trials (including the six-month LLL data) conducted for the same products in overseas markets. As compared with these clinical trials, the RCT for AcoArt Orchid® & Dhalia™ enrolled patients with the longest lesions in average and demonstrated the most significant difference between the DCB group and the PTA group in terms of six-month LLL, as shown in the chart below:



Note: The above information was derived from different clinical trials for different products without the support of controlled, head-to-head clinical studies.

Source: ClinicalTrials.gov, literature research and Frost & Sullivan analysis

Analysis and Comparison of Products with Long-term Clinical Trial Results

As of the Latest Practicable Date, Cook Medical and Medtronic were the only two international players that had published peer-reviewed five-year follow-up results on well-known journals for their endovascular interventional devices indicated for the treatment of PAD (i.e., Cook Medical's Zilver PTX, a DES product and Medtronic's IN.PACT Admiral, a DCB product). A summary of the five-year clinical trial results for the two products (as compared with the RCT for AcoArt Orchid® & Dhalia™) are set out in the table below:

Manufacturer			Acotec	Cook	Medtronic
Product Name			AcoArt Orchid® & Dhalia™ (DCB)	Zilver PTX (DES)	IN.PACT Admiral (DCB)
Coated Drug			Paclitaxel	Paclitaxel	Paclitaxel
Drug Dosage, μg/mm²			3.0	3.0	3.5
Excipient			Magnesium Stearate	No excipient	Urea
Target Lesions			SFA/PPA	SFA	SFA/PPA
Data Source			Literature	Literature	Literature
NCT Number			NCT01850056	NCT00120406	NCT01175850; NCT01566461
Patients Enrolled			200	474	331
Trial Type			RCT	RCT	RCT
Target Lesion Length, mm		DCB/DES	147 ± 110	66 ± 39	89 ± 49
		PTA	152 ± 109	63 ± 41	88 ± 51
Clinical Endpoint	5-year Freedom from CD-TLR, %	DCB/DES	77.5	83.1	74.5
		PTA	59.1	67.6	65.3
	5-year Freedom from All-cause Death, %	DCB/DES	82.7	83.1	84.2
		PTA	73.2	89.8	90.4

Note: The above information was derived from different clinical trials for different products without the support of controlled, head-to-head clinical studies.

Source: ClinicalTrials.gov, literature research and Frost & Sullivan analysis

As demonstrated in the table above, as compared to the other two clinical trials, the patients enrolled for the clinical trial for AcoArt Orchid® & Dhalia™ had the longest target lesion (which means that the diseases suffered by the relevant patients were much more severe, and therefore theoretically much more difficult to cure). Five-year freedom from CD-TLR indicates the number of patients who did not undergo any re-interventions at the target lesion due to clinical symptoms within five years after the procedures (which theoretically means that the diseases suffered by the relevant patients did not recrudesce for five years after the procedures). Five-year freedom from CD-TLR is one of the most important long-term efficacy indicators for endovascular interventional devices indicated for the treatment of PAD. In addition, in terms of five-year freedom from all-cause death (one of the most important long-term safety indicators), the RCT for AcoArt Orchid® & Dhalia™ was the only clinical trial where the study group demonstrated better results than the control group (which means after five years, the patients who had accepted the treatment of AcoArt Orchid® & Dhalia™ had a lower rate of all-cause death than the patients who had accepted the treatment of PTA balloons, while the other two clinical trials demonstrated an opposite result).

Competitive Landscape of DCB Products Indicated for Treating BTK Lesions

As of the Latest Practicable Date, AcoArt Tulip™ & Litos™ was the first and only BTK DCB product approved by the NMPA and there was no ongoing clinical trial conducted in China for any other BTK DCB product candidates[1], so it is expected that Acotec can maintain its leading position in the BTK DCB market in China for at least five years.

In the global market, as of the Latest Practicable Date, several other BTK DCB products (e.g., Passeo-18 Lux developed by Biotronik, and Lutonix 014 developed by C.R. Bard) obtained the CE Marking, but no BTK DCB product had received approval in the U.S. or Japan. Very limited information is publicly available for such products that only obtained the CE Marking. As of the Latest Practicable Date, AcoArt Tulip™ & Litos™ was the only BTK DCB product that received regulatory approval based on multi-center randomized controlled clinical trial results.

Arteriovenous Fistula (AVF) DCB Market

End-Stage Renal Disease (ESRD) and Hemodialysis (HD)

End-stage renal failure, also known as end-stage renal disease (ESRD), is the final, permanent stage of chronic kidney disease, where kidney function has declined to the point that the kidney can no longer function on its own. A patient with end-stage renal failure must receive dialysis or kidney transplantation in order to survive for more than a few weeks.

Dialysis artificially removes waste products and extra fluid from blood when kidneys can no longer perform such function. In peritoneal dialysis (PD), a catheter inserted into the abdomen fills abdominal cavity with a dialysis solution that absorbs waste and excess fluids. After a period of time, the dialysis solution drains from the body, carrying the waste with it. In hemodialysis (HD), a machine filters waste and excess fluids from the blood. Compared with PD, HD has a higher dialysis efficacy and better capacity control. In China, there are more prevalent HD patients than PD patients.

The number of HD patients in China increased from 385.1 thousand in 2015 to 632.7 thousand in 2019 at a CAGR of 13.2%. It is estimated to increase to 1.3 million in 2024 at a CAGR of 16.2% from 2019 to 2024, and to further increase to 3.8 million in 2030 at a CAGR of 18.8% from 2024 to 2030.

Treatment of Stenosed Hemodialysis Arteriovenous Fistula

Arteriovenous Fistula (AVF) is an abnormal connection or passageway between an artery and a vein. Arteriovenous fistulas are often surgically created for use in dialysis in people with ESRD, but they may also be congenital, or acquired due to pathologic process, such as trauma or erosion of an arterial aneurysm.

Note:

1. There was another company that registered a clinical trial in China for a BTK product candidate, but based on publicly available information, this clinical trial was suspended as of the Latest Practicable Date.
2. Manufacturers are not required to submit randomized controlled clinical trial results for their respective BTK DCB products, in order to apply for the CE Marking. In comparison, in heavily regulated markets such as the U.S., China, and Japan, multi-center randomized controlled clinical trial results are mandatory in order to register BTK DCB products in the relevant jurisdictions.

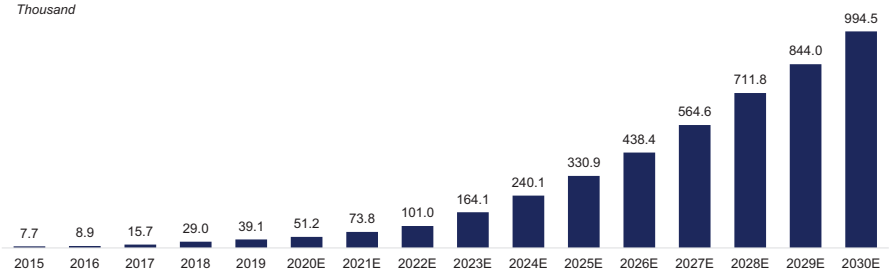
When a vein and an artery are connected to form an AVF, the vein is at risk for damage caused by the change in blood flow rate and pressure from the high pressure, high flow rate in the arterial system. The body responds to this damage by sending extra cells to repair the problem, and those extra cells build up over time, resulting in stenosis. Another cause of stenosis in AVF is repeated punctures on the skin for dialysis access, and the puncture point is prone to intimal hyperplasia, leading to intravascular stenosis. Stenosed HD AVF not only makes surgically created AVFs lose their functions, but also involves a number of complications, many of which life-threatening.

Treatment methods for stenosed HD AVF include surgery and endovascular intervention. Surgery is the traditional treatment method for the stenosed HD AVF, during which procedure the physician opens the stenosed vessels and re-create the AVF. Surgery is proved to be an effective way of treating stenosed HD AVF, however, it may cause infections and other complications, and not all patients can endure, or are willing to undergo, open surgeries. Endovascular intervention is currently the recommended approach to treat stenosed HD AVF. Among all endovascular interventional technologies, including PTA balloons, high-pressure balloons, cutting balloons, stent-graft, and DCB, stent-graft can more effectively prevent restenosis as compared to PTA balloons, high-pressure balloons and cutting balloons, but may lead to ISR; DCB, on the other hand, can effectively prevent restenosis while avoiding the complications associated with leaving a stent in the human body.

The number of HD interventional procedures in China increased from 7.7 thousand in 2015 to 39.1 thousand in 2019 at a CAGR of 50.1%. It is estimated to increase to 240.1 thousand in 2024 at a CAGR of 43.8% from 2019 to 2024, and further increase to 994.5 thousand in 2030 at a CAGR of 26.7% from 2024 to 2030. The diagram below shows the number of HD interventional procedures in China:

Historical and Forecasted Volume of Interventional Procedures for Hemodialysis AVF Stenosis in China, 2015-2030E

Period	CAGR
2015-2019	50.1%
2019-2024E	43.8%
2024E-2030E	26.7%



Source: Literature research, expert interview and Frost & Sullivan analysis. Frost & Sullivan conducted market researches on both the demand side and the supply side on the relevant marketed or under-study intervention medical devices indicated for use in the treatment of hemodialysis AVF stenosis via multi-channel sources, including NMPA approved medical device database, enterprise sales data, the overview of the major and other competitors, literature researches, expert interview, and the market development trends. Based on these researches, Frost & Sullivan estimated the volume of hemodialysis AVF stenosis intervention procedures in China. The expected increase in the number of intervention procedures is primarily due to the potential increasing population of patients adopting hemodialysis, and the arising number of approved intervention medical devices for the treatment of such disease in the future.

Market Size and Competitive Landscape of AVF DCB Products

The first DCB product for the treatment of HD AVF stenosis was commercialized in China in 2020, and driven by the increasing number of HD interventional procedures in China, it is estimated that the market size of DCB products for the treatment of HD AVF stenosis in China would reach RMB220.0 million in 2024 and further increase to RMB2.4 billion in 2030 at a CAGR of 48.7% from 2024 to 2030.

As of the Latest Practicable Date, Cardionovum's APERTO OTW® was the only arteriovenous access DCB that has been approved by the NMPA for commercialization in China, and Bard's Lutonix® and Medtronic's IN.PACT™ AV™ were the only arteriovenous access DCBs that has been approved by the FDA for commercialization in the United States. As of the Latest Practicable Date, Acotec was one of the only two companies conducting clinical trials in China for arteriovenous access DCB products.

Intracardiac DCB Market

Coronary Artery Disease (CAD)

Coronary artery disease (CAD), also known as ischemic heart disease, is a type of cardiovascular disease that develops due to the narrowing or blockage of the coronary arteries, usually caused by atherosclerosis. The most important behavioral risk factors of CAD are unhealthy diet, physical inactivity, tobacco use and harmful use of alcohol. There are also a number of underlying determinants of CAD, including aging, stress and hereditary factors. With its high morbidity and mortality, CAD seriously threatens human health, especially in the rural areas.

Due to factor such as aging population, obesity and sedentary lifestyles, the number of CAD patients in China increased from 22.0 million in 2015 to 24.6 million in 2019 at a CAGR of 2.8%, and is estimated to further increase to 31.7 million in 2030 at a CAGR of 2.3% from 2019 to 2030.

Treatment of CAD

CAD is considered to be one of the most serious diseases, because of its high incidence and mortality rates. Currently, treatments for CAD are generally divided into four categories: medication, coronary artery bypass grafting (CABG), percutaneous coronary intervention (PCI) and stem cell transplantation. The medication approach is used to manage the risk factors associated with CAD, such as hypertension, high cholesterol, high blood lipids and diabetes, therefore it can only help alleviate the patients' symptoms, but typically cannot prevent CAD from progressing to severe CAD. If severe CAD is not treated by redirecting blood flow or widening the coronary arteries through surgeries or interventional procedures, patients will experience worsening symptoms, which can lead to death. Both CABG and PCI can effectively treat CAD and are the two mainstream treatment methods recommended by physicians. CABG is an open-heart surgery, in which an artery or vein taken from elsewhere in the body is stitched in place to reroute blood around the blocked artery. However, not all patients can withstand open-heart surgeries. For patients with inoperable CAD, or with high surgical risks, PCI offers them a viable alternative with minimal invasiveness. In addition, because PCI procedures require less hospitalization time, allow faster recovery, and are relatively cheaper than CABG procedures, PCI procedures are also increasingly being performed on intermediate to low surgical risk CAD patients.

PCI is used primarily to open a narrowed or blocked coronary artery and restore arterial blood flow to heart tissue, without requiring open-heart surgery. Since the conduct of the first successful PCI procedure, the interventional treatment for CAD has undergone more than 30 years of development, and the treatment methods evolved from PTA balloons to bare-metal stents (BMS), then to drug-eluting stents (DES), and further to bioresorbable scaffolds (BRS). The various types of stents are more effective in preventing vessel restenosis than PTA balloons, however, studies show that there are still chances of in-stent restenosis (ISR) associated with such stenting procedures, and once ISR occurs, it would be very difficult to treat it with another stent.

In addition, a sub-group of CAD is called small vessel disease (SVD), which occurs when the walls of the small arteries in the heart are damaged. Because the vessels are very small, it is difficult to treat SVD with stents. Furthermore, certain CAD cases involve bifurcation lesions, which refer to coronary artery narrowing involving both the main artery and the adjacent side branches. Such bifurcation lesions are also difficult to treat with stents.

According to Frost & Sullivan, based on the literature researches and expert interviews it conducted, among all the cases requiring PCI procedures, approximately 10% involved ISR, approximately 18% involved SVD, and approximately 37% involved bifurcation lesions. As compared to stents, DCB is a better option to treat such diseases or complications.

Competitive Landscape of Intracardiac DCB Products

As of the Latest Practicable Date, there were eight intracardiac DCB products approved for commercialization in China, among which seven were indicated for the treatment of ISR and one was indicated for the treatment for bifurcation lesions. As of the Latest Practicable Date, Acotec was conducting an RCT for its intracardiac DCB product indicated for the treatment of SVD. Details of the intracardiac DCB products approved by the NMPA as of the Latest Practicable Date are set out in the below table:

Manufacturer		B. Braun		Yinyi Biotech	Cardionovum	Shenqi Medical	Lepu Medical	InnoMed Scientific	Barty Medical
Product Name		SeQuent Please	SeQuent Please NEO	Bingo	RESTORE	Swide	Vesselin	Coronary Drug-release Balloon Dilatation Catheter	Paclitaxel-eluting PTCA Balloon Dilatation Catheter
Coated Drug		Paclitaxel	Paclitaxel	Paclitaxel	Paclitaxel	Paclitaxel	Paclitaxel	Paclitaxel	Paclitaxel
Drug Dosage, μg/mm2		3	3	3	3	3	3	3	3
Excipient		Iopromide	Iopromide	N/A	Shellac Resin Ammonium Salt	Iopromide	Urea	Iopromide	N/A
Indication	ISR	√	√	×	√	√	√	√	√
	Small Vessel	×	×	×	×	×	×	×	×
	Bifurcation	×	×	√	×	×	×	×	×
Approval	NMPA	2013	2018	2017	2019	2019	2020	2020	2021

Source: NMPA, Company Websites, Frost & Sullivan Analysis

Indication Expansion of DCB Products

Now that DCB has been proven to be a safe and effective way to open coronary arteries, lower extremity peripheral arteries, and stenosed HD AVFs, and in the meantime reduce the risks of restenosis or recoil, it is also being investigated for the applications in treating diseases in other types of arteries such as the intracranial artery, vertebral artery and internal lilac artery.

Intracranial DCB and Vertebral Artery DCB Market

Stroke

Stroke is the sudden death of some brain cells due to lack of oxygen when the blood flow to the brain is lost by blockage or rupture of an artery to the brain. It is the second leading cause of death and the third leading cause of disability worldwide.

There are two major categories of stroke: ischemic stroke and hemorrhagic stroke. Ischemic stroke occurs when a vessel supplying blood to the brain is obstructed; and intracranial stenosis, a narrowing of an artery inside the brain, may lead to acute ischemic strokes. Hemorrhagic stroke is bleeding that suddenly interferes with the brain's function and this bleeding can occur either within the brain or between the brain and the skull.

The number of stroke incidence in China increased from 4.2 million in 2015 to 4.8 million in 2019 at a CAGR of 3.7%. It is estimated to increase to 5.7 million in 2024 at a CAGR of 3.2% from 2019 to 2024, and further increase to 6.2 million in 2030 at a CAGR of 1.5% from 2024 to 2030.

Intracranial and Vertebral Atherosclerotic Stenosis

Intracranial and vertebral atherosclerotic stenosis of a major cerebral artery is one of the most common causes of stroke worldwide, especially for ischemic stroke. Atherosclerotic stenosis is associated with a high risk of recurrent stroke compared with other stroke subtypes.

Acute ischemic stroke is the most common type of stroke, accounting for around 70% of the strokes in China. Intracranial atherosclerotic stenosis is one of the major causes of ischemic stroke, accounting for 47.6% of the ischemic strokes. The number of patients with ischemic stroke caused by intracranial atherosclerosis disease increased from 1.4 million in 2015 to 1.6 million in 2019 at a CAGR of 4.1%. It is estimated to increase to 1.9 million in 2024 at a CAGR of 3.7% from 2019 to 2024, and further increase to 2.2 million at a CAGR of 1.9% from 2024 to 2030.

Treatment of Intracranial and Vertebral Atherosclerotic Stenosis

Treatment methods for intracranial and vertebral atherosclerotic stenosis include lifestyle changes, medication, surgery, and endovascular intervention. Endovascular intervention has been applied for the treatment for both intracranial atherosclerotic stenosis (ICAS) and vertebral atherosclerotic (VAO) stenosis. Historically, most intervention procedures for intracranial and vertebral atherosclerotic stenosis used PTA balloons or stents. However, PTA balloons often result in high rate of restenosis, and stenting often causes complications such as ISR. DCB is a promising treatment method for the treatment of ICAS and VAO.

Competitive Landscape of Intracranial DCB and Vertebral Arterial DCB Products

As of the Latest Practicable Date, there was no DCB product approved for the treatment of intracranial or vertebral atherosclerosis in China, and Acotec was the only company that was conducting clinical trials for its DCB product for the treatment of ICAS and VAO in China.

Internal Iliac Artery DCB Market

Erectile Dysfunction

Erectile dysfunction (ED) is defined as the persistent or repeated inability to achieve or maintain an erection sufficient for satisfactory sexual performance. Important risk factors that affect ED occurrence and severity include aging, unhealthy lifestyles, metabolic diseases and adverse reactions of drugs.

The number of patients with ED in China increased from 130.4 million in 2015 to 146.2 million in 2019 at a CAGR of 2.9%. It is estimated to increase to 170.6 million in 2024 at a CAGR of 3.1% from 2019 to 2024, and to further increase to 196.4 million in 2030 at a CAGR of 2.4%.

Although ED could be caused by pure physiological factors such as stress, depression and anxiety, approximately 70% of ED cases are caused by physical factors, among which approximately 70% are caused by insufficient blood supply (vasculogenic ED).

Treatment of Vasculogenic ED

Current treatment methods for vasculogenic ED include drugs, non-invasive medical devices, open surgery, and endovascular intervention. Among them, PDE5 inhibitor drugs are still the first-line treatment for vasculogenic ED patients. However, the unresponsive rate of PDE5 inhibitor drugs is up to 50%, and the drugs may cause a number of complications. Vacuum erectile device (VED) is a type of non-invasive medical device which uses negative pressure to increase blood flow to the penis, but it may cause pain, bruising, or difficulty ejaculating. Penile prosthesis implantation is the use of surgical procedures to implant plastic or inflatable fillers into the corpora cavernosa of the penis. It is an effective treatment for vasculogenic ED with no interference to urination, orgasm or pleasure, but it is costly and has a risk of infection and mechanical malfunction. Endovascular interventions have been proved to be effective to expand the internal iliac artery, which would increase the blood flow to the penis and treat vasculogenic ED.

Among endovascular intervention solutions for the treatment of vasculogenic ED, DCB is regarded as a promising method because it reduces the risks of restenosis, and can avoid the complications commonly associated with stents such as ISR and stent fracture.

Competitive Landscape of Vasculogenic ED DCB Products

As of the Latest Practicable Date, Concept Medical's MagicTouch-ED was the only DCB product approved to be use in the treatment of vasculogenic ED in the world. In China, Acotec initiated a single-center pilot study to evaluate the safety and efficacy of DCB product in the treatment of vasculogenic ED.

RADIOFREQUENCY ABLATION CATHETERS MARKET

Overview of Varicose Vein (VV)

Varicose vein (VV), as one of the most common chronic venous disorders (CVD), is a degenerative disease of the venous system where there is a defect in the strength of the vein wall with associated valvular dysfunction resulting in reflux (reverse) flow in affected areas of the superficial venous system of the legs.

The number of patients with VV in China increased from 371.9 million in 2015 to 399.4 million in 2019 at a CAGR of 1.8%. It is estimated to increase to 433.3 million in 2024 at a CAGR of 1.6% from 2019 to 2024, and to further increase to 476.6 million in 2030 at a CAGR of 1.6% from 2024 to 2030.

Treatment of Varicose Vein and Energy Platform Procedures

For superficial VVs, self-care, over-the-counter anti-inflammatory drugs and compression stockings are normally adopted. But for severe VVs, open surgery, foam sclerotherapy and endothermal ablation are often recommended. Endothermal ablation is an emerging intervention technology that uses heat energy with lasers, microwaves or radiofrequency waves to destroy and ultimately close the vein. It is a minimally invasive procedure which generally does not leave cuts or scars.

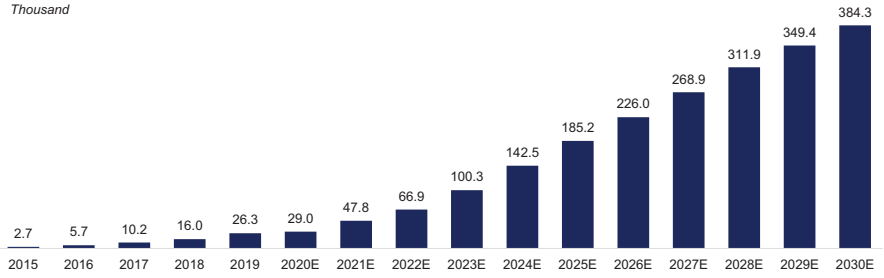
Endothermal ablation techniques include radiofrequency ablation (RFA), endovenous laser treatment (EVLT) and others such as endovenous microwave ablation. Overtime, endothermal techniques have transformed the way that VVs are managed. Both the American Venous Forum and the National Institute of Clinical Excellence have recommended endovenous thermal ablation as first line treatment of VVs.

Although endothermal ablation has been proven to be an effective and safe procedure for the treatment of VVs, the volume of endothermal ablation in China is relatively low when compared with the total number of patients with VVs. There are only a few imported medical devices that can be used to treat VVs in China, and RFA procedures occupy the largest chunk of the volume.

The number of RFA procedures for the treatment of VV in China increased from 2.7 thousand in 2015 to 26.3 thousand in 2019 at a CAGR of 76.9%. It is estimated to increase to 142.5 thousand in 2024 at a CAGR of 40.2% from 2019 to 2024, and further increase to 384.3 thousand in 2030 at a CAGR of 18.0% from 2024 to 2030. The diagram below shows the number of RFA procedures for the treatment of VV in China:

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

Period	CAGR
2015-2019	76.9%
2019-2024E	40.2%
2024E-2030E	18.0%



Source: Literature research, expert interview and Frost & Sullivan analysis. Frost & Sullivan conducted market researches on both the demand side and the supply side on the relevant marketed or under-study RFA indicated for use in the treatment of varicose vein via multi-channel sources, including NMPA approved medical device database, enterprise sales data, the overview of the major and other competitors, literature researches, expert interview, and the market development trends. Based on these researches, Frost & Sullivan estimated the volume of RFA procedures in the treatment of varicose vein in China. The expected increase in the number of RFA procedures is primarily due to the potential increasing population of patients with varicose vein, the incremental acknowledgment of the benefits of RFA procedures over treatment methods, and the arising number of approved RFA for the treatment of such disease in the future.

Competitive Landscape of Radiofrequency Ablation Catheters

The high prevalence of VV in China indicates a significant potential size of the radiofrequency ablation catheter product market in China. However, as of the Latest Practicable Date, there were only two companies with three radiofrequency ablation catheter products approved by the NMPA and there were only two radiofrequency ablation catheter product candidates at clinical trial stage in China. Acotec is one of the two companies in China that are developing radiofrequency ablation catheter product candidates.

THROMBUS ASPIRATION CATHETERS MARKET

Overview of Deep Vein Thrombosis (DVT)

Venous thromboembolism (VTE) refers to a group of diseases where blood is abnormally coagulated in the venous system due to various causes, such as venous blood stagnation, venous intima injury, or hypercoagulable blood. VTE includes pulmonary thromboembolism (PTE) and deep vein thrombosis (DVT). DVT refers to a clinical syndrome where the blood in the deep veins coagulates and forms an emboli, causing the corresponding vascular blood to have problems in its backflow. DVT often occurs in the legs.

The number of DVT incidence in China increased from 1.1 million in 2015 to 1.5 million in 2019 as a CAGR of 8.3%. It is estimated to increase to 2.2 million in 2024 at a CAGR of 7.8% from 2019 to 2024, and further increase to 3.3 million in 2030 at a CAGR of 6.9% from 2024 to 2030.

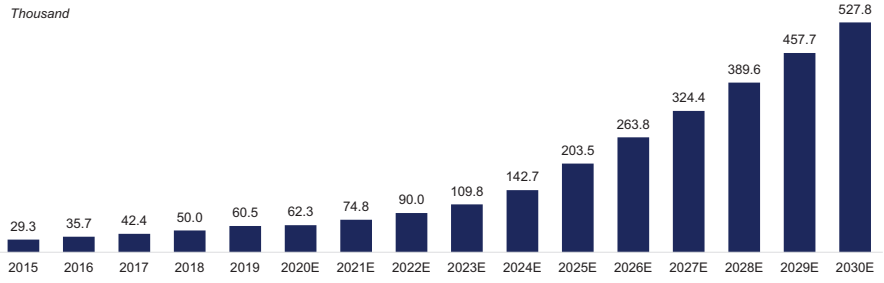
Treatment of DVT

Treatment for DVT is aimed at preventing the blood clot from getting bigger, breaking loose and causing PTE. Current treatment methods of DVT include anticoagulant therapy, interventional procedures, surgical treatment and other supportive treatments. Among them, interventional procedures have become the first choice for DVT of lower extremity in China. Interventional procedures for DVT are divided into four types of procedures: inferior vena cava filter (IVCF), catheter directed thrombolysis (CDT), percutaneous mechanical thrombectomy (PMT) (including large-lumen catheter aspiration and thrombus removal device), and PTA and stent implantation. For patients with initial acute or subacute, central or mixed DVT, with low bleeding risk and long life expectancy, or with femoral bruises, PMT has advantages over CDT, as PMT is more time-saving, which leads to a reduced use of thrombolytic drugs ad shorter hospital stay.

The number of thrombus aspiration procedures for the treatment of DVT in China increased from 29.3 thousand in 2015 to 60.5 thousand in 2019 as a CAGR of 19.9%. It is estimated to increase to 142.7 thousand in 2024 at a CAGR of 18.7% from 2019 to 2024, and further increase to 527.8 thousand in 2030 at a CAGR of 24.4% from 2024 to 2030. The diagram below shows the number of thrombus aspiration procedures in China:

Historical and Forecasted Volume of Thrombus Aspiration Procedures for the Treatment of DVT in China, 2015-2030E

Period	CAGR
2015-2019	19.9%
2019-2024E	18.7%
2024E-2030E	24.4%



Source: Literature research, expert interview and Frost & Sullivan analysis. Frost & Sullivan conducted market researches on both the demand side and the supply side on the relevant marketed or under-study thrombus aspiration device or system indicated for use in the treatment of DVT via multi-channel sources, including NMPA approved medical device database, enterprise sales data, the overview of the major and other competitors, literature researches, expert interview, and the market development trends. Based on these researches, Frost & Sullivan estimated the volume of thrombus aspiration procedures in the treatment of DVT in China. The expected increase in the number of thrombus aspiration procedures is primarily due to the potential incremental acknowledgment of the benefits of thrombus aspiration procedures over treatment methods, and the arising number of approved thrombus aspiration devices or systems for the treatment of such disease in the future.

Market Size and Competitive Landscape of Thrombus Aspiration Catheters

As a result of the increasing number of thrombus aspiration procedures for the treatment of DVT in China, the market size of PMT catheters for the treatment of DVT in China has increased from RMB72.8 million in 2015 to RMB210.0 million in 2019 with a CAGR of 30.3%, and is expected to reach RMB714.0 million in 2024 with a CGAR of 27.7% from 2019 to 2024 and further increase to RMB1,925.8 million in 2030 with a CGAR of 18.0% from 2024 to 2030.

As of the Latest Practicable Date, there were ten peripheral PMT catheter products that have received the NMPA approval, all manufactured by international companies. A number of leading domestic players are conducting pre-clinical studies for their respective peripheral PMT catheter product. Details of the peripheral PMT catheter products approved by the NMPA as of the Latest Practicable Date are set out in the below table:

Manufacturer	Goodman	Kaneka	Medtronic	Minvasys	Terumo	Straub Medical AG	Boston Scientific Corporation			
Product Name	Rebirth	Thrombuster II	Export	StemiCath	Extractor	Rotarex®/Aspirex®	AngioJet™ Ultra	AngioJet™ SOLENT	AngioJet™ ZelanteDVT	AngioJet™ AVX OVER-THE-WIRE Thrombectomy Set
Indication	Percutaneous transluminal aspiration or crushing of peripheral and coronary thrombus	Percutaneous transluminal aspiration of peripheral and coronary thrombus	Percutaneous transluminal aspiration of embolic material (thrombus/debris) in peripheral and coronary system during PTCA, PTA or stent surgery	Percutaneous transluminal aspiration of embolic material (thrombus/debris) in peripheral and coronary system during PTCA, PTA or stent surgery	Percutaneous transluminal aspiration of new, soft emboli and thrombus in peripheral and coronary system	Percutaneous transluminal resection of fresh or subacute and chronic obstructive thrombus in blood vessels outside of the heart, lung, coronary arteries and cerebral circulation	Percutaneous transluminal crush and removal of thrombus in coronary arteries, saphenous vein bridges, or arteries around the groin	Percutaneous transluminal crush and removal of thrombus in iliac, femoral, lower limb, and upper limb veins, including AVG	Percutaneous transluminal crush and removal of thrombus in iliac, femoral, lower limb, and upper limb veins, including deep vein thrombosis (DVT)	Percutaneous transluminal crush and removal of thrombi in AVG
Function	Aspiration	Aspiration	Aspiration	Aspiration	Aspiration	• Detachment • Aspiration • Fragmentation	• Aspiration • Fragmentation	• Aspiration • Fragmentation	• Aspiration • Fragmentation	• Aspiration • Fragmentation
Method of Aspiration	Syringe	Syringe	Syringe	Syringe	Syringe	Aspiration pump	Aspiration pump	Aspiration pump	Aspiration pump	Aspiration pump
Approval NMPA	2007	2008	2007	2013	2013	2005	2011	2014	2019	2021

Source: NMPA, Company Websites, Frost & Sullivan Analysis

For the first five aspiration catheters using syringe listed above, although they are allowed to use in the peripheral system according to their product indications, they are more often used in coronary aspiration in real clinical practice.

VASCULAR CALCIFICATION TREATMENT SOLUTIONS

Vascular calcification (VC) is a complex intracellular molecular process. It refers to the formation of calcified deposits of hydroxyapatite crystals within the vessel tissues. Depending on the vessel affected, VC can be categorized into coronary artery calcification (CAC) and peripheral artery calcification (PAC). People with metabolic syndrome, dyslipidemia, tobacco use, hypertension, chronic kidney disease, and a high baseline C-reactive protein level are at an increased risk to develop VC. It has been further evidenced that the Chinese population seems to be more prone to develop VC as compared to people from many other countries, which might relate to certain demographic factors such as dietary habits, genetic predisposition and common osteoblast phenotype.

The presence of VC is not only often associated with major adverse cardiovascular events, but also makes open surgeries and percutaneous coronary intervention procedures more challenging. VC increases the likelihood of procedural failure, as well as post-procedure complications (e.g., vessel fracture and dissection). In recent years, modified versions of PTA balloons such as scoring balloons and cutting balloons were developed, which improve vessel

compliance by creating discrete incisions in the atherosclerotic plaque, enabling greater lesion expansion and reducing recoil while preventing uncontrolled dissections. However, for certain patients with severe calcification, scoring balloons and cutting balloons might also not be able to reliably dilate vessels containing rigid calcium plaques. Therefore, when treating patients with severe calcification, physicians typically need to pre-treat the vessels to remove the calcified plaques.

Currently, there is no gold standard for the treatment of VC, and promising treatment methods used to remove calcified plaques primarily include atherectomy (using rotational, orbital, or laser atherectomy devices), as well as intravascular lithotripsy (IVL) (using IVL devices such as impulse balloon catheter).

As of the Latest Practicable Date, there were five atherectomy devices approved for commercialization in China, all of which were manufactured by foreign companies. A number of leading domestic players are conducting pre-clinical studies for their respective atherectomy devices.

THE FROST & SULLIVAN REPORT

In connection with the Global Offering, we commissioned Frost & Sullivan, an Independent Third Party, to prepare a report on the intervention procedure medical device market in China and globally. Frost & Sullivan is an independent global market research and consulting company which was 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 agreed to pay a total of RMB1.1 million in fees for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful Listing or on the results 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 have included certain information from the Frost & Sullivan Report in this prospectus because we believe such information facilitates an understanding of the market where we operate our businesses 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 has exercised due care in collecting and reviewing the information so collected and 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. The market projections in the commissioned report are based on the following key assumptions: (i) the overall social, economic and political environment in China and globally is expected to remain stable during the forecast period; (ii) the economic and industrial development in China and globally is likely to maintain steady growth over the next decade; and (iii) no extreme force majeure or industry regulation will dramatically or fundamentally affect the market. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources. Except as otherwise noted, all data and forecasts in this section come from the Frost & Sullivan Report.

We are subject to a variety of PRC laws, rules and regulations affecting many aspects of our business. This section summarizes the principal PRC laws, rules and regulations that we believe are relevant to our business and operations.

LAWS AND REGULATIONS RELATING TO MEDICAL DEVICE

Major Regulatory Authorities

According to the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) which was issued by the State Council in 2000 and amended on 4 May 2017 (the "**2017 Medical Device Regulation**"), the food and drug supervision and administration of the State Council shall be responsible for the supervision of medical devices of the PRC. All relevant departments of the State Council shall be responsible for the supervision of medical devices within their respective scope of duties. Food and drug supervision and administration departments of the local people's governments at the county level and above are responsible for the supervision of medical devices within their own administrative jurisdictions. The relevant departments of the local people's governments at the county level and above are responsible for the supervision of medical devices within their respective scope of duties. On December 21, 2020, the State Council adopted the amendments on the 2017 Medical Device Regulation, and the amended regulation was publicly issued on March 18, 2021 and came into effect on June 1, 2021 (the "**2021 Medical Device Regulation**").

We conduct our business in PRC and we are now principally subject to the supervision of the National Medical Products Administration (國家藥品監督管理局) and its local counterparts. The National Medical Products Administration was established in accordance with the Institutional Reform Program of the State Council (《國務院機構改革方案》) promulgated by the NPC in March 2018, and the predecessor of the National Medical Products Administration is the China Food and Drug Administration (國家食品藥品監督管理總局) (the "CFDA", together with the National Medical Products Administration, hereinafter collectively, the "NMPA"). The NMPA is a newly established regulatory authority responsible for registration and supervision of pharmaceutical products, cosmetics and medical devices under the supervision of State Administration for Market Regulation (the "SAMR"), a newly established institution for supervising and administrating the market in China.

The National Health Commission of the PRC, formerly known by the names the Ministry of Health and National Health and Family Planning Commission (the "NHC"), is China's primary healthcare regulatory agency. It is responsible for overseeing the operation of medical institutions, some of which also serve as clinical trial sites.

Regulations Relating to Medical Device Registration

Classification of Medical Devices

The 2017 Medical Device Regulations regulates entities that engage in the research and development, production, operation, use, supervision and administration of medical devices in the PRC. Medical devices are classified according to their risk levels. Class I medical devices are medical devices with low risks, and the safety and effectiveness of which can be ensured through routine administration. Class II medical devices are medical devices with moderate risks, which are strictly controlled and administered to ensure their safety and effectiveness. Class III medical devices are medical devices with relatively high risks, which are strictly controlled and administered through special measures to ensure their safety and effectiveness. The evaluation of the risk levels of medical devices take into consideration the medical devices' objectives, structural features, methods of use and other factors. Registration

certificates are required for Class II and Class III medical devices. The classification of specific medical devices is stipulated in the Medical Device Classification Catalog (《醫療器械分類目錄》), which was issued by the NMPA on August 31, 2017 and became executive on August 1, 2018.

Registrants and Record-filing Parties for Medical Devices

According to the 2021 Medical Device Regulation, the registrants and record-filing parties for medical devices, which refer to enterprises or research and development institutions that have obtained a medical device registration certificate or have completed the formalities for record-filing of medical devices, shall strengthen the quality management of medical devices in their whole life cycle and be responsible for the safety and effectiveness of medical devices in the whole process of research and development, production, operation and use in accordance with relevant laws and regulations. Specifically, they shall perform the following obligations: (i) establishing a quality management system suitable for the products and maintaining its effective operation; (ii) formulating a plan for post-marketing research and risk control and ensuring its effective implementation; (iii) carrying out monitoring and re-evaluation on adverse events in accordance with the laws; (iv) establishing and implementing the product traceability and recall system; (v) fulfilling other obligations prescribed by the drug regulatory department under the State Council. The domestic enterprises designated by the registrants or record-filing parties of medical devices from overseas shall assist them in performing the obligations as mentioned above. Besides, registrants and record-filing parties of medical devices may manufacture medical devices on their own or entrust enterprises that meet the provisions of the 2021 Medical Device Regulation and have corresponding conditions for production.

Registration and Recordation of Medical Device Products

Pursuant to the 2017 Medical Devices Regulations and the Administrative Measures for the Registration of Medical Devices (《醫療器械註冊管理辦法》) promulgated by the NMPA on July 30, 2014 and coming into effect on October 1, 2014, for the recordation of the Class I medical devices, the parties undergoing the recordation of medical devices shall submit the recordation materials to the food and drug supervision and administration departments of the local people's government at the districted city level. In case of any amendment to matters stated in the recordation, such amendment shall be filed with the original recordation department. The Class II and Class III medical devices shall be subject to the product registration administration. Class II medical devices shall be examined by the food and drug supervision and administration departments of the people's governments of the provinces, autonomous regions or municipality where such applicants are located. A registration certificate for such medical device shall be issued upon approval. Class III medical devices shall be examined by the NMPA. A registration certificate for such medical device shall be issued upon approval. For a registered medical device of Class II or Class III, where there is any change in the contents indicated in the medical device registration certificate or any annex thereto, such as its name, model, specifications, structure and composition, scope of application, technical requirements and so on, the registrant shall apply to the original registration authority for modification of registration, and shall submit application materials in accordance with the relevant requirements.

According to the 2021 Medical Device Regulation, the registration certificate for a medical device is valid for five years and the registrant shall apply to the original registration authority for renewal six months prior to its expiration date. The application shall be rejected under any of the following circumstances: (i) the registrants fail to file an application for renewal within the prescribed time limit; (ii) the mandatory standards for medical devices have been revised and the relevant medical devices cannot meet the new requirements; or (iii) the registrants fail to complete the matters provided in the medical device registration certificate for medical devices under conditional approval within the prescribed time limit. Except for the conditions mentioned above, the drug regulatory authority receiving the application for renewal shall make a decision of approving the renewal prior to the expiration date of the medical device registration certificate. If the drug regulatory authority doesn't make a decision within this time limit, it shall be deemed as the drug regulatory authority has approved the application. Based on these provisions, completing the post-registration clinical trial is generally not a requirement for renewing the medical device registration certificate. However, for some novel medical devices, the NMPA may expressly require a post-registration clinical study to be completed prior to the first renewal of the registration certificate. In such cases, the completion of the required clinical study and the submission of the clinical report to the NMPA will be a precondition to the renewal.

Clinical Trials

According to the Administrative Measures for the Registration of Medical Devices, clinical trials are not required for the recordation of the Class I medical devices, but are required for the application for the registration of the Class II and Class III medical devices. However, medical devices may be exempt from clinical trials under any of the following circumstances:

- they have clear and definite working mechanisms, finalized designs and mature manufacturing techniques, the marketed medical devices of the same category have been put into clinical application for years with no record of severe adverse event, and their general purposes remain unchanged;

- the safety and utility of such medical devices can be proved through non-clinical evaluation; or

- the safety and utility of such medical devices can be proved through the analysis and evaluation of the data obtained from the clinical trials or clinical application of medical devices of the same category.

In addition, pursuant to the Notice of the Newly Revised Catalogue of Medical Devices Exempted from Clinical Trials (《關於公佈新修訂免於進行臨床試驗醫療器械目錄的通告》) issued by the NMPA on 28 September, 2018, medical device products that are not included in the exemption catalog shall go through clinical trials before registration.

Clinical trials for those medical device products that are not included in the exemption catalog shall be conducted in accordance with the *Good Clinical Practice for Medical Device Trials* (《醫療器械臨床試驗質量管理規範》) (the "**Good Clinical Practice**"), which was issued by the NMPA and the NHC jointly on 1 March 2016. The Good Clinical Practice set forth the necessary procedures of clinical trial for medical devices, including, among others, the protocol design, conduct, monitoring, verification, inspection, and data collection, recording, analysis and conclusion and reporting procedure of a clinical trial. Prior to commencement of a clinical trial, the applicant must complete the pre-clinical research of the medical device, including product design and quality test, animal testing and risk analysis, the results of which should support the clinical trial. The clinical trial must be conducted in two or more clinical trial organizations that are qualified to do such trails. Prior to commencement of a clinical trial, approval by the ethics committees of the relevant clinical trial organization should be obtained and the applicant, the clinical trial organization and the researchers must enter into agreements in writing in respect of trial design, trial quality control, allocation of responsibilities during the trial, trial-related fees borne by the applicant and the principles of responses to emergencies that may occur during the trial.

Moreover, pursuant to the 2021 Medical Device Regulation, clinical evaluation shall be conducted before the registration or record-filing of medical devices. However, medical devices may be exempt from clinical evaluation under any of the following circumstances: (i) they have clear and definite working mechanisms, finalized designs and mature manufacturing techniques, the marketed medical devices of the same category have been put into clinical application for years with no record of severe adverse event, and their general purposes remain unchanged; (ii) the safety and utility of such medical devices can be proved through non-clinical evaluation. During the process of clinical evaluation for medical devices, their safety and effectiveness may be proved by carrying out clinical trials or analyzing and evaluating the clinical literature and data of medical devices of the same category on the basis of the product characteristics, clinical risks, existing clinical data and other circumstances. If the existing clinical literature and data are insufficient to confirm the safety and effectiveness of the medical devices, clinical trials shall be conducted.

General Procedure of Registration of Class III Medical Devices

Drawing up technical specifications

According to the Administrative Measures for the Registration of Medical Devices, to file or apply for registration of a medical device, the applicant shall draw up technical specifications for the medical device proposed to be filed or registered. Specifications for a Class III medical device shall be approved by the NMPA when approving the registration of medical devices.

Registration testing

According to the Administrative Measures for the Registration of Medical Devices, a medical device candidate seeking to be registered under Class III shall be subject to registration testing; such testing shall be performed by medical device testing institutions according to the technical requirements for such products, the medical device testing institutions shall be qualified for medical device testing, conduct testing within their scope of business, and pre-evaluate the technical requirements submitted by the applicants.

Conducting clinical trial

According to the Good Clinical Practice:

(1) Quality test. Before launching a clinical trial, the sponsor shall complete the preclinical study on the medical device designed for trial, including, among others, product design, quality test and risk analysis, and the results of such preclinical study shall be positive to support the clinical trial. Quality test results shall include a self-test report and a registration testing report issued by an eligible inspection institution and shall be valid within one year.

(2) Approval of clinical trial. Clinical trials are subject to approval from the ethics committees of clinical trial institutions. Class III medical devices that are listed in the Catalogue of Class III Medical Devices Which are Subject to Clinical Trial Approval (《需進行臨床試驗審批的第三類醫療器械目錄》) are subject to approval of NMPA.

(3) Recordation of clinical trial. Before launching a clinical trial, the sponsor shall file with the medical product administrations at the provincial level where the sponsor is located.

Application for product registration

According to the 2017 Medical Device Regulations, to apply for registration of a Class III medical device, the following documents shall be submitted: (i) risk analysis information; (ii) technical specifications; (iii) inspection report; (iv) clinical evaluation information; (v) instructions and label sample; (vi) documents of quality control system relating to development and production of the product; and (vii) other information supporting safety and efficacy of the product. Furthermore, according to the 2021 Medical Device Regulation, (i) the inspection report shall comply with the requirements of the drug regulatory department under the State Council and may be issued by the applicants for registration or record-filing parties of medical devices, or be issued by the entrusted qualified medical device inspection agency; (ii) applicants for registration and record-filing parties meeting the conditions specified in the 2021 Medical Device Regulation for exemption from clinical evaluation may be exempt from submission of clinical evaluation materials; (iii) applicants for registration and record-filing parties of medical devices shall ensure that the materials submitted are legitimate, authentic, accurate, complete and traceable.

Acceptance of an application for product registration of the Class III medical device

According to the Administrative Measures for the Registration of Medical Devices, the NMPA shall carry out formal examination of application materials received, and act in light of the following circumstances: (i) accept the application if the application falls within its scope of authorities and the application materials are complete and comply with format requirements; (ii) if possible, allow the applicant to make on-site corrections of application materials; (iii) if the application materials are incomplete or do not comply with format requirements, instruct the applicant, in a one-off manner and within five working days, to submit supplementary

materials and if no instruction is made within the prescribed time, application materials are deemed accepted on the submission date; (iv) if the application is not within the scope of authorities, promptly inform the applicant of the non-acceptance of the application. Upon acceptance or non-acceptance of an application for medical device registration, the NMPA shall issue a dated notice of acceptance or non-acceptance stamped with the seal of the administration.

Technical assessment

According to the Administrative Measures for the Registration of Medical Devices, the NMPA shall, within three working days after accepting an application for medical device registration, forward the application documents to the relevant technical assessment institution. The institution shall complete the technical assessment within 90 working days for a Class III medical device. Where external experts are to be engaged or the assessment is to be made together with a pharmaceutical assessment institution, the time needed is not counted in the time limits above, and the institution shall notify the applicant in writing of the time needed. When organizing a technical assessment for products, the NMPA may access original research documents and organize inspections of the applicant's quality management system which is related to product development and manufacture.

Issuing medical device registration certificate

According to the Administrative Measures for the Registration of Medical Devices, the NMPA that has accepted an application for registration shall make decisions within 20 working days after the completion of technical assessment. Approval shall be granted if requirements on safety and efficacy are met, and a medical device registration certificate shall be issued within 10 working days after the decision of approval.

Special Procedures for Examination and Approval of Innovative Medical Devices

In October 2017, the General Office of the CPC Central Committee and the General Office of the State Council jointly issued the Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation on Drugs and Medical Devices (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》), according to which the research and development of innovative medical devices is encouraged. Innovative medical devices supported by major national science or technology projects and key national research and development plans or for which the National Clinical Medicine Research Center (國家臨床醫學研究中心) conducts clinical trials and which the Center's administrative department accredits shall be evaluated and approved in priority.

The Special Procedures for Examination and Approval of Innovative Medical Devices (《創新醫療器械特別審查程序》) promulgated by the NMPA in November 2018 stipulates the special procedures to the examination and approval for innovative medical devices, according to which, medical devices which meet the below requirements are applicable to special procedures: (i) the applicant, through its leading technological innovation activities, has legally

owned core technology invention patents in China over its products, or obtained invention patents in China or the right to use them through patent transfers in accordance with the law, and the application time for special procedures is within 5 years from the authorization announcement date of such core technology invention patent; or the patent application of core technology invention has been published by the Patent Administration Department of the State Council and a search report is issued by the Patent Search and Consultation Center of the State Intellectual Property Office, indicating that the core technology solution of the product is novel and creative; (ii) the applicant has completed the preliminary research of the product and has a basic finalized product, and the research process is true and under control, and the research data is complete and traceable; (iii) the main working principle or mechanism of the product is domestic initiative, and the function or safety of the product is fundamentally improved compared with similar products, and the relevant technology is at the international leading level, and the product has significant clinical application value. The Center for Medical Device Evaluation of the NMPA (國家藥品監督管理局醫療器械技術審評中心) shall give priority to the innovative medical devices in their technical review upon receiving the registration application, after which the NMPA shall give priority to the product in their administrative approval.

According to the 2021 Medical Device Regulation, the government shall formulate the industrial planning and policies for medical devices, take the innovation of medical devices as the focus of development, give priority to the evaluation and approval of innovative medical devices, support the clinical popularization and use of innovative medical devices and promote the high-quality development of the medical device industry. The NMPA shall coordinate with the relevant departments under the State Council to implement the national industrial planning and guidance for medical devices. Furthermore, pursuant to the 2021 Medical Device Regulation, the government shall improve the innovation system for medical devices, support the basic research and applied research of medical devices, promote the popularization and application of new technologies for medical devices and support the scientific and technological projects in respect for the initiation, financing, credit, procurement by public bidding, medical insurance, etc. Enterprises are encouraged to cooperate with institutions of higher learning, scientific research institutions and medical institutions to carry out the research and innovation of medical devices, strengthen the protection of relevant intellectual property rights and improve the capability of independent innovation.

Regulations Relating to Medical Device Production and Operation

Management of Medical Device Production

The NMPA issued the Measures for the Supervision and Administration of Medical Device Production (《醫療器械生產監督管理辦法》) on July 30, 2014 and amended it on November 17, 2017. In order to engage in medical device production, the applicant shall have production premise, environmental conditions, production equipment and professional technicians commensurate with the medical devices produced by it, and it shall have qualified inspectors and the inspection equipment, management rules and after-sales service capability. To establish an enterprise producing Class I medical devices, the applicant shall undergo the

formalities for the recordation of Class I medical devices at the medical product administrations at the level of a districted city, while the applicant shall file an application for production licensing with the medical product administrations of the province for the production of Class II or Class III medical devices. A Medical Device Production License shall be valid for five years and may be renewed pursuant to the relevant regulations.

The Good Manufacturing Practice Rules for Medical Devices (《醫療器械生產質量管理規範》), as promulgated by the NMPA on December 29, 2014 and effective on March 1, 2015, provide basic principles for quality control systems for medical devices manufacturing, and these rules are applicable to the entire process of design and development, production, sales and post-sale services of medical devices.

Pursuant to The Notice of Four Guidelines including On-site Inspection Guidelines for the Standards on Production and Quality Management of Medical Devices (《關於印發<醫療器械生產質量管理規範現場檢查指導原則>等4個指導原則的通知》) promulgated by the NMPA on September 25, 2015 and coming into effect on September 25, 2015, during the course of on-site verification of the registration of medical devices and on-site inspection of production permit (including changing production permit), the inspection team shall, in accordance with the guidelines, issue recommended conclusions for on-site inspections, which shall be divided into "Passed", "Failed" or "Reassessment after rectification". During the supervision and inspection, if it is found that the requirements of the key items or ordinary items that may have direct impact on product quality are not satisfied, the enterprise shall suspend production and go through rectification. If it is found that the requirements of the ordinary items are not satisfied, and it does not directly affect product quality, the enterprise shall rectify in a prescribed time. The regulatory authorities shall examine and verify the recommended conclusions and on-site inspection materials submitted by the inspection group, and issue the final inspection results.

Management of Medical Device Operation

Pursuant to the Measures for the Supervision and Administration of Medical Devices Operation (《醫療器械經營監督管理辦法》) promulgated by the NMPA on July 30, 2014 and amended on November 17, 2017, licensing or recordation is not required for business activities involving Class I medical devices, while recordation administration shall apply to business activities involving Class II medical devices, and licensing administration shall apply to business activities involving Class III medical devices. An enterprise engaging in the operation of medical devices shall have business premises and storage conditions suitable for the operation scale and scope, and shall have a quality control department or personnel suitable for the medical devices it operates. Also, a quality control system compatible with the medical devices it operates is required, and an enterprise engaging in business activities involving Class III medical devices shall also have a qualified computer information management system.

An enterprise engaged in the operation of Class II medical devices shall file with the municipal level medical product administrations and provide proofing materials for satisfying the relevant conditions of engaging in the operation of medical devices, while an enterprise

engaged in the operation of Class III medical devices shall apply for an operation permit to the municipal level medical product administrations and provide proofing materials for satisfying the relevant conditions of engaging in the operation of such medical devices. An operation permit is valid for five years and may be renewed pursuant to the relevant regulations.

Tendering Processes for Medical Devices

The Chinese government has implemented measures to encourage pooled procurement of expensive medical consumables through tendering processes. In June 2007, NHC issued the Notice on Further Strengthening the Administration of Centralized Procurement of Medical Devices (《關於進一步加強醫療器械集中採購管理的通知》), which requires that all nonprofit medical institutions established by local governments, associations or state-owned enterprises participate in the centralized procurement. Public tendering will be the principal method for centralized procurement.

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

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

On July 19, 2019, the General Office of the State Council issued the Circular on Reform Plan on Managing High-Value Medical Consumables (《關於印發<治理高值醫用耗材改革方案>的通知》) (the "Circular on High-Value Medical Consumables"). According to the Circular on High-Value Medical Consumables, high-value medical consumables are defined as medical consumables directly used on the human body, with strict requirements on safety, in great demand clinically, relatively highly-priced, and that can pose heavy burdens on patients. The

Circular on High-Value Medical Consumables releases several reform initiatives aiming at managing high-value medical consumables, including: (i) the classification and codes of high-value medical consumables in the national medical insurance system will be unified gradually, and rules on unique device identification in full life cycle of the high-value medical consumables, including but not limited to registration, procurement and usage, will be implemented by the National Healthcare Security Administration, the NMPA, and the NHC by the end of 2020; (ii) the mechanism for including high-value medical consumables in basic medical insurance shall be built, and a list of high-value medical consumables shall be compiled, to strengthen the dynamic adjustment mechanism. The access regulations shall be promulgated by the National Healthcare Security Administration and the Ministry of Finance (the "MOF") by the end of June 2020; (iii) for high-value medical consumables with large clinical consumption, high procurement amount and mature clinical use which are produced by multiple enterprises, centralized procurement by category shall be explored, medical institutions are encouraged to jointly carry out procurement through negotiation based on the quantity, and the procurement executed by cross-provincial alliance shall be actively explored. The price markups placed on medical consumables at public hospitals will be abolished, and all medical consumables, including high-value medical consumables will be sold at procurement price at all public hospitals by the end of 2019; and (iv) the medical insurance payment policy shall be formulated and implemented by the National Healthcare Security Administration, the MOF and the NHC. Meanwhile, the medical insurance payment standards on high-value medical consumables will be formulated and the dynamic adjustment mechanism will be established. The medical insurance funds and patients will share the cost of high-value medical consumables according to the medical insurance payment standards, and medical institutions shall further reduce procurement prices under the guidance of the Circular on High-Value Medical Consumables.

Two-Invoice System

On December 26, 2016, eight government departments including the NMPA issued the Notice on Opinions on the Implementation of the "Two-Invoice System" in Drug Procurement by Public Medical Institutions (for Trial Implementation) (《關於在公立醫療機構藥品採購中推行"兩票制"的實施意見(試行)的通知》), or the Notice. According to the Notice, the "Two-Invoice System" refers to issuing invoice at the time from a pharmaceutical manufacturer to a circulating enterprise, and issuing invoice again at the time from a circulating enterprise to a medical institution.

On March 5, 2018, six government departments including the NHC of the PRC issued the Notice on Consolidating the Achievements of Cancelling Drug Markups and Deepening Comprehensive Reforms in Public Hospitals (《關於鞏固破除以藥補醫成果持續深化公立醫院綜合改革的通知》), which stipulates the implementation of the centralized purchase of high-value medical consumables, and that the "Two-Invoice System" in relation to high-value medical consumables shall be gradually implemented.

On July 19, 2019, the General Office of the State Council issued the Circular on High-value Medical Consumables, local governments are encouraged to adopt the "Two-Invoice System" combined with actual situation in order to reduce the circulation of high-value medical consumables and promote the transparency of purchase and sales.

Some provinces have implemented or encouraged to implement the "Two-Invoice System" in the field of medical consumables. On July 23, 2018, Fujian Provincial Medical Security Management Committee Office (福建省醫療保障管理委員會辦公室) issued the Notice on the Sharing of Transparent Procurement Results of Medical Devices (Medical Consumables) across the Province (《關於開展醫療器械(醫用耗材)陽光採購結果全省共享工作的通知》), which stipulates medical consumables procurement strictly implements the "Two-Invoice System" and encourages the implementation of the "One Invoice System." On July 23, 2018, eight local government departments of Shaanxi Province including Deepen Medical and Healthcare System Reform Leading Group Office of Shaanxi Province (陝西省深化醫藥衛生體制改革領導小組辦公室) issued the Notice on Further Promoting the "Two-Invoice System" on Medicines and Medical Consumables (《關於進一步推進藥品和醫用耗材"兩票制"的通知》), which stipulates that on the basis of the full implementation of the "Two-Invoice System" of medical consumables in the urban public medical institutions, the primary medical and healthcare institutions of the county and below the county shall begin to implement the "Two-Invoice System" in the procurement of medical consumables from August 1, 2018. If it is difficult to implement the "Two-Invoice System" for all medical consumables purchased and used by medical and health institutions, it can be implemented first on the high-value medical consumables. On November 15, 2017, five local government departments of Anhui Province including the Food and Drug Administration of Anhui Province (安徽省食品藥品監督管理局) issued the Opinions on Implementation of the "Two-Invoice System" in Medical Consumables Procurement by Public Medical Institutions in Anhui Province (for Trial Implementation) (《安徽省公立醫療機構醫用耗材採購"兩票制"實施意見(試行)》), pursuant to which the Class II or above public medical institutions shall begin to implement the "Two-Invoice System" in the procurement of medical consumables from December 1, 2017. According to the Reform Implementation for the Treatment of High-value Medical Consumables of Hebei Province (《河北省治理高值醫用耗材改革實施方案》) issued by nine governmental authorities including the Hebei Provincial Healthcare Security Administration on November 2, 2020, the governmental authorities of Hebei Province encourage to reduce the circulation of high-value medical consumables through the "Two-Invoice System".

Pursuant to the Reply of the National Healthcare Security Administration to Recommendation No. 1209 of the Second Session of the 13th National People's Congress (《國家醫療保障局對十三屆全國人大二次會議第1209號建議的答覆》) issued by National Healthcare Security Administration on July 23, 2019, "Two-Invoice System" for high-value consumables needs to be further discussed given the huge differences between high-value consumables and pharmaceuticals and the complexity of clinical use and after-sales service.

Medical Device Recalls

Pursuant to the Administrative Measures for Medical Device Recalls (《醫療器械召回管理辦法》), which was promulgated by the NMPA on January 25, 2017 and came into effect on May 1, 2017, in light of the severity harm, medical device recalls are divided into three classes, including: (i) class I recall where the circumstances leading to the recall may cause or have caused serious health hazards; (ii) class II recall where the circumstances leading to the recall may cause or have caused temporary or reversible health hazards; or (iii) class III recall where

the circumstances leading to the recall are not likely to cause harm. Medical device manufacturers shall determine the recall class based on the specific situation and properly design and implement the recall plan based on the recall class and the sale and use of the medical devices.

Regulations Relating to Advertisement of Medical Device

According to the 2017 Medical Device Regulations, the medical device advertisements shall be examined and approved by the medical product administrations of the provinces where the medical device production enterprises or agents of import medical devices are located, and obtain the approval documents for medical device advertisements. The advertisement publishers who publish the medical device advertisements shall verify beforehand the approval documents for the advertisements and the authenticity thereof, and may not publish the medical device advertisements which have not obtained approval documents, whose approval documents have not been verified to be authentic, or whose contents are inconsistent with those of the approval documents.

The SAMR promulgated the Interim Measures for the Administration of the Examination and Administration of Drugs, Medical Devices, Health Foods, 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》) on December 24, 2019, which came into effect from March 1, 2020 and replaced the Measures for the Examination of Medical Devices Advertisements (《醫療器械廣告審查辦法》). According to such measures, the content of the medical device advertisements shall be based on the registration certificate or the recordation proof. Medical device advertisement involving the name, scope of application, mechanism of action, or structure and composition of the medical device must not exceed the scope of the registration certificate or the recordation proof.

Regulations on Human Genetic Resources

The Interim Administrative Measures on Human Genetic Resources (《人類遺傳資源管理暫行辦法》), promulgated by the Ministry of Science and Technology and the NHC in June 1998, aimed at protecting and fair utilizing human genetic resources in the PRC. The Ministry of Science and Technology promulgated the Service Guide for Administrative Licensing Items concerning Examination and Approval of Sampling, Collecting, Trading or Exporting Human Genetic Resources, or Taking Such Resources out of the PRC (《人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南》) in July 2015, according to which, the sampling, collection or research activities of human genetic resources by a foreign-invested sponsor fall within the scope of international cooperation, and the cooperating organization of China shall apply for approval of the China Human Genetic Resources Management Office through the online system. The Ministry of Science and Technology further promulgated the Circular on Optimizing the Administrative Examination and Approval of Human Genetic Resources (《關於優化人類遺傳資源行政審批流程的通知》) in October 2017, which became effective in December 2017 and simplified the approval of sampling and collecting human genetic resources for the purpose of listing a drug in the PRC.

The Regulation on the Management of Human Genetic Resources (《中華人民共和國人類遺傳資源管理條例》), as promulgated by the State Council on May 28, 2019 and effective on July 1, 2019, further regulates the collection, preservation, usage and provision of human genetic resources. According to this regulation, "human genetic resource" includes human genetic resource materials and information. Human genetic resource materials refer to organs, tissues, cells and other genetic materials containing human genome, genes and other genetic materials. Human genetic resource information refers to information, such as data, generated by human genetic resources materials. The Administrative Department of Science and Technology under the State Council is responsible for the management of human genetic resources at the national level, and the administrative departments of science and technology under the provincial governments are responsible for the management of human genetic resources at local level and are vertically directed by the central government of the PRC. Foreign organizations, individuals and institutions established or actually controlled by foreign organizations and individuals are not allowed to collect or preserve human genetic resources (including organs, tissues, cells and other genetic materials of the human genome and genes) in China or provide human genetic resources abroad.

REGULATIONS RELATING TO IMPORTATION AND EXPORTATION OF GOODS

According to the Customs Law of the PRC (《中華人民共和國海關法》) which was promulgated by the Standing Committee of the National People's Congress, or the SCNPC on January 22, 1987 and became effective as of July 1, 1987, and latest amended on November 4, 2017 and came into force on November 5, 2017, the import of goods throughout the period from the time of arrival in the territory of China to the time of customs clearance, the export of goods throughout the period from the time of declaration to the customs to the time of departure from the territory of China, and the transit, transshipment and through-shipment goods throughout the period from the time of arrival in the territory of China to the time of departure from the territory of China shall be subject to customs control.

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) which was promulgated by the SCNPC on May 12, 1994 and became effective as of July 1, 1994, and latest amended and came into force on November 7, 2016, any foreign trade business operator that is engaged in the import and export of goods or technology shall be registered for archival purposes with the administrative authority of foreign trade of the State Council or the institution entrusted thereby, unless it is otherwise provided for by any law, administrative regulation or the foreign trade department of the State Council. Where any foreign trade business operator that fails to file for archival registration according to relevant provisions, the customs may not handle the procedures of customs declarations and release of the import or export goods.

According to the Administrative Provisions on the Registration of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位註冊登記管理規定》), promulgated by the General Administration of Customs of the PRC on March 13, 2014, latest amended on May 29, 2018 and came into force on July 1, 2018, the importing and exporting of goods shall be declared by the consignor or consignee itself, or by a customs declaration enterprise entrusted

by the consignor or consignee and duly registered with the customs authority. Consignors and consignees of imported and exported goods shall go through customs declaration entity registration formalities with the competent customs departments in accordance with the applicable provisions. After completing the registration formalities with the customs, consignors and consignees of the imported and exported goods may handle their own customs declarations at customs ports or localities where customs supervisory affairs are concentrated within the customs territory of the PRC.

Pursuant to the Regulations on the Administration of Export Sales Certificates of Medical Devices (《醫療器械產品出口銷售證明管理規定》) promulgated by the NMPA on June 1, 2015 and coming into effect on September 1, 2015, if the registration certificate for a medical device and production permit for a medical device have been obtained in China, or the medical device registration and production recordation have been completed, the food and drug supervision and administration department may issue a Medical Device Product Export Sales Certificate (醫療器械產品出口銷售證明) to the relevant manufacturing enterprise. The validity term of the Medical Device Product Export Sales Certificate should not exceed the earliest deadline for the various documents submitted by the enterprise in the application materials, and the maximum validity term shall also not exceed two years.

NATIONAL MEDICAL INSURANCE PROGRAM

Pursuant to the Notice of Opinion on the Diagnosis and Treatment Management, Scope and Payment Standards of Medical Service Facilities Covered by the National Urban Employees Basic Medical Insurance Scheme (《關於印發<城鎮職工基本醫療保險診療項目管理、醫療服務設施範圍和支付標準意見>的通知》) promulgated on June 30, 1999, part of the fees of diagnostic and treatment devices and diagnostic tests would be paid through the basic medical insurance scheme. Detailed reimbursement coverage and rate are subject to provincial local policies. Pursuant to the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Program (《關於建立城鎮職工基本醫療保險制度的決定》) issued by the State Council on December 14, 1998, under which all employers in urban cities are required to enroll their employees in the Urban Employee Basic Medical Insurance Program and the insurance premium is jointly contributed by the employers and employees. Pursuant to the Opinions on the Establishment of the New Rural Cooperative Medical System (《關於建立新型農村合作醫療制度意見的通知》) forwarded by the General Office of the State Council on January 16, 2003, China launched the New Rural Cooperative Medical System to provide medical insurance for rural residents in selected areas which has spread to the whole nation thereafter. The State Council promulgated the Guiding Opinions of the State Council about the Pilot Urban Resident Basic Medical Insurance (《國務院關於開展城鎮居民基本醫療保險試點的指導意見》) on July 10, 2007, under which urban residents of the pilot district, rather than urban employees, may voluntarily join Urban Resident Basic Medical Insurance. In 2015, the PRC government announced the Outline for the Planning of the National Medical and Health Service System (2015-2020) (《全國醫療衛生服務體系規劃綱要(2015-2020年)》) which aims to establish a basic medical and health care system that covers both rural and urban citizens by 2020.

On January 3, 2016, the State Council issued the Opinions on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents (《國務院關於整合城鄉居民基本醫療保險制度的意見》) to integrate the Urban Resident Basic Medical Insurance and the New Rural Cooperative Medical System and the establishment of a unified Basic Medical Insurance for Urban and Rural Residents, which will cover all urban and rural non-working residents except for rural migrant workers and persons in flexible employment arrangements who participate in the basic medical insurance for urban employees.

The General Office of the State Council further released the Guidance On Further Deepening the Reform of the Payment Method of Basic Medical Insurance (《關於進一步深化基本醫療保險支付方式改革的指導意見》) in June 2017. The main objectives are to implement a diversified reimbursement mechanism including diagnosis related groups, per-capita caps, and per-bed-day caps. Local administration of healthcare security will introduce a total budget control for their jurisdictions and decide the amount of reimbursement to public hospitals based on hospitals' performance and the spending targets of individual basic medical insurance funds.

With regard to reimbursement for medical devices and diagnostic tests, the Notice of Opinion on the Diagnosis and Treatment Management, Scope and Payment Standards of Medical Service Facilities Covered by the National Urban Employees Basic Medical Insurance Scheme (《關於印發<城鎮職工基本醫療保險診療項目管理、醫療服務設施範圍和支付標準意見>的通知》), which was issued on June 30, 1999 and became effective on the same day, prescribes the coverage of diagnostic and treatment devices and diagnostic tests where part of the fees are paid through the basic medical insurance scheme. It also includes a negative list that precludes certain devices and medical services from governmental reimbursement. Detailed reimbursement coverage and rate for medical devices and medical services (including diagnostic tests and kits) are subject to each province's local policies.

REGULATIONS RELATING TO PRODUCT LIABILITY

Pursuant to the Product Quality Law (《中華人民共和國產品質量法》) promulgated on February 22, 1993 and latest amended on December 29, 2018 by the SCNPC, the seller shall be responsible for the repair, replacement or return of the product sold if (i) the product sold does not possess the properties for use that it should possess, and no prior and clear indication is given of such a situation; (ii) the product sold does not conform to the applied product standard as carried on the product or its packaging; or (iii) the product sold does not conform to the quality indicated by such means as a product description or physical sample. If a consumer incurs losses as a result of the purchased product, the seller shall compensate for such losses.

Pursuant to the Tort Law of the PRC (《中華人民共和國侵權責任法》) promulgated by the SCNPC on December 26, 2009 and coming into effect on July 1, 2010, where a patient suffers damages due to defects in medical device, the patient may seek compensation from the manufacturer or the medical institution. Where the patient seeks compensation from the medical institution, the medical institution shall have the right to make a claim against the

liable manufacturer after it has made compensation. On May 28, 2020, the Civil Code of the PRC (《中華人民共和國民法典》) was adopted by the third session of the 13th NPC, and became effective on January 1, 2021 and simultaneously replaced the Tort Law of the PRC. The Civil Code of the PRC does not make material changes on the substance of aforementioned provisions of the Tort Law of the PRC.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) was promulgated on October 31, 1993 and was amended on August 27, 2009 and October 25, 2013 to protect consumers' rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to customers. Under the amendments made on October 25, 2013, all business operators must pay high attention to protecting customers' privacy and must strictly keep confidential any consumer information they obtain during their business operations. In addition, in extreme situations, medical product manufacturers and operators may be subject to criminal liability if their goods or services lead to the death or injuries of customers or other third parties.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Environment Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), or the Environmental Protection Law, which was promulgated by the SCNPC on December 26, 1989, came into effect on the same day and last amended on April 24, 2014, outlines the authorities and duties of various environmental protection regulatory agencies. The Ministry of Environmental Protection is authorized to issue national standards for environmental quality and emissions, and to monitor the environmental protection scheme of the PRC. Meanwhile, local environment protection authorities may formulate local standards which are more rigorous than the national standards, in which case, the concerned enterprises must comply with both the national standards and the local standards.

Environmental Impact Appraisal

According to the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was promulgated by the State Council on November 29, 1998, amended on July 16, 2017 and became effective on October 1, 2017, depending on the impact of the construction project on the environment, an construction employer shall submit an environmental impact report or an environmental impact statement, or file a registration form. As to a construction project, for which an environmental impact report or the environmental impact statement is required, the construction employer shall, before the commencement of construction, submit the environmental impact report or the environmental impact statement to the relevant authority at the environmental protection administrative department for approval. If the environmental impact assessment documents of the construction project have not been examined or approved upon examination by the approval authority in accordance with the law, the construction employer shall not commence the construction.

According to the Environmental Impact Appraisal Law of PRC (《中華人民共和國環境影響評價法》), or the Environmental Impact Appraisal Law, which was promulgated by the SCNPC on October 28, 2002, amended on July 2, 2016 and December 29, 2018, for any construction projects that have an impact on the environment, an entity is required to produce either a report, or a statement, or a registration form of such environmental impacts depending on the seriousness of effect that may be exerted on the environment.

REGULATIONS RELATING TO FOREIGN INVESTMENT

Foreign Investment

Investment activities in the PRC by foreign investors were principally governed by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2020 version) (《外商投資准入特別管理措施(負面清單)(2020年版)》), or the Negative List, and the Catalogue of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄(2020年版)》), or the Encouraging List. The Negative List, which came into effect on July 23, 2020, sets out special administrative measures (restricted or prohibited) in respect of the access of foreign investments in a centralized manner, and the Encouraging List which came into effect on January 27, 2021, sets out the encouraged industries for foreign investment.

Foreign-Invested Enterprises

On December 29, 1993, the SCNPC issued the PRC Company Law (《中華人民共和國公司法》), or the Company Law, which was lasted amended on October 26, 2018. The Company Law regulates the establishment, operation and management of corporate entities in China and classifies companies into limited liability companies and limited companies by shares. According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) promulgated by the SCNPC on March 15, 2019 and came into effect as of January 1, 2020, the state shall implement the management systems of pre-establishment national treatment and negative list for foreign investment, and shall give national treatment to foreign investment beyond the negative list. Simultaneously, Sino-foreign Equity Joint Ventures of the PRC (《中華人民共和國中外合資經營企業法》), the Wholly Foreign-owned Enterprises Law of the PRC (《中華人民共和國外資企業法》) and Sino-foreign Cooperative Joint Ventures of the PRC (《中華人民共和國中外合作經營企業法》) have been repealed since January 1, 2020.

In December 2019, the State Council promulgated the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which came into effect in January 2020. After the Regulations on Implementing the Foreign Investment Law of the PRC came into effect, the Regulations on Implementing the Sino-Foreign Equity Joint Venture of the PRC (《中華人民共和國中外合資經營企業法實施條例》), Provisional Regulations on the Duration of Sino-Foreign Equity Joint Venture (《中外合資經營企業合營期限暫行規定》), the Regulations on Implementing the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法實施細則》) and the Regulations on Implementing the Sino-foreign Cooperative Joint Venture of the PRC (《中華人民共和國中外合作經營企業法實施細則》) have been repealed simultaneously.

On December 30, 2019, the MOFCOM and the SAMR issued the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020 and replaced the Interim Measures for the Recordation Administration of the Incorporation and Change of Foreign-Invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》), for carrying out investment activities directly or indirectly in PRC, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures.

REGULATIONS RELATING TO EMPLOYMENT, SOCIAL SECURITIES AND PRODUCTION SAFETY

Employment

The major PRC laws and regulations that govern employment relationship are the Labor Law of the PRC (《中華人民共和國勞動法》), or the Labor Law (issued by the SCNPC on July 5, 1994, came into effect on January 1, 1995 and revised on August 27, 2009 and December 29, 2018), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) or the Labor Contract Law (promulgated by the SCNPC on June 29, 2007 and became effective on January 1, 2008, and then amended on December 28, 2012 and became effective 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》), or the Implementation Rules of the Labor Contract Law (issued by the State Council on September 18, 2008 and came into effect on the same day). According to the aforementioned laws and regulations, labor relationships between employers and employees must be executed in written form. The laws and regulations above impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. As prescribed under the laws and regulations, employers shall ensure its employees have the right to rest and the right to receive wages no lower than the local minimum wages. Employers must establish a system for labor safety and sanitation that strictly abide by state standards and provide relevant education to its employees. Violations of the Labor Contract Law and the Labor Law may result in the imposition of fines and other administrative liabilities and/or incur criminal liabilities in the case of serious violations.

Social Securities

According to the Social Insurance Law of PRC (《中華人民共和國社會保險法》), which issued by the SCNPC on October 28, 2010 and came into effect on July 1, 2011 and was newly revised on December 29, 2018, enterprises and institutions in the PRC shall provide their employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, occupational injury insurance, medical insurance and other welfare plans. The employer shall apply to the local social insurance agency for social insurance registration within 30 days from the date of its formation. And it shall, within 30 days from the date of employment, apply to the social insurance agency for social insurance registration for the employee. Any employer who violates the regulations above shall be ordered to make correction within a prescribed time limit; if the employer fails to rectify within the time limit,

the employer and its directly liable person will be fined. Meanwhile, the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) (issued by the State Council on January 22, 1999 and came into effect on the same day and was recently revised on March 24, 2019) prescribes the details concerning the social securities.

Apart from the general provisions about social insurance, specific provisions on various types of insurance are set out in the Regulation on Work-Related Injury Insurance (《工傷保險條例》) (issued by the State Council on April 27, 2003, came into effect on January 1, 2004 and revised on December 20, 2010), the Regulations on Unemployment Insurance (《失業保險條例》) (issued by the State Council on January 22, 1999 and came into effect on the same day), the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》) (issued by the Ministry of Labor on December 14, 1994 and came into effect on January 1, 1995). Enterprises subject to these regulations shall provide their employees with the corresponding insurance.

Housing Provident Fund

According to the Regulation Concerning the Administration of Housing Provident Fund (《住房公積金管理條例》), implemented since April 3, 1999 and amended on March 24, 2002 and March 24, 2019, any newly established entity shall make deposit registration at the housing accumulation fund management center within 30 days as of its establishment. After that, the entity shall open a housing accumulation fund account for its employees in an entrusted bank. Within 30 days as of the date an employee is recruited, the entity shall make deposit registration at the housing accumulation fund management center and seal up the employee's housing accumulation fund account in the bank mentioned above within 30 days from termination of the employment relationship.

Any entity that fails to make deposit registration of the housing accumulation fund or fails to open a housing accumulation fund account for its employees shall be ordered to complete the relevant procedures within a prescribed time limit. Any entity failing to complete the relevant procedure within the time limit will be fined RMB10,000 to RMB50,000. Any entity fails to make payment of housing provident fund within the time limit or has shortfall in payment of housing provident fund will be ordered to make the payment or make up the shortfall within the prescribed time limit, otherwise, the housing provident management center is entitled to apply for compulsory enforcement with the People's Court.

Production Safety

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) amended by the SCNPC on August 31, 2014 and coming into effect on December 1, 2014, an enterprise shall (i) provide production safety conditions as stipulated in this law and other relevant laws, administrative regulations, national and industry standards, (ii) establish a comprehensive production safety accountability system and production safety rules, and (iii) develop production safety standards to ensure production safety. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities. The

person-in-charge of an enterprise shall be fully responsible for the safety of production of the enterprise. An enterprise having more than 100 employees shall establish a department or engage in personnel managing production safety specifically. Personnel who is responsible for managing production safety shall inspect the safety of production regularly based on the characteristics of production of the enterprise and shall deal with any safety issue identified during the inspection in a timely manner. Any unsolved issue shall be reported to the person-in-charge in a timely manner and the person-in-charge shall solve such issue immediately. The inspection and measures taken shall be duly recorded. Enterprises and institutions shall provide their employees with training on production safety and shall truthfully inform their employees of any potential risks in relation to the workplace and duties, preventive measures and emergency measures. In addition, an enterprise shall provide its employees with protective equipment that meet the national or industry standards and supervise and train them to use such equipment.

REGULATIONS RELATING TO INTELLECTUAL PROPERTIES

Patents

According to the Patent Law of the PRC (《中華人民共和國專利法》), promulgated by the SCNPC on March 12, 1984 and further amended on September 4, 1992, August 25, 2000, December 27, 2008 and came into effect on October 1, 2009 and the Implementing Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), promulgated by the China Patent Bureau Council on January 19, 1985, and last amended on January 9, 2010 and came into effect on February 1, 2010, the term "invention-creations" refers to inventions, utility models and designs. The duration of a patent right for inventions shall be 20 years and the duration of a patent right for utility models and designs shall be 10 years, both commencing from the filing date. In the event that a dispute arises due to a patent being exploited without the prior authorization of the patentee, that is to say an infringement upon the patent right of the patentee. In addition, pursuant to the Patent Law of the PRC which was released on October 17, 2020 and will come into effect on June 1, 2021, the duration of a patent right for designs shall be 15 years, all commencing from the application date.

According to the Patent Law of the PRC, any entity or individual that seeks to exploit a patent owned by another party shall enter into a patent license contract with the patent owner concerned and pay patent royalties to the patent owner. The licensee does not have the right to allow any entity or individual not specified in the contract to exploit such patent.

Pursuant to the Measures for the Filling of Patent Licensing Contracts (《專利實施許可合同備案辦法》) promulgated by the State Intellectual Property Office on June 27, 2011 and became effective on August 1, 2011, the State Intellectual Property Office shall be responsible for recordation of patent licensing contracts nationwide and the parties concerned shall complete recordation formalities within three months from the effective date of a patent licensing contract.

Trademarks

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) which was promulgated on August 23, 1982 and last amended on April 23, 2019 and came into effect on November 1, 2019, the Implementation Regulations of the Trademark Law of PRC (《中華人民共和國商標法實施條例》) which was issued on August 3, 2002 and amended on April 29, 2014, the Trademark Office under the State Administration for Industry and Commerce of the PRC (the "Trademark Office") shall handle trademark registrations and grant a term of ten years to registered trademarks, which may be renewed for additional ten year period upon request from the trademark owner. The Trademark Law of the PRC has adopted a "first-to-file" principle with respect to trademark registration. Where an application for trademark for which application for registration has been made is identical or similar to another trademark which has already been registered or is under preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right of others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use. A trademark registrant may, by entering into a trademark licensing contract, license another party to use its registered trademark. Where another party is licensed to use a registered trademark, the licenser shall report the license to the Trademark Office for recordation, and the Trademark Office shall publish it. An unrecorded license may not be used as a defense against a third party in good faith.

Domain Names

In accordance with the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) which was issued by the Ministry of Information Industry on August 24, 2017 and came into effect on November 1, 2017, the Ministry of Information Industry is responsible for supervision and administration of domain name services in the PRC. Communication administrative bureaus at provincial levels shall conduct supervision and administration of the domain name services within their respective administrative jurisdictions. Domain name registration services shall, in principle, be subject to the principle of "first apply, first register". A domain name registrar shall, in the process of providing domain name registration services, ask the applicant for which the registration is made to provide authentic, accurate and complete identity information on the holder of the domain name and other domain name registration related information.

REGULATIONS RELATING TO FOREIGN EXCHANGE AND OVERSEAS INVESTMENT

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

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

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

According to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas listed with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or the SAFE Circular 19 promulgated on March 30, 2015, coming into effect on June 1, 2015 and partially abolished on December 30, 2019, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange

capital settled in RMB (i) for any expenditures beyond the business scope of the foreign invested enterprises or forbidden by laws and regulations; (ii) for direct or indirect securities investment; (iii) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been on lent to a third party; and (iv) to purchase real estates not for self-use purposes (save for real estate enterprises).

On June 9, 2016, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or the SAFE Circular 16, which came into effect on the same day. The SAFE Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, there remain substantial uncertainties with respect to SAFE Circular 16's interpretation and implementation in practice.

On October 23, 2019, SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which became effective on the same date (except for Article 8.2, which became effective on January 1, 2020). The notice cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

REGULATIONS RELATING TO M&A

According to the Provisions on the Merger or Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), or M&A Rules, which was jointly issued by the MOFCOM, the State Assets Supervision and Administration Commission of the State Council, the STA, the SAMR, the China Securities Regulatory Commission, or the CSRC and the SAFE, on August 8, 2006 and amended by the MOFCOM on June 22, 2009, among other things, (i) the purchase of an equity interest or subscription to the increase in the registered capital of non-foreign-invested enterprises, (ii) the establishment of foreign-invested enterprises to purchase and operate the assets of non-foreign-invested enterprises, or (iii) the purchase of the assets of nonforeign-invested enterprises and the use of such assets to establish foreign-invested enterprises to operate such assets, in each case, by foreign investors shall be subject to the M&A Rules. Particularly, application shall be made for examination and approval

of the acquisition of any company in China affiliating to a domestic company, enterprise or natural person, which is made in the name of an oversea company established or controlled by such domestic company, enterprise or natural person.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), or the EIT Law, promulgated by the NPC on March 16, 2007, came into effect on January 1, 2008 and amended on February 24, 2017 and December 29, 2018, as well as the Implementation Rules of the EIT Law (《中華人民共和國企業所得税法實施條例》), or the Implementation Rules, promulgated by the State Council on December 6, 2007, came into force on January 1, 2008 and amended on April 23, 2019, are the principal law and regulation governing enterprise income tax in the PRC. According to the EIT Law and its Implementation Rules, enterprises are classified into resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises that are legally established in the PRC, or are established under foreign laws but whose actual management bodies are located in the PRC. And non-resident enterprises refer to enterprises that are legally established under foreign laws and have set up institutions or sites in the PRC but with no actual management body in the PRC, or enterprises that have not set up institutions or sites in the PRC but have derived incomes from the PRC. A uniform income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have set up institutions or sites in the PRC to the extent that such incomes are derived from their set-up institutions or sites in the PRC, or such income are obtained outside the PRC but have an actual connection with the set-up institutions or sites. And non-resident enterprises that have not set up institutions or sites in the PRC or have set up institutions or sites but the incomes obtained by the said enterprises have no actual connection with the set-up institutions or sites, shall pay enterprise income tax at the rate of 10% in relation to their income sources from the PRC.

Value-Added Tax

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

and 10%, respectively, this adjustment became effect on May 1, 2018. Subsequently, the MOF, the STA and the General Administration of Customs jointly issued the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》) on March 20, 2019 to make a further adjustment, which came into effect on April 1, 2019. The tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

EU AND FDA REGULATORY OVERVIEW

EU Regulatory Regime

Overview

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

- Council Directive 90/385/EEC on Active Implantable Medical Devices (AIMD) (1990). This directive applies to active implantable medical devices such as cardiac pacemakers and implantable insulin pumps. It came into effect on January 1, 1993.

- Council Directive 93/42/EEC on Medical Devices (MDD) (1993). This directive applies to medical devices and their accessories other than the active implantable devices covered by AIMDD. It took effect on January 1, 1995.

- Directive 98/79/EC of the European Parliament and of the Council on in vitro Diagnostic Medical Devices (IVDMD). This directive applies to in vitro diagnostic medical devices and their accessories such as blood cell counters and pregnancy detection devices. Member states of EU were required to adopt and publish the laws, regulations and administrative provisions necessary to comply with IVDMD not later than December 7, 1999 and apply these provisions with effect from June 7, 2000.

Classification of Medical Device

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

Recent Developments in EU Medical Device Regulations

In 2017, the EU formally adopted and issued the new medical device regulation EU2017/745 (MDR) and the in vitro diagnostic medical device regulation EU2017/746 (IVDR). The MDR incorporates the AIMDD, which is combined with the MDD. These two

regulations have come into effect already. The MDR was initially expected to become applicable in May 2020 (which was postponed for one year due to the COVID-19 pandemic). The IVDR is expected to become applicable in 2022.

The CE Mark registration for DCB products will be governed by the newly-adopted MDR. We have taken into account the MDR updates with respect to the regulatory pathway of our DCB products in Europe before initiating the clinical trial in Europe. Accordingly, the MDR will not have a material impact on the registration of our DCB products in Europe.

FDA Regulatory Regime

FDA has three levels of clearance for DCB products, namely, 510(k), premarket approval and the de novo pathway, each of which needs specific criteria to be fulfilled in order to be granted. Such three levels of clearance and their respective criteria are summarized as below:

Level of FDA Clearance	Description
510(k) Clearance	A 510(k) clearance for a DCB product is granted when it has been shown to be at least as safe and effective as another similar, legally marketed medical device. The submitter seeking this clearance must provide substantial proof of equivalence in their application. Without an approval of being substantially equivalent to the other medical device, the one pending approval cannot be legally marketed.
Premarket Approval	Premarket approval is issued to Class III medical devices which have a large impact on human health and as such, their evaluation undergo more thorough scientific and regulatory processes to determine their safety and effectiveness. In order to approve an application, the FDA determines that the device's safety and effectiveness is supported by satisfactory scientific evidence. Upon approval, the applicant can proceed with commercialization of the product.
De novo Pathway	Regarding the de novo classification, it is used to classify those novel medical devices for which there are no legally commercialized counterparts, but which offer adequate safety and effectiveness with general controls. The FDA performs a risk based assessment of the device in question before approval and allowing the device to be commercialized.

Investigational Device Exemption

An investigational device exemption (IDE) allows the investigational device to be used in a clinical study in order to collect safety and effectiveness data. Clinical studies are most often conducted to support a premarket approval. Only a small percentage of 510(k)s require clinical data to support the application. Investigational use also includes clinical evaluation of certain modifications or new intended uses of legally marketed devices. All clinical evaluations of investigational devices, unless exempt, must have an approved IDE before the study is initiated.

Clinical evaluation of devices that have not been cleared for marketing requires:

- an investigational plan approved by an institutional review board (IRB). If the study involves a significant risk device, the IDE must also be approved by the FDA;
- informed consent from all patients;
- labeling stating that the device is for investigational use only;
- monitoring of the study; and
- required records and reports.

Breakthrough Device Program

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

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

AcoArt Litos™ was designated as a "breakthrough device" by the FDA in 2019 as it provides for more effective treatment in irreversibly debilitating human conditions and offers significant advantages over existing approved or cleared alternative medical devices. The designation also indicates that the product represents breakthrough technology and its availability is in the best interest of patients. After the designation, the product was entitled to an expedited process of the development, assessment, and review by the FDA.

OVERVIEW

We are a leading interventional medical device company in China focusing on providing treatment solutions for vascular diseases. With our world-class state-of-the-art technologies, we have become the global leader in the DCB industry. To date, we have built a comprehensive DCB product portfolio targeting five therapeutic areas — vascular surgery, cardiology, nephrology, neurology and andrology.

We initiated the research and development of our DCB products after Ms. Li and Mr. Schaffner directed the acquisition of Beijing Acotec in 2011. Beijing Acotec mainly focused on the research and development of cardiac radiofrequency ablation catheter at the early stage of its establishment in 2008. Ms. Li and Mr. Schaffner are regarded as our founders. Both Ms. Li and Mr. Schaffner have more than 27 years of experience in medical device industry. In addition, Dr. Speck, with whom we have been closely cooperating since 2013, joined us as CTO in October 2020. Dr. Speck is the inventor of the first DCB product and is a widely recognized leading expert in the world's vascular interventional medical device industry with over 50 years of experience in academic and clinical research in biochemistry, physiology, and drugs. For further details of the background and experience of Ms. Li, Mr. Schaffner and Dr. Speck, please refer to the section headed "Directors and Senior Management" in this prospectus.

In September 2018, CPEChina Fund III and CPE Global Opportunities Fund, through CA Medtech, acquired the entire equity interest of our Group and became our Controlling Shareholders, while our founders, Ms. Li and Mr. Schaffner, remained as CEO and COO of our Group, respectively. Both CPEChina Fund III and CPE Global Opportunities Fund are China-focused private equity fund managers. CPEChina Fund III and CPE Global Opportunities Fund are Sophisticated Investors for the purpose of paragraph 3.2(g) of Guidance Letter HKEX-GL92-18 issued by the Stock Exchange. They focus on investments in companies in the leisure, healthcare, business and financial services, technology and internet, and industrial and energy sectors across China. The total commitments of CPEChina Fund III and CPE Global Opportunities Fund are approximately US$2.3 billion and US$556 million, respectively, and their portfolio companies include MicroPort CardioFlow Medtech Corporation, JW (Cayman) Therapeutics Co. Ltd, and JD Health International Inc. The strategic partnership with CPEChina Fund III and CPE Global Opportunities Fund marks a new phase in our continuing mission to develop industry-leading technology and product for interventional treatment solutions of various types of vascular disease.

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on December 3, 2020 as the holding company of our subsidiaries that are principally engaged in the research and development of DCB products. For details of our historical financing and corporate restructuring, please refer to the paragraphs headed "Pre-IPO Investments" and "Reorganization" in this section.

BUSINESS MILESTONES

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

Year	Milestone
2011	Our founders directed the acquisition of Beijing Acotec
	Beijing Acotec initiated the research and development of PTA balloon products and DCB products
2013	We initiated the RCTs for AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™, our Core Products
2014	DCB was included in the National Science & Technology Pillar Program of the Ministry of Science and Technology
	Our SFA/PPA DCB product received CE marking approval and was first launched in Europe
2015	Our SFA/PPA DCB product received "Green Channel" qualification for priority review by the NMPA
2016	Our SFA/PPA DCB product was approved for marketing by the NMPA, becoming the first peripheral DCB product approved for marketing by NMPA
2017	We obtained the qualification for Chinese High and New Technology Enterprise
2018	CPEChina Fund III and CPE Global Opportunities Fund became the Controlling Shareholders of our Group
	We started animal studies for sirolimus coating
	We started research and development of intravenous radiofrequency ablation catheter

Year	Milestone
2019	We introduced periphery aspiration platform
	Our BTK DCB received "Fast Track" qualification for medical devices urgently needed in clinical practice
	Our BTK DCB product was designated as a "breakthrough device" by the FDA
2020	We acquired VascuPatent Medical and established Shenzhen High-molecule Materials R&D Center
	Our BTK DCB product obtained the NMPA approval, making it the world's first BTK DCB product receiving approval based on the RCT results

OUR PRINCIPAL SUBSIDIARY

As of the Latest Practicable Date, we had 4 wholly-owned subsidiaries. Please refer to "Appendix I — Particulars of Subsidiaries" in this prospectus for more information. The following sets forth details of our principal subsidiary through which we conduct our principal businesses:

Name	Date and Place of Incorporation	Registered Capital	Principal Business Activities
Beijing Acotec	January 28, 2008, PRC	RMB33,500,000	Research & Development and production of our products

CORPORATE DEVELOPMENT

The following sets forth the major corporate history, shareholding changes and restructuring of our Group.

1. Incorporation and Shareholding Evolution of Beijing Acotec

Beijing Acotec was established in the PRC on January 28, 2008 by Mr. Ji Xiangdong, spouse of Ms. Li, and two other minority investors, Saiwei Aviation and Electricity Technology Company Limited ("**SAET**") and Ms. Cao Liya. The total registered capital of Beijing Acotec was RMB3,500,000. The shareholding structure of Beijing Acotec upon its incorporation was as set forth below:

Name of Shareholders	Share Capital (RMB)	Shareholding Percentage
Mr. Ji Xiangdong	2,590,000	74%
SAET*(note 1)*	700,000	20%
Ms. Cao Liya*(note 2)*	210,000	6%
Total	3,500,000	100%

Notes:

1. SAET was a minority investor and Independent Third Party.
2. Ms. Cao Liya was a minority investor and Independent Third Party.

On March 30, 2009, Beijing Acotec increased its registered capital to RMB7,000,000 and Mr. Ji Xiangdong and Ms. Cao Liya subscribed for the increased registered capital of RMB3,290,000 and RMB210,000, respectively. The shareholding structure of Beijing Acotec upon its increase of registered capital in March 2009 was as set forth below:

Name of Shareholders	Share Capital (RMB)	Shareholding Percentage
Mr. Ji Xiangdong	5,880,000	84%
SAET	700,000	10%
Ms. Cao Liya	420,000	6%
Total	7,000,000	100%

On November 30, 2010, SAET transferred RMB700,000 of the registered capital it held in Beijing Acotec, representing 10% equity interest in Beijing Acotec, to Mr. Ji Xiangdong at a consideration of RMB700,000. The registration with the administrative authority for such equity transfer was completed on December 6, 2010. The shareholding structure of Beijing Acotec upon completion of the aforementioned equity transfer on December 6, 2010 was as set forth below:

Name of Shareholders	Share Capital (RMB)	Shareholding Percentage
Mr. Ji Xiangdong	6,580,000	94%
Ms. Cao Liya	420,000	6%
Total	7,000,000	100%

2. Acquisition of Beijing Acotec by Pine Medical

On April 29, 2011, Mr. Ji Xiangdong, Ms. Cao Liya and Pine Medical entered into a share transfer agreement, according to which, Mr. Ji Xiangdong and Ms. Cao Liya agreed to transfer their entire shareholdings in Beijing Acotec to Pine Medical at a consideration of RMB3,174,300 and RMB202,600, respectively. The consideration of the equity transfer was determined based on arm's length negotiations among the parties. The equity transfer was properly and legally completed on June 27, 2011. Upon completion of the equity transfer, Beijing Acotec was wholly owned by Pine Medical and became a wholly foreign owned enterprise under PRC law. After rounds of capital increase by Pine Medical from May 2011 to September 2015, the registered share capital of Beijing Acotec increased from RMB7,000,000 to RMB33,500,000.

Pine Medical is a company incorporated in Hong Kong. Since its establishment and at the time of the above acquisition on 29 April, 2011, Pine Medical was wholly-owned by Ms. Kung, a former employee at the PRC representative office of Invatec, a company develops and manufactures cardiac, peripheral and neuro interventional devices which was subsequently acquired by Medtronic plc. After several share restructures and share transfers and as of September 2018, Pine Medical was owned by Ms. Li (through her special purpose vehicle Smartwork Investments Limited), Mr. Schaffner, Ms. Kung (through her special purpose vehicle Win-Link International Corp. Limited) and Stefan Kurt Widensohler (an entrepreneur focusing on healthcare industry and the president, chief executive officer, principal and proprietor of KRAUTH Medical Group, a private company in Hamburg, Germany) (together, the "**Pine Medical Shareholders**") as to approximately 32%, 16.67%, 18.0% and 33.33%, respectively.

3. Acquisition of Pine Medical by CA Medtech

In September 2018, Beijing Acotec, Pine Medical, and the Pine Medical Shareholders entered into a share purchase agreement (the "**CA Medtech SPA**") with CA Medtech and its parent CPEChina Fund III, pursuant to which CA Medtech acquired all of the issued and outstanding share capital of Pine Medical held by the Pine Medical Shareholders at a total fixed consideration to be paid off by CA Medtech in two phases (the "**Fixed Cash Consideration**"). The shares of Pine Medical was transferred to CA Medtech on September 12, 2018 and the Fixed Cash Consideration of USD213,603,655 was fully settled by CA Medtech in two phases on September 12, 2018 and on November 21, 2019, respectively. Such consideration was determined with reference to the earnings and growth prospects of Beijing Acotec and was based on arm's length negotiations among the parties. According to the CA Medtech SPA, CA Medtech also agreed to make several earn-out payments to the Pine Medical Shareholders if Beijing Acotec, after being acquired by CA Medtech, can meet certain business milestones prior to relevant deadlines as agreed by the parties. Specifically, CA Medtech agreed to pay the Pine Medical Shareholders an additional amount of approximately US$25.0 million if Beijing Acotec can obtain the NMPA approval for AcoArt Tulip™ and Litos™ indicated for the treatment of BTK lesions prior to June 30, 2022, and agreed to pay the Pine Medical Shareholders another approximately US$25.0 million if Beijing Acotec can obtain the NMPA approval for AcoArt Orchid® & Dhalia™ indicated for the treatment of arteriovenous fistula stenosis prior to December 31, 2023 (collectively, the "**Earn-out Payment Obligation**"). The adoption of such earn-out payment mechanism was a commercial decision after arm's length negotiations between CA Medtech and the Pine Medical Shareholders to reasonably allocate the risk of our future performance and R&D progress between Pine Medical Shareholders and CA Medtech, and to incentivise the Pine Medical Shareholders who continued to participate in our management after the closing of the CA Medtech SPA, so as to align the interest of the management with CA Medtech. The Earn-out Payment Obligation is the independent and separate obligation of CA Medtech and CPEChina Fund III and shall be settled within 30 business days upon the relevant NMPA approvals have been obtained.

Other material terms of the CA Medtech SPA includes:

(a) conditions precedent to the CA Medtech SPA

The closing is conditional on, among others, the following conditions:

- All necessary corporate approvals of CA Medtech, Smartwork Investments Limited and Win-Link International Corp. Limited having been obtained to permit the entry into and implementation of the CA Medtech SPA;

- Written consents of several major customers of Pine Medical and Beijing Acotec (together, the "**Target Companies**") for the change of the beneficial ownership of the Pine Medical pursuant to relevant agreements having been obtained;

- Resignation of Mr. Schaffner, Ms. Kung, Mr. Stefan Kurt Widensohler and Ms. Li as the directors of Pine Medical and Beijing Acotec;

- Each member of the board of directors and senior management of the Target Companies and several selected personnel having executed a confirmation confirming he/she has no claim for unpaid remuneration or bonus against any of the Target Companies; and

- Beijing Acotec having completed the environmental impact evaluation for the entirety of its production facility.

(b) Non-compete undertaking

Each of Ms. Li, Ms. Kung, Mr. Schaffner, Mr. Stefan Kurt Widensohler, as individual sellers, agreed that, for a period of two (2) years from their departure, he/she will not, directly or indirectly, be engaged in any activity that directly competes with any of the Target Companies.

Immediately following the acquisition of Pine Medical by CA Medtech, Beijing Acotec was indirectly jointly owned by CPEChina Fund III and CPE Global Opportunities Fund. CPEChina Fund III, CPE Global Opportunities Fund and Pine Medical were acquainted only through the acquisition and have no prior or other existing relationship.

4. Investments by Our Management into CA Medtech

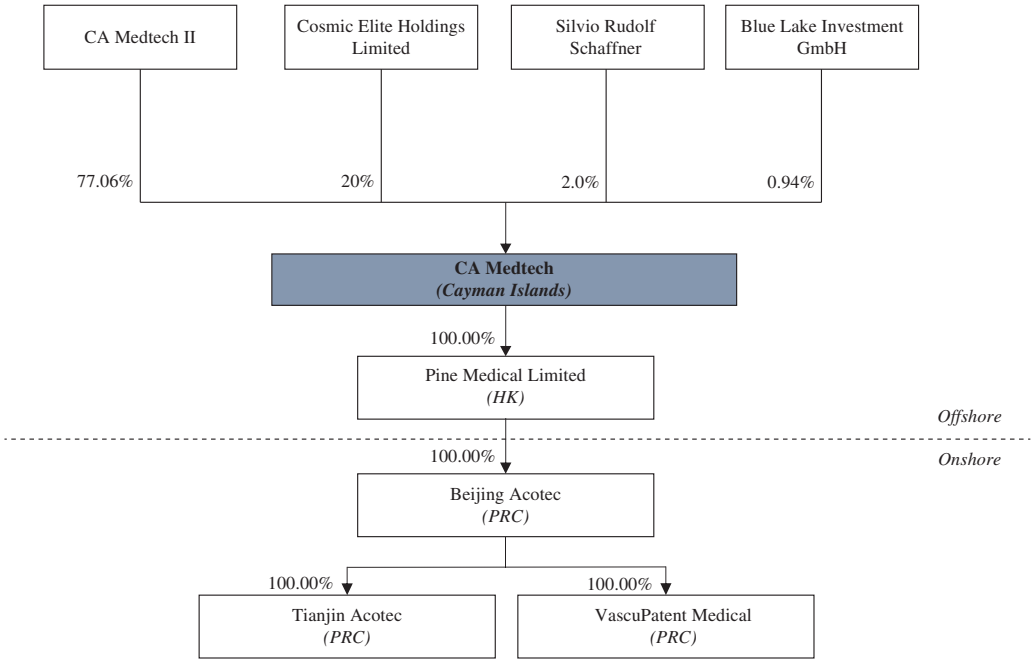
To incentivize the management and align the management's interests with CA Medtech and its shareholders, CA Medtech issued ordinary shares to Ms. Li, Mr. Schaffner and Professor Dierk Scheinert (collectively, the "**Management's Investments into CA Medtech**"). CA Medtech's share capital was increased to 213,603,234 ordinary shares, among which (i) Ms. Li subscribed for 42,720,627 shares, representing approximately 20% of the enlarged share capital of CA Medtech, (ii) Mr. Schaffner subscribed for 4,272,065 shares, representing approximately 2.0% of the enlarged share capital of CA Medtech, and (iii) Professor Dierk Scheinert subscribed for 2,000,000 shares, representing approximately 0.94% of the enlarged share capital of CA Medtech. Professor Dierk Scheinert is the director of center for vascular medicine, angiology and vascular surgery at Leipzig University. Professor Dierk Scheinert is recognized internationally for his expertise in both coronary and peripheral vascular interventions. Details of the managements' subscriptions are set out as below:

(a) In July 2020, Ms. Li and her special purpose vehicle Novel Pilot entered into a share subscription agreement with CA Medtech II and CA Medtech, pursuant to which CA Medtech agreed to issue 42,720,647 new ordinary shares, representing approximately 20% of the enlarged share capital of CA Medtech, to Novel Pilot at a consideration of USD42,720,647. Such consideration was determined based on arm's length negotiations among the parties. The shares were issued and allotted to Novel Pilot on July 23, 2020 and the consideration was fully settled by Novel Pilot on July 16, 2020. Novel Pilot was owned by Ms. Li and Ms. Cheng Li as to 95.31% and 4.69%, respectively. Novel Pilot later transferred its shareholdings in CA Medtech to Cosmic Elite, another special purpose vehicle indirectly owned by Ms. Li and Ms. Cheng Li as to 95.31% and 4.69%, respectively, on November 3, 2020.

(b) In August 2020, Mr. Schaffner entered into a share subscription agreement with CA Medtech II and CA Medtech, pursuant to which CA Medtech agreed to issue 4,272,065 new ordinary shares, representing approximately 2.0% of the enlarged share capital of CA Medtech, to Mr. Schaffner at a consideration of USD4,272,065. Such consideration was determined based on arm's length negotiations among the parties. The shares were issued and allotted to Mr. Schaffner on August 12, 2020 and the consideration was fully settled by Mr. Schaffner at the same date.

(c) In August 2020, Professor Dierk Scheinert and his special purpose vehicle Blue Lake entered into a share subscription agreement with CA Medtech II and CA Medtech, pursuant to which CA Medtech agreed to issue 2,000,000 new ordinary shares, representing approximately 0.94% of the enlarged share capital of CA Medtech, to Blue Lake at a consideration of USD2 million. Such consideration was determined based on arm's length negotiations among the parties. The shares were allotted and issued to Blue Lake on August 21, 2020 and the consideration was fully settled by Blue Lake on the same date.

A simplified shareholding structure of our Group immediately following completion of the above share transfers but before reorganization is set out as below:



Specifically, when our management, CA Medtech and CPEChina Fund III (the "**Relevant Parties**") discussed about the arrangements in relation to the Management's Investments into CA Medtech, as well as the proposed structure of the Reorganization, they agreed that (i) the Earn-out Payment Obligations mentioned above will remain to be obligations of CA Medtech after the completion of the Management's Investments into CA Medtech; (ii) after the completion of the Reorganization, our Company will use its commercially reasonable efforts to facilitate the fulfillment of such Earn-out Payment Obligations by CA Medtech, by declaring and paying a dividend in an amount of US$50.0 million to CA Medtech, so long as the payment of such dividend would not materially and negatively impact our Company's ongoing and planned research and development projects, and would not jeopardize the long term interest of our Company's shareholders, including its shareholders after the proposed Global Offering; and (iii) the remaining obligations of CA Medtech under the CA Medtech SPA, if any, will be independent and separate obligations of CPEChina Fund III, and CPEChina Fund III would not request our Company to facilitate the fulfillment of such obligations.

In reaching such agreement, the Relevant Parties considered, among others, (i) the ability of our Company to carry out our business plans and development strategies as originally planned, after paying such Dividend; and (ii) the development status of AcoArt Tulip™ and Litos™ indicated for the treatment of BTK lesions and AcoArt Orchid® & Dhalia™ indicated for the treatment of arteriovenous fistula stenosis. Specifically, the Relevant Parties noted that (a) Beijing Acotec already completed the RCT for AcoArt Tulip™ and Litos™ indicated for the treatment of BTK lesions in June 2019, and expected to obtain the NMPA approval for the product by the end of 2020; and (b) Beijing Acotec started to enroll patients for the RCT for AcoArt Orchid® & Dhalia™ indicated for the treatment of arteriovenous fistula stenosis since May 2018, and expected to obtain the NMPA approval for the product in the first quarter of 2023, so they anticipated that Beijing Acotec can meet the relevant milestones prior to the relevant deadlines, and the Pine Medical Shareholders had "earned" their rights to receive the relevant earn-out payments under the CA Medtech SPA.

5. Investment in and Acquisition of VascuPatent Medical

VascuPatent Medical was established by Mr. LU Lizhong ("**Mr. Lu**") and two other individual financial investors, Ms. YU Xintong and Ms. ZHOU Caixia, in December 2019 with a registered capital of RMB1 million and focused on the research and development of balloons and catheters. Mr. Lu was responsible for the R&D of VascuPatent Medical. Ms. YU Xintong and Ms. ZHOU Caixia were only passive financial investors and did not hold any position in VascuPatent Medical.

Before establishing VascuPatent Medical, Mr. Lu was a senior engineering director at OrbusNeich Medical (Shenzhen) Co., Ltd., a wholly foreign owned company specializing in the research, development and manufacturing of interventional cardiovascular medical device products. Our Company became acquainted with Mr. Lu through various industry association events. After learning that Mr. Lu had established VascuPatent Medical, we approached Mr. Lu to discuss the acquisition of VascuPatent Medical with the vision to reduce our purchase of drug-coated balloons from external suppliers and have our own drug-coated balloons production capability.

We acquired 85% equity interest in VascuPatent Medical through capital injection of RMB18.5 million in May 2020 to establish our high-molecule materials R&D center and start the production of own drug-coated balloons. We also retained Mr. Lu as the general manager of VascuPatent Medical considering his extensive R&D experience in balloon and catheter products. The 85% equity interest was recognised at the acquisition date as a result of arm's length negotiations with reference to VascuPatent Medical's valuation of RMB3.26 million before the capital injection. We later acquired the rest 15% equity interest in VascuPatent Medical held by Mr. Lu, Ms. YU Xintong and Ms. ZHOU Caixia at a consideration of RMB1.5 million in October 2020. The consideration for such acquisition was determined with reference to the net assets value of VascuPatent Medical as at the time of the acquisition.

Save as disclosed above, none of Mr. Lu, Ms. YU Xintong or Ms. ZHOU Caixia has any past or present relationships (including, without limitation, business, financial, family or employment relationship) with the Company, its subsidiaries, their shareholders, directors or senior management, or any of their respective associates.

REORGANIZATION

In preparation for the Global Offering, we underwent the following steps of Reorganization.

Step 1: Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on December 3, 2020. One Ordinary Share of our Company was issued to CA Medtech, which is our sole shareholder at the date of our incorporation. The initial authorized share capital of our Company was US$100,000 divided into 10,000,000,000 Ordinary Shares with a par value of US$0.00001 each.

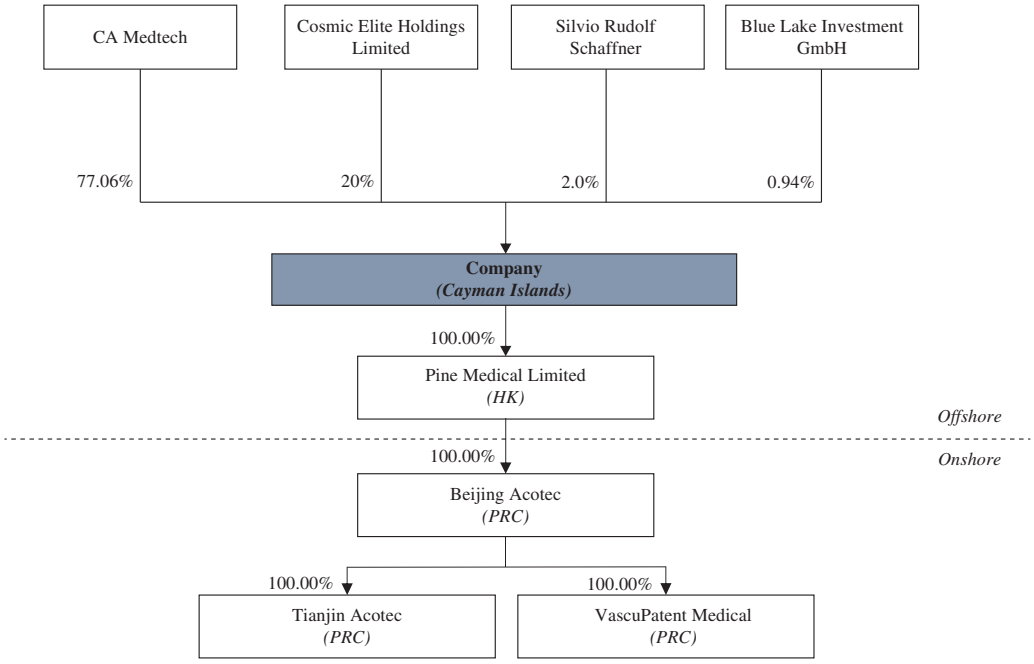
Step 2: Acquisition of Pine Medical by our Company through Share Exchange

On December 28, 2020, CA Medtech transferred the entire 12,000,000 ordinary shares it then held in Pine Medical to our Company. As consideration for the share transfer, our Company issued 164,610,521 new Ordinary Shares to CA Medtech at the same date. Upon completion of such share exchange (the "**Pine Medical Share Exchange**"), Pine Medical became a wholly owned subsidiary of our Company.

Step 3: Repurchase of Share Capital by CA Medtech and Issuance of Shares by our Company

Pursuant to a share exchange agreement among our Company, CA Medtech, Cosmic Elite, Mr. Schaffner and Blue Lake, on December 29, 2020, CA Medtech repurchased 42,720,647 shares, 4,272,065 shares, 2,000,000 shares from each of Cosmic Elite, Mr. Schaffner, Blue Lake, respectively. As consideration for the repurchased shares, our Company issued 42,720,647 Ordinary Shares, 4,272,065 Ordinary Shares, 2,000,000 Ordinary Shares to Cosmic Elite, Mr. Schaffner, Blue Lake, respectively, on the same date.

Upon completion of Step 3, a simplified shareholdings structure of our Group after reorganization is set out as below:



EMPLOYEE INCENTIVE SCHEME

In recognition of the contributions of our employees and to incentivize them to further promote our development, Bliss Way Limited was established in the BVI as our employee incentive platform.

Bliss Way Limited was incorporated in the BVI as a limited company on October 16, 2020 as an employee incentive platform for our employees. Mr. Li Chen is the sole director of Bliss Way Limited and is responsible for the management of Bliss Way Limited. As of the Latest Practicable Date, the sole shareholder of Bliss Way Limited is Beijing Zixi Enterprise Management Consulting Partnership (Limited Partnership) (北京子兮企業管理諮詢合夥企業(有限合夥)), our incentive platform which is held by Shanghai Zhiye Enterprise Management Partnership (Limited Partnership) (上海之曄企業管理合夥企業(有限合夥)) as the limited partner and Beijing Muxi Enterprise Consulting Co., Ltd. (北京木兮企業諮詢有限公司), a limited company held as to 99.9% by Mr. Li Chen, as the general partner. As of the Latest Practicable Date, our incentive platform had 30 limited partners, including Ms. Hui ZHANG, Ms. Weijia LI, our senior management, and 28 employees of our Group. On January 8, 2021, our Company issued 11,242,275 Ordinary Shares to Bliss Way Limited, representing 4.59% of the total issued share capital of our Company as of the Latest Practicable Date. The consideration for the Shares issued to Bliss Way Limited was primarily funded by a loan provided by CA Medtech. Bliss Way Limited will repay the loan, together with all interests accrued there on and relevant expenses, within 364 days from the dispatch of the loan.

RSU SCHEME

We adopted the RSU Scheme on January 8, 2021 to motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests of the Company. Sino Fame Ventures Limited was established in the BVI for the purpose of holding Shares for grant under the RSU Scheme. On January 8, 2021, our Company issued 12,228,440 Ordinary Shares to Sino Fame Ventures Limited, representing 5.00% of the total issued share capital of our Company as of the Latest Practicable Date. On January 15, 2021, our Company entered into a trust deed (the "**Trust Deed**") with Trident Trust Company (HK) Limited (the "**Trustee**"), pursuant to which the Trustee has agreed to act as the trustee to administer the RSU Scheme and to hold the Shares underlying the RSU Scheme through Sino Fame Ventures Limited. According to the Trust Deed, the voting rights attached to the Shares underlying the RSU Scheme are vested with Ms. Li. For details, please refer to "Appendix IV — Statutory and General Information — D. Share Incentive Schemes — 1. RSU Scheme" in this prospectus.

PRE-IPO INVESTMENTS

1. Overview

Pursuant to the terms of the new share purchase agreements dated December 18, 2020 and entered into, among others, our Company and Series Crossover Preferred Shares Shareholders, the Company will allot and issue and each Series Crossover Preferred Shares Shareholders will subscribe for 7,682,222 Series Crossover Preferred Shares at a total consideration of US$20,500,000.

Pursuant to the terms of the share subscription and purchase agreements dated January 7, 2021 and January 9, 2021 and entered into by, among others, the Company, CA Medtech and the Series Crossover II Preferred Shares Shareholders, CA Medtech will sell and transfer to the Series Crossover II Preferred Shares Shareholders for an aggregate of 5,995,880 Series Crossover II Preferred Shares at a total consideration of US$16,000,000.

The consideration for the Pre-IPO Investments was determined based on arm's length negotiations between the Company and the Pre-IPO Investors, taking into account various factors including the expected commercialization timeline of the Company's DCB products, the pricing and expected market share of the Company's DCB products, the timing of the investments and the status of our business and operating entities.

2. Capitalization of Our Company

The below table summarizes the capitalization of our Company as at the Latest Practicable Date:

	As at the Latest Practicable Date[1]			
Shareholders	**Shares**	**Series Crossover Preferred Shares**	**Series Crossover II Preferred Shares**	**Ownership percentage (%)**
CA Medtech Investment (Cayman) Limited	158,614,642	–	–	64.81%
Cosmic Elite Holdings Limited	42,720,647	–	–	17.45%
Silvio Rudolf Schaffner	4,272,065	–	–	1.75%
Blue Lake Investment GmbH	2,000,000	–	–	0.82%
Bliss Way Limited	11,242,275	–	–	4.59%
Sino Fame Ventures Limited	12,228,440	–	–	5.00%
Alpha Wealth Global Limited	–	3,747,425	–	1.53%
Talent Rainbow International Limited	–	2,061,084	–	0.84%
Bright Pacific Enterprises Limited	–	1,873,713	–	0.77%
PRIMEONE LUCK LIMITED	–	–	3,747,425	1.53%
Fangyuan Capital SPC — FY Growth SP (PE Investment Sub-Class A)	–	–	1,873,713	0.77%
Mega Goal International Limited	–	–	374,742	0.15%
Total	231,078,069	7,682,222	5,995,880	100%

Note:

(1) Assuming the conversion of the Preferred Shares into Shares on a one-to-one basis has been completed immediately before completion of the Global Offering.

3. Principal terms of the Pre-IPO Investments

The below table summarizes the principal terms of the pre-IPO investments:

Investors	Alpha Wealth Global Limited	Talent Rainbow International Limited	Bright Pacific Enterprises Limited	PRIMEONE LUCK LIMITED	Fangyuan Capital SPC — FY Growth SP (PE Investment Sub-Class A)	Mega Goal International Limited
Date of agreement	December 18, 2020	December 18, 2020	December 18, 2020	January 7, 2021	January 7, 2021	January 9, 2021
Date on which investment was fully settled	December 23, 2020	January 8, 2021	December 22, 2020	January 8, 2021	January 8, 2021	January 11, 2021
Number of shares acquired	3,747,425 new shares allotted and issued by our Company	2,061,084 new shares allotted and issued by our Company	1,873,713 new shares allotted and issued by our Company	3,747,425 shares acquired from CA Medtech	1,873,713 shares acquired from CA Medtech	374,742 shares acquired from CA Medtech
Amount of consideration paid (US$)	10,000,000	5,500,000	5,000,000	10,000,000	5,000,000	1,000,000
Cost per Preferred Share paid (US$)	2.668					
Post-money valuation of our Company[(1)] (US$)	653 million					
Discount to the Offer Price[(2)]	10%					
Lock-up Undertaking	The Pre-IPO Investors will not, whether directly or indirectly, at any time during the period of six (6) months commencing from the date on which dealings in the Shares commence on the Hong Kong Stock Exchange, directly or indirectly dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares of the Company.					
Use of proceeds and whether they have been fully utilized	We utilised the proceeds for the distribution of special dividends to CA Medtech. As at the Latest Practicable Date, all of the net proceeds from the Pre-IPO Investments has been utilised.					
Strategic benefits to our Company	At the time of each of the Pre-IPO Investments, our Directors were of the view that our Company could benefit from the Pre-IPO Investors' investment knowledge and experience in healthcare, medical devices sectors and the Pre-IPO Investments demonstrated the Pre-IPO Investors' confidence in the operation and development of our Group.					
Conversion rights	Each Preferred Share shall be automatically converted into such number of Ordinary Shares immediately upon completion of the Global Offering.					

Notes:

(1) The corresponding valuation of the Company is calculated based on the capitalization of our Company at the settlement date of the pre-IPO investment.

(2) The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK$23.00 per Share, being the mid-point of the indicative Offer Price range of HK$22.20 to HK$23.80, assuming the conversion of the Preferred Shares into Shares on a one-to-one basis has completed immediately before completion of the Global Offering.

The consideration for the Pre-IPO Investments had been agreed upon among the Company and Pre-IPO Investors in October 2020. However, the relevant share purchase agreements were only entered into in December 2020 and January 2021 after the incorporation of the Company in December 2020. The increase in the Company's IPO valuation from the pre-IPO investment is because since the Pre-IPO Investments, the Company has achieved several major milestones, including (i) obtained the NMPA approval for AcoArt Tulip™ & Litos™ in December 2020 and successfully launched the product in China in January 2021; (ii) initiated four clinical trials for AcoArt Orchid® & Dhalia™ indicated for treating VAO stenosis in October 2020, the RCT for its coronary sirolimus DCB product candidate in February 2021 and the RCT for its radio frequency ablation product candidate in November 2020; and (iii) initiated a pilot study for its DCB products indicated for vasculogenic erectile dysfunction in January 2021. These milestones have significantly reduced the development risks in relation to AcoArt Tulip™ & Litos™, the Company's core product and increased the probability of success ("**POS**"), which in turn boosts the Company's valuation. POS reflects the likelihood of core product being approved and the attainability of future cash flow, and is an important parameter for risk-adjusted discounted cash flow valuation.

4. Special Rights of the Pre-IPO Investors

All Preferred Shares shall be converted into Shares of our Company immediately before the completion of the Global Offering on a one-to-one basis. All Shareholders (including our Pre-IPO Investors) are bound by (i) the terms of the existing memorandum and articles of association (as amended from time to time) of our Company which will be replaced by our Memorandum and Articles of Association effective upon the Listing and (ii) the Shareholders Agreement which superseded all previous agreements among the contracting parties in respect of the shareholders' rights in our Company.

Pursuant to the Shareholders Agreement and the existing memorandum and articles of association of our Company, Pre-IPO Investors have, among other rights, (i) information and inspection rights; (ii) redemption rights and liquidation rights; (iii) conversion rights; (iv) pre-emptive rights; (v) anti-dilution rights; (vi) rights of first refusal and (vii) protective provisions.

All shareholders' special rights granted under the foregoing documents will be automatically terminated upon the listing application date (in terms of redemption rights) or the Listing in accordance with the terms of the Shareholders Agreement.

5. Information about the Pre-IPO Investors

The background information of our Pre-IPO Investors is set out below.

a. Primeone Luck Limited

PRIMEONE LUCK LIMITED is a limited liability company incorporated under the laws of BVI and an Independent Third Party. It is owned by Greenwoods Bloom Fund III, L.P. as to 94.55%, and by WORLDTOP ELITE LIMITED as to 5.45%. Greenwoods Bloom Fund III, L.P. is an exempted limited partnership registered in the Cayman Islands the general partner of which is Greenwoods Bloom III Ltd., and its 31 limited partners are Independent Third Parties with no single limited partner interested in more than 30%. Greenwoods Bloom Fund III, L.P. primarily focuses on making equity or equity-related investments in growth and expansion and mature stage companies in consumer & service, healthcare, technology, media and telecommunications sectors with a view to generating income and capital appreciation. WORLDTOP ELITE LIMITED is a limited liability company incorporated under the laws of BVI and is wholly-owned by Mr. Yuan Chun (袁春), who is an Independent Third Party.

b. Fangyuan Capital SPC — FY Growth SP (PE Investment Sub-Class A)

Fangyuan Capital SPC (for and on behalf of FY Growth SP (PE Investment Sub-Class A)) ("**Fangyuan Capital SPC**") is a Cayman Islands exempted segregated portfolio company managed by Fangyuan Capital (Hong Kong) Limited (方圓資本(香港)有限公司), an Independent Third Party and a limited liability company incorporated under

the laws of Hong Kong, which is active in healthcare investments, with focus on enacting innovation and technology transformation. Fangyuan Capital SPC was established by Fangyuan Capital as the investment manager together with other 20 limited partners. All limited partners of Fangyuan Capital SPC are Independent Third Parties with no single limited partner interested in more than 10%. As of June 30, 2021, the total market value of the investments held by Fangyuan Capital SPC was approximately USD5.3 million.

c. Alpha Wealth Global Limited

Alpha Wealth Global Limited (首富環球有限公司) is a limited liability company incorporated under the laws of BVI with investments as its main business. Its sole ultimate beneficial owner is Mr. HUANG Tao (黃濤), an Independent Third Party who did not hold any position or interest in our Group. As of the Latest Practicable Date, the total market value of the investments held by Alpha Wealth Global Limited (首富環球有限公司) was approximately USD50 million.

d. Talent Rainbow International Limited

Talent Rainbow International Limited (聯彩國際有限公司) a limited liability company incorporated under the laws of BVI, with investment as the main business and focusing on the investments in healthcare sectors. It's sole ultimate beneficial owner is Mr. CHEN Yihong (陳義紅) ("**Mr. Chen**"), an Independent Third Party who did not hold any position or interest in our Group. Mr. Chen has abundant investment experience. He is the founder, controlling shareholder and executive director of China Dongxiang (Group) Co., Ltd. (中國動向(集團)有限公司) ("**China Dongxiang**"), a Company listed on the Main Board of the Stock Exchange (Stock Code: 3818.HK). As of December 31, 2020, the total market value of the investments held by Talent Rainbow International Limited (聯彩國際有限公司) is approximately RMB650 million.

e. Bright Pacific Enterprises Limited

Bright Pacific Enterprises Limited (明泰企業有限公司) a limited liability company incorporated under the laws of BVI, with investment as the main business. It is wholly-owned by China Dongxiang, an Independent Third Party. As of March 31, 2021, the total market value of the investments held by Bright Pacific Enterprises Limited (明泰企業有限公司) is approximately RMB3 billion.

f. Mega Goal International Limited

Mega Goal International Limited is a limited liability company incorporated under the laws of BVI, with investment as the main business and focusing investments in medical device sectors for over ten years. Its only ultimate beneficial owner is Ms. YANG Ping (楊萍), an Independent Third Party who did not hold any position or interest in our Group. As of the Latest Practicable Date, the total market value of the investments held by Mega Goal International Limited is over USD 40 million.

6. Compliance with Interim Guidance and Guidance Letters

The Joint Sponsors confirm that the investment(s) by the Pre-IPO Investor(s) are in compliance with the Guidance Letter HKEX-GL29-12 issued in January 2012 and updated in March 2017 by the Stock Exchange and the Guidance Letter HKEX-GL43-12 issued in October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange.

PUBLIC FLOAT

Shares held by the existing Shareholders other than CA Medtech, Cosmic Elite, Mr. Schaffner, Bliss Way Limited and Sino Fame Ventures Limited will all be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules. Over 25% of our Company's total issued Shares with a market capitalization of substantially over HK$375 million will be held by the public upon completion of the Global Offering in accordance with Rules 8.08(1)(a) and 18A.07, respectively, of the Listing Rules.

PRC LEGAL COMPLIANCE

M&A Rules

The 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》) (the "**M&A Rules**"), which was jointly promulgated by the MOFCOM, the State Assets Supervision and Administration Commission, the STA, the SAMR, the CSRC and the SAFE on August 8, 2006, came into effect on September 8, 2006 and subsequently amended on June 22, 2009, requires that foreign investors acquiring domestic companies by means of asset acquisition or equity acquisition shall comply with relevant foreign investment industry policies and shall be subject to approval by the relevant commerce authorities. Article 11 of the M&A Rules stipulates that an offshore special purpose vehicle established or controlled by a PRC domestic company, enterprise or natural person shall obtain approval from the MOFCOM prior to the acquisition of any domestic enterprise related to such company, enterprise or natural person.

As advised by our PRC Legal Adviser, the historical onshore acquisition and reorganization of our Group are not in violation with the M&A Rules and are not subject to a prior approval from the MOFCOM under the M&A Rules.

Our PRC Legal Adviser have confirmed that all relevant material registrations, approvals and permits required under PRC laws and regulations in relation to the reorganization in respect of onshore parts as described above have been completed and obtained. Our PRC Legal Adviser further confirmed that the share transfers, changes in and subscriptions of registered capital related to the reorganization in respect of onshore parts as described above have been properly and legally completed.

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》) (the "**SAFE Circular 37**") on July 4, 2014, which replaced the former circular commonly known as "SAFE Circular 75" 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 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 SPV. SAFE Circular 37 further requires amendment to the registration in the event of any change in the basic information of the SPV, such as its domestic resident individual shareholder, name, or term of operation, and any significant changes with respect to the SPV, such as increase or decrease of capital contributed by PRC residents, share transfer or swap, merger, division or other material event. In the event that a PRC shareholder holding interests in a SPV fails to fulfill the required SAFE registration, the PRC subsidiaries of that SPV may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the SPV maybe restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

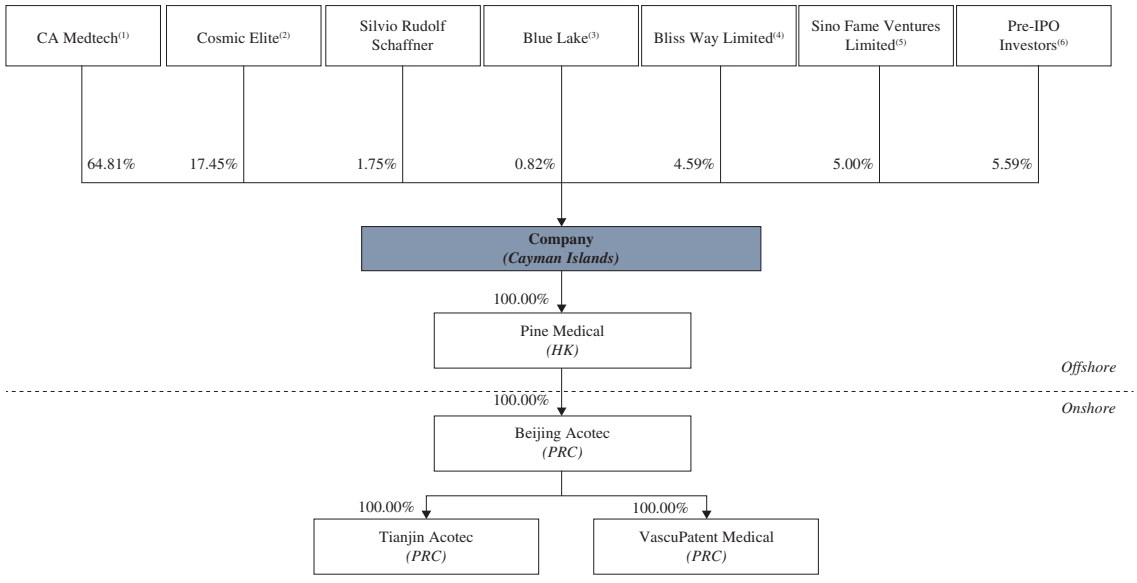
On February 13, 2015, SAFE released the Notice on Further Simplifying the Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular 13**"), which became effective from June 1, 2015. According to SAFE Circular 13, local banks shall examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37. However, there exists uncertainties with respect to its interpretation and implementation by governmental authorities and banks.

As of the Latest Practicable Date, Ms. Li and Ms. Cheng Li have completed the initial registration under the SAFE Circular 37.

OUR CORPORATE STRUCTURE

Corporate structure immediately before the Global Offering

The following chart sets forth our Group's corporate structure immediately prior to the completion of the Global Offering, assuming that all of the Preferred Shares have been converted to ordinary Shares on a one-to-one basis:



Notes:

(1) As of the Latest Practicable Date, CA Medtech is wholly-owned by CA Medtech II, which in turn is wholly-owned by CA Medtech III. CA Medtech III is owned by CPEChina Fund III and CPE Global Opportunities Fund, as to 85.61% and 14.39%, respectively. As of May 31, 2021, CPEChina Fund III has 76 limited partners with each holding less than 7% interest, CPE Global Opportunities Fund has 16 limited partners with each holding less than 26% interest. The general partner of CPEChina Fund III is CPE Funds III, which is wholly-owned by CPE Holdings Limited, which in turn is wholly-owned by CPE Holdings International Limited. The general partner of CPE Global Opportunities Fund is CPE GOF which is wholly-owned by CPE Management International Limited, which in turn is wholly-owned by CPE Management International II Limited.

Each of CPE Holdings International Limited and CPE Management International II Limited is owned by the same 11 individual shareholders, each an employee of CPE Advisors (Hong Kong) Limited ("**CPE Advisors**") and/or its associated entities and an Independent Third Party holding less than 10% interest. CPE Advisors is a limited liability company incorporated in Hong Kong and the investment advisor to CPEChina Fund III. CPE Advisors engages in providing investment advisory, accounting, administration and related service and is wholly owned by CPE Funds Management Limited. 100% voting shares of CPE Funds Management Limited are held by CPE Management International Limited. Save as aforementioned, there is no past or present relationship, nor voting or other agreement among themselves in their capacity as the shareholders of CPE Holdings International Limited and CPE Management International II Limited. Further, according to the relevant partnership agreements, the investment decision making powers of CPEChina Fund III and CPE Global Opportunities Fund are not exercisable by the above mentioned individual shareholders, but are vested in the investment committees of the general partners (namely CPE Funds III and CPE GOF, collectively, the "**General Partners**"), as appointed by the board of directors of the General Partners. Each member of the investment committees is an employee of CPE Advisors and/or its associated entities and an Independent Third Party.

(2) Cosmic Elite is owned by Nexus Partners Group Limited and Legend Zone as to 95.31% and 4.69%, respectively. Nexus Partners Group Limited, a company incorporated in the BVI on January 4, 2021 with limited liability, is wholly-owned by Vistra Trust (Singapore) Pte. Limited (as the trustee of Joy Avenue Family Trust). Legend Zone a special purpose vehicle wholly-owned by Ms. Cheng Li (程麗), an Independent Third Party.

(3) Blue Lake is wholly-owned by Mr. Dierk Scheinert, our Chief Medical Officer.

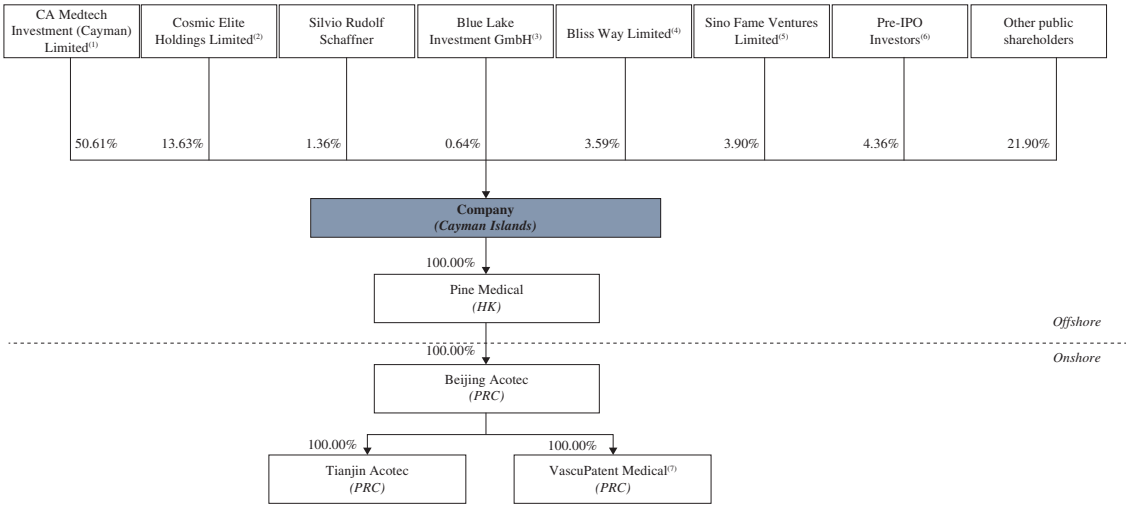
(4) Bliss Way Limited is our employee incentive platform incorporated in the BVI. For detailed information, please refer to the subsection headed "Employee Incentive Scheme" in this section.

(5) Sino Fame Ventures Limited is a BVI company holding Shares for grant under the RSU Scheme, please refer to the subsection "RSU Scheme" in this section.

(6) For additional information on the Pre-IPO Investors, please refer to the subsection headed "Pre-IPO Investments" in this section.

Corporate structure immediately following the Global Offering

The following chart sets forth our Group's corporate structure immediately after the Global Offering, assuming that all of the Preferred Shares have been converted to ordinary Shares on a one-to-one basis and no exercise of the Over-allotment Option:



Note: Please refer to the notes to "Corporate structure immediately before the Global Offering" in this section.

OVERVIEW

We are a leading innovative medical device company in China focusing on providing "leave nothing behind" treatment solutions for vascular diseases. We have developed a suite of interventional medical devices featuring world-leading technologies, notably in the fields of drug-coated balloons (DCB) and thrombus aspiration catheters. We developed and launched the first peripheral DCB product in China in 2016, approximately four years ahead of the closest runner-up, and had a dominating market share of approximately 86.9% in the peripheral DCB market in China in terms of revenue generated in 2020. Our second DCB product was designated as a "breakthrough device" by the FDA in 2019, and obtained the NMPA approval in December 2020, making it the world's first (and, as of the Latest Practicable Date, only) below-the-knee (BTK) DCB product receiving regulatory approval based on multi-center randomized controlled clinical trial results. Our DCB products feature one of the most advanced drug-coating technologies among all the DCB products worldwide. We are also in the process of developing a comprehensive product pipeline, with 24 product candidates in various stages of development as of the Latest Practicable Date. We believe our first-mover advantages, world-leading technologies, dominating market share in China, and comprehensive product pipeline established high entry barriers difficult for our competitors to surpass. Our mission is to become a global leader that provides full-suite "leave nothing behind" interventional solutions for vascular diseases.

Interventional treatment of vascular diseases caused by atherosclerosis is regarded as one of the most innovative fields of modern medical research. In recent years, the growing prevalence of vascular diseases caused by atherosclerosis such as peripheral artery disease (PAD), coronary artery disease (CAD) and stroke boosted the adoption of minimally invasive interventional procedures worldwide. Treatment solutions used in these interventional procedures have evolved from PTA balloons to stents, and further to DCBs. The major drawback of PTA balloons is the high incidence of short-term vessel restenosis. Stents are effective in preventing vessel restenosis, but may cause complications such as thrombosis, stent fracture, and in-stent restenosis (ISR). DCB therapy is an innovative therapy using angioplasty balloons coated with anti-proliferative drugs. As compared to PTA balloons, DCB can effectively inhibit neointimal hyperplasia, thereby reducing the risks of vessel restenosis and recoil. As compared to stenting, DCB therapy can significantly reduce the risk of thrombosis, avoid stent fracture and ISR, and more importantly, offers a unique value proposition of "leaving nothing behind" in human bodies. As a result of such benefits, DCBs are becoming increasingly popular and have been progressively replacing stents in vascular interventions, according to Frost & Sullivan.

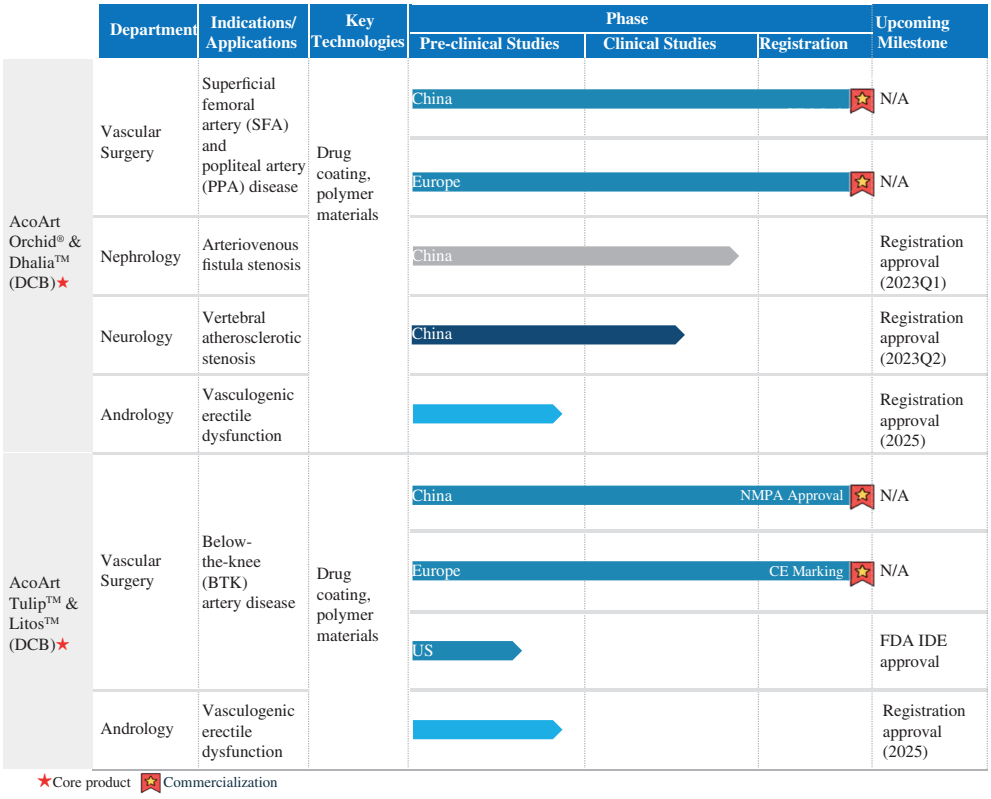
The concept of DCB therapy was first envisioned by our CTO, Dr. Ulrich Speck, who invented the first DCB product in the world, and also invented the drug-coating technology used in B. Braun's SeQuent Please, the world's No. 1 coronary DCB product in terms of sales volume up to the Latest Practicable Date, as well as the drug-coating technology used in Medtronic's IN.PACT, the world's No. 1 peripheral DCB product in terms of sales volume up to the Latest Practicable Date, according to Frost & Sullivan. Thereafter, Dr. Speck made several other breakthrough discoveries in drug-coating technology, which we use in our DCB products.

As of the Latest Practicable Date, we had two DCB products approved by the NMPA.

- AcoArt Orchid® & Dhalia™, our Core Product, is indicated for treating superficial femoral artery (SFA) and popliteal artery (PPA) lesions. AcoArt Orchid® & Dhalia™ was approved by the NMPA in May 2016, approximately four years ahead of the closest runner-up. As of the Latest Practicable Date, we had launched AcoArt Orchid® & Dhalia™ in China and AcoArt Orchid® in eleven other countries, including medically-advanced countries such as Germany, Italy and Switzerland.

- AcoArt Tulip™ & Litos™, our Core Product, is indicated for treating BTK lesions. We obtained the NMPA approval for AcoArt Tulip™ & Litos™ through a fast-track program in December 2020. We started to sell AcoArt Tulip™ & Litos™ in China since January 2021. According to Frost & Sullivan, as of the Latest Practicable Date, AcoArt Tulip™ & Litos™ was the only BTK DCB product approved by the NMPA, and there was no ongoing clinical trial conducted in China for any other BTK DCB product candidates. We expect that we can maintain our leading position in the BTK DCB market in China for at least five years. AcoArt Litos™ was designated as a "breakthrough device" by the FDA in 2019, and was the first (and, as of the Latest Practicable Date, one of the only four) domestically-manufactured device(s) receiving such designation, according to Frost & Sullivan. As of the Latest Practicable Date, we had launched AcoArt Tulip™ & Litos™ in China and eleven other countries including Germany, Italy and Switzerland.

We are also a pioneer in expanding indications of DCB products. The narrowing of arteries may result in different types of diseases. Depending on the different arteries affected, such diseases include CAD, PAD, stroke, arteriovenous fistula (AVF) stenosis in hemodialysis patients and erectile dysfunction. DCB therapy, as a proven therapy for the treatment of CAD and PAD, is a promising therapy for treating other types of vascular diseases caused by vessel narrowing. We are actively exploring the opportunities to expand the indications of our Core Products to nephrology, neurology and andrology, to address the unmet or underserved clinical needs of patients suffering from other types of vascular diseases, such as arteriovenous fistula (AVF) stenosis, vertebral atherosclerotic stenosis and vasculogenic ED. With our strong research and development capabilities, accumulated experience in product registration, and our established commercialization network, we believe that we can efficiently replicate our success in the lower extremity DCB market, and capture the growth potential of the large and fast growing vascular disease treatment market in China. The following chart summarizes the indication expansion status of our Core Products as of the Latest Practicable Date:



We are also offering and developing many other therapeutic, procedural and ancillary medical devices such as thrombosis aspiration devices, radiofrequency ablation systems and specialty balloons. The following chart summarizes the key information of our full product portfolio as of the Latest Practicable Date, including four commercialized products, the indication expansion for our Core Products in three therapeutic areas, and 24 additional product candidates:

	Products and Product Candidates	Product Categories	Indications / Applications	Key Technologies	Phase	Upcoming Milestone
Vascular Surgery	AcoArt Orchid® & Dhalia™★	DCB	Superficial femoral artery (SFA) and popliteal artery (PPA) disease	Drug coating technology, polymer materials	China: NMPA Approval Europe: CE Marking	N/A N/A
	AcoArt Tulip™ & Litos™ ★	DCB	Below-the-knee (BTK) artery disease	Drug coating technology, polymer materials	China: NMPA Approval Europe: CE Marking US	N/A N/A FDA IDE approval
	AcoArt Iris™ & Jasmin™	PTA and other balloon and catheter	PTA Balloon applied in PTA procedure	Polymer materials	China: NMPA Approval Europe: CE Marking	N/A N/A
	AcoArt Lily™ & Rosmarin™	PTA and other balloon and catheter	PTA Balloon applied in PTA procedure	Polymer materials	China: NMPA Approval Europe: CE Marking	N/A N/A
	Radiofrequency Ablation System	radiofrequency ablation	Saphenous varicose veins	Radiofrequency ablation technology platform	China	Registration submission (2022Q4)
	Lower Limb Sirolimus DCB	DCB	Peripheral artery disease	Drug coating technology, polymer materials		Clinical studies(2021Q2)
	Peripheral Spot Stent	PTA and other balloon and catheter	Peripheral artery disease	Polymer materials		Clinical studies (2021Q2)
	Peripheral Triple-Guidewire Balloon	PTA and other balloon and catheter	Triple-Guidewire balloon applied in PTA procedure	Polymer materials		Clinical studies (2021Q2)
	Peripheral Scoring Balloon	PTA and other balloon and catheter	Scoring balloon for the dilation of lower extremity artery in PTA procedure	Polymer materials		Clinical studies (2021Q2)
	Peripheral Rotational Atherectomy Device	PTA and other balloon and catheter	Intravascular hard plaque	Polymer materials		Clinical studies (2022Q1)
	Peripheral Aspiration System▲	thrombus aspiration	Peripheral deep vein thrombosis and acute arterial embolism	Aspiration platform	Exempted from clinical trial	Registration approval (2021Q4)
	Orchid Plus▲	DCB	Peripheral artery disease	Drug coating technology, polymer materials	Exempted from clinical trial	Registration submission (2021Q2)
	Peripheral Micro-Catheter▲	PTA and other balloon and catheter	Peripheral CTO	Polymer materials	Exempted from clinical trial	Registration submission (2021Q4)
	Above-The-Knee PTA Balloon▲	PTA and other balloon and catheter	Tapered balloon for the dilation of femoropopliteal artery in PTA procedure	Polymer materials	Exempted from clinical trial	Registration submission (2022Q1)
	Below-The-Knee PTA Balloon▲	PTA and other balloon and catheter	Tapered balloon for the dilation of infrapopliteal artery in PTA procedure	Polymer materials	Exempted from clinical trial	Registration submission (2022Q1)
Cardiology	AcoArt Camellia™	DCB	Coronary small vessel diseases	Drug coating technology, polymer materials	China	Registration submission (2023Q1)
	Coronary Sirolimus DCB	DCB	Bifurcation lesions	Drug coating technology, polymer materials	China	Registration submission (2023Q1)
	Coronary Scoring Balloon	PTA and other balloon and catheter	Scoring balloon for the dilation of coronary artery in PTA procedure	Polymer materials		Clinical studies (2021Q2)
	Coronary Rotational AtherectomyDevice	PTA and other balloon and catheter	Intravascular hard plaque	Polymer materials		Clinical studies (2022Q1)
	Coronary CTO Recanalization Balloon▲	PTA and other balloon and catheter	Coronary CTO	Polymer materials	Exempted from clinical trial	Registration submission (2022Q1)
	Guiding Extension Catheter▲	PTA and other balloon and catheter	Coronary CTO	Polymer materials	Exempted from clinical trial	Registration submission (2023Q3)
	Coronary CTO Antegrade Micro-Catheter▲	PTA and other balloon and catheter	Coronary CTO	Polymer materials	Exempted from clinical trial	Registration submission (2021Q4)
	Coronary Double-Lumen Selecting Catheter▲	PTA and other balloon and catheter	Bifurcation lesions	Polymer materials	Exempted from clinical trial	Registration submission (2022Q3)
	Coronary Retrograde Micro-Catheter▲	PTA and other balloon and catheter	Coronary CTO	Polymer materials	Exempted from clinical trial	Registration submission (2023Q2)
Nephrology	AcoArt Orchid® & Dhalia™ ☆	DCB	Arteriovenous fistula stenosis	Drug coating technology, polymer materials	China	Registration approval (2023Q1)
	AV Scoring Balloon	PTA and other balloon and catheter	AVF PTA procedure	Polymer materials		Clinical studies (2021Q2)
	High-Pressure Balloon▲	PTA and other balloon and catheter	AVF PTA procedure	Polymer materials	Exempted from clinical trial	Registration submission (2022Q1)
Neurology	AcoArt Orchid® & Dhalia™ ☆	DCB	Vertebral atherosclerotic stenosis	Drug coating technology, polymer materials	China	Registration approval (2023Q2)
	AcoArt Daisy™	DCB	Intracranial atherosclerotic stenosis	Drug coating technology, polymer materials	China	Registration approval (2023Q4)
	Intracranial PTA Balloon▲	PTA and other balloon and catheter	Intracranial PTA procedure	Polymer materials	Exempted from clinical trial	Registration submission (2021Q3)
Andrology	AcoArt Orchid® & Dhalia™☆	DCB	Vasculogenic erectile dysfunction	Drug coating technology, polymer materials		Registration approval (2025)
	AcoArt Tulip™ & Litos™☆	DCB				

★ Core product ☆ Indication expansion of core product ▲ Exempted from clinical trial requirements in accordance with the Catalogue of Medical Device Exempted from Clinical Trials (《免於進行臨床試驗醫療器械目錄》) promulgated by the NMPA, as amended. Commercialization

OUR COMPETITIVE STRENGTHS

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

A China-based global leader in the large, fast-growing and under-penetrated peripheral artery disease interventional medical device industry

We are an industry leader in the peripheral artery disease interventional medical device markets in China and globally. As of the Latest Practicable Date, we had two commercialized DCB products, AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™, indicated for the treatment of SFA/PPA lesions and BTK lesions, respectively.

- AcoArt Orchid® & Dhalia™ was approved by the NMPA in 2016, approximately four years ahead of the second DCB product approved in China. AcoArt Orchid® & Dhalia™ demonstrated good clinical performance in terms of many key safety and efficacy indicators, based on the results of the clinical trials conducted, in spite of the fact that we enrolled patients with long and complex lesions for the clinical trial for AcoArt Orchid® & Dhalia™. Particularly, in terms of six-month late lumen loss (LLL), which was the primary endpoint of the AcoArt Orchid® & Dhalia™ clinical trial and one of the most important efficacy indicators for DCB products, the trial subjects who were treated with AcoArt Orchid® & Dhalia™ had an average six-month LLL of only 0.05 mm, which convincingly demonstrated the long-term effectiveness of AcoArt Orchid® & Dhalia™ in preventing vessel restenosis. The outstanding efficacy profiles of AcoArt Orchid® were also demonstrated by a number of studies conducted by Independent Third Parties after the product was launched. For example, a retrospective analysis independently conducted by University Hospital Leipzig on real-world patients and published on Leipzig Interventional Course (LINC), the largest annual vascular conference in the world, showed that patients receiving treatment using AcoArt Orchid® had the highest patency rate at both six and 12 months post procedures, as compared to patients receiving treatment using DCB products manufactured by international medical device giants such as Medtronic and C.R. Bard. After obtaining the CE Marking in 2014, we have launched AcoArt Orchid® in eleven overseas countries, including medically-advanced countries such as Germany, Italy, and Switzerland, and have collected a large amount of post-launch clinical data for the product.

- AcoArt Tulip™ & Litos™ was approved by the NMPA in December 2020 through a fast-track program. According to Frost & Sullivan, as of the Latest Practicable Date, AcoArt Tulip™ & Litos™ was the only BTK DCB product approved by the NMPA, and there was no ongoing clinical trial conducted in China for any other BTK DCB product candidates. We expect that we can maintain our leading position in the BTK DCB market in China for at least five years. AcoArt Tulip™ & Litos™ has also demonstrated a better clinical efficacy profile compared with similar products manufactured by international medical device giants, based on the respective clinical trial results currently available for such products. For example, in the RCT conducted by C.R. Bard for its BTK DCB product, the study group (patients receiving treatments using DCB) and the control group (patients receiving treatments using PTA balloon) had an average six-month primary patency rate of 73.7% and 63.5%, respectively; whereas in the RCT conducted by us for AcoArt Tulip™ & Litos™ in China, the average six-month primary patency rate of the study group and the control group was 78.7% and 28.3%, respectively, and in the RCT conducted by us for AcoArt Tulip™ & Litos™ in Italy, the average 12-month primary patency rate of the study group and the control group was 84.6% and 30.2%, respectively. In light of the promising clinical data, AcoArt Litos™ was designated as a "breakthrough device" by the FDA in 2019, and was the first (and, as of the Latest Practicable Date, one of the only four) domestically-manufactured device(s) receiving the designation, according to Frost & Sullivan. The FDA "breakthrough device" designation is granted to medical devices and device-led combination products that provide for more effective treatment or diagnosis of life-threatening or irreversibly debilitating diseases or conditions. With the designation, we believe we are able to interact more conveniently with the FDA's experts during the premarket review phase for AcoArt Litos™ to efficiently address FDA's questions and concerns, and can enjoy an expedited assessment and review process after making submission to the FDA. We are selecting business partners for conducting clinical trials for AcoArt Litos™ in the U.S. and will initiate the relevant application procedures in due course. As of the Latest Practicable Date, we had launched AcoArt Tulip™ & Litos™ in China and eleven other countries, including Germany, Italy and Switzerland.

The concept of DCB therapy was first envisioned by our CTO, Dr. Ulrich Speck. As compared to PTA balloons, DCB can effectively reduce late lumen loss and restenosis. As compared to stents, DCBs can significantly reduce the risk of thrombosis, avoid stent fracture and ISR, and more importantly, offer a unique value proposition of "leaving nothing behind" in human bodies. According to Frost & Sullivan, DCBs are becoming increasingly popular and have been progressively replacing stents in vascular interventions. For example, in the United States, although the first DCB product was launched almost 30 years after the first stent product, the number of DCB products used in lower extremity intervention procedures had surpassed the number of stents used by 2018, according to Frost & Sullivan. In 2019, 259.8 thousand lower extremity procedures were conducted in the U.S., 47.8% of which used DCB products; in comparison, among the 12.2 thousand lower extremity procedures conducted in China in 2019, only 11.3% used DCB products, indicating huge underserved demands for DCB products and a significant growth potential for the DCB product market. Backed by the good clinical efficacy of AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™ and our first-mover advantages, we believe we are well-positioned to capture the growth potential of the lower extremity DCB market in China and globally.

Unique technology platform built upon four synergetic core technologies, and a globalized research and development team capable of connecting world-class technologies with the China market

Our world-class technologies are the cornerstone of our success. Our unique technology platform is mainly built upon four core technologies, namely drug-coating technology, aspiration platform technology, polymer material technology, and radiofrequency ablation technology.

- *Drug-coating technology.* Similar to most competing products, our DCB products, and most of our pipeline DCB product candidates, use paclitaxel, a drug that can effectively inhibit neointimal growth and thus prevent restenosis, as the anti-proliferative drug. The key differentiating aspects of the DCB products manufactured by different industry players include the excipient used to carry the drug, and the methods used to coat the drug and the excipient to the balloon surface. According to Frost & Sullivan, after inventing the world's first DCB product, our CTO Dr. Ulrich Speck invented the drug-coating technology used in B. Braun's SeQuent Please, the world's No. 1 coronary DCB product in terms of sales volume up to the Latest Practicable Date, as well as the drug-coating technology used in Medtronic's IN.PACT, the world's No. 1 peripheral DCB product in terms of sales volume up to the Latest Practicable Date. Thereafter, Dr. Speck made several other breakthrough discoveries in drug-coating technology, which we use in our DCB products, and which we believe contributed to the good clinical performance of our products. Our DCB products, and most of our pipeline DCB product candidates, use magnesium stearate, a crystalized fat-soluble drug carrier, as the excipient, which significantly improved the stability of the drug coating (so that more drug can be delivered to the target lesion without being washed away by the blood flow) and enhanced the drug's tissue stay and absorption rates (so that the drug can stay in the lesion tissue for an extended period of time, and can be released to the tissue in a slow, controlled manner to ensure long-term effectiveness in inhibiting restenosis), which we believe contributed to the good clinical efficacy of our lower extremity DCB products. Never satisfied with what we have already achieved, we are constantly seeking to further improve our technologies. For example, we are in the process of cooperating with InnoRa GmbH and jointly developing DCB products using sirolimus as the drug in substitute for paclitaxel. As preliminarily demonstrated by the animal studies we conducted, with our uniquely designed drug delivering system, we are able to achieve a more controlled drug releasing mechanism using sirolimus, and our product has the potential to deliver better long-term efficacy for the therapy.

- *Aspiration platform technology*. We provide comprehensive solutions ranging from aspiration pump to aspiration catheters to allow physicians to perform peripheral thrombectomy with optimal treatment effects. We are the one of the very few domestic players with the ability to manufacture both the aspiration pump and aspiration catheters, according to Frost & Sullivan. We offer aspiration catheters in several different outer diameters, to allow physicians to conduct various types of thrombectomy in different arteries, and we seek to maximize the inner diameters of the catheters to increase the aspiration power. In addition, we utilized special

compound weaving technologies for our aspiration catheters, thereby ensuring strong aspiration power while providing sufficient kink resistance. Based on the tests conducted by our in-house research and development team, our aspiration catheters demonstrated good performance in terms of aspiration power and kink resistance.

- *Polymer material technology.* As another core technology for balloons and catheters, our proprietary polymer material technology and our accumulated know-how have enhanced our research and development efficiency, improved our product competitiveness and laid a solid foundation for our continuous product innovation. According to Frost & Sullivan, domestic balloon and catheter manufacturers generally rely on imported polymer materials, and when developing products involving balloons and catheters, they usually have to take around 8-10 weeks for product adjustment and prototyping, which makes it difficult for them to customize their products. In contrast with our domestic competitors, we have developed advanced polymer material technologies ourselves. Our precise micro-extrusion technology allows us to manufacture high-end micro-catheters and balloons without having to rely on imported polymer materials, to significantly reduce our product iteration time and production costs, and to manufacture customized products befitting Chinese patients. Our orbital atherectomy technology allows us to effectively treat vessels with severe calcification.

- *Radiofrequency ablation technology*. Radiofrequency ablation involves two major aspects of technologies, namely radiofrequency generator and ablation catheter. According to Frost & Sullivan, many domestic players in the China market can only manufacture the catheters, and lack the ability to self-develop radiofrequency generators, which considerably weakens the competitiveness of their products. In contrast with them, we have proprietarily developed a radiofrequency generator with advanced functions. Our radiofrequency generator can achieve the target ablation temperature within a short period of time, and can automatically adjust the output to stabilize the ablation temperature within a safe range. Our radiofrequency generator can be applied for various indications, features multiple operating frequencies, and is compatible with many different types of catheters. Leveraging our cutting-edge technologies in the radiofrequency ablation domain, we are able to provide full-suite solutions to physicians during the ablation treatment procedures.

We believe these four segments of technology will create significant synergetic effects and can help us expand our presence in other innovative therapies. For example, our polymer material technology enabled us to develop various types of balloon catheters with advanced features, such as high-pressure balloons and scoring balloons; by combining our polymer material technology with our drug-coating technology, we are able to develop additional innovative DCB products, which facilitates the indication expansion of our Core Products; by combining our polymer material technology with our radiofrequency ablation technology and aspiration platform technology, we are able to develop other therapeutic devices such as radiofrequency ablation system for varicose vein and thrombus aspiration systems.

The abovementioned technologies include our proprietary technologies such as the sirolimus drug-coating technology for DCB products as well as technologies licensed from our business partners such as the paclitaxel drug-coating technology licensed from InnoRa GmbH in Germany. We seek to continuously optimize and upgrade our technologies through a combination of self-development and cooperation with leading research organizations, and we have demonstrated strong capabilities to integrate cutting-edge research results with our proprietary technologies and industry know-how accumulated through our business operation. We have built a research and development team with global vision and vast industry experience, and we believe our unique technology platform and globalized research and development team form a strong engine for our continuous innovation.

Comprehensive product pipeline covering five therapeutic areas, providing full-suite vascular "leave nothing behind" solutions

We have developed a comprehensive product pipeline currently covering five therapeutic areas. Our product and product candidates aim to serve the needs of physicians in departments of vascular surgery, cardiology, nephrology, neurology and andrology, and we provide both therapeutic medical devices as well as various ancillary products, in order to provide one-stop solutions to physicians and patients. The narrowing of arteries may result in different types of diseases. Depending on the different arteries affected, such diseases include CAD, PAD, stroke, AVF stenosis in hemodialysis patients, vasculogenic ED, and many others. DCB therapy, as an effective therapy for the treatment of CAD and PAD, is a promising therapy for treating these other types of vascular diseases. Leveraging our advanced technology and our strong research and development capabilities, we believe we can efficiently replicate our success in the lower extremity DCB market, and capture the growth potential of the large and fast growing vascular disease treatment market in China.

For vascular surgery, we currently have 11 pipeline products addressing the underserved medical needs in vascular intervention procedures primarily for the treatment of lower extremity artery diseases, varicose vein and venous thromboembolism. Our radiofrequency ablation system is designed for the treatment of varicosity and venous thromboembolism. We currently expect to receive the NMPA approval for our radiofrequency ablation system in the third quarter of 2023, and aim to capture the growth potential of the market as a forerunning domestic player in the industry. We are also developing a peripheral aspiration system to address the huge and growing medical demands of venous thromboembolism patients. Our peripheral aspiration system is expected to be the first domestically-manufactured peripheral aspiration system approved by the NMPA, according to Frost & Sullivan.

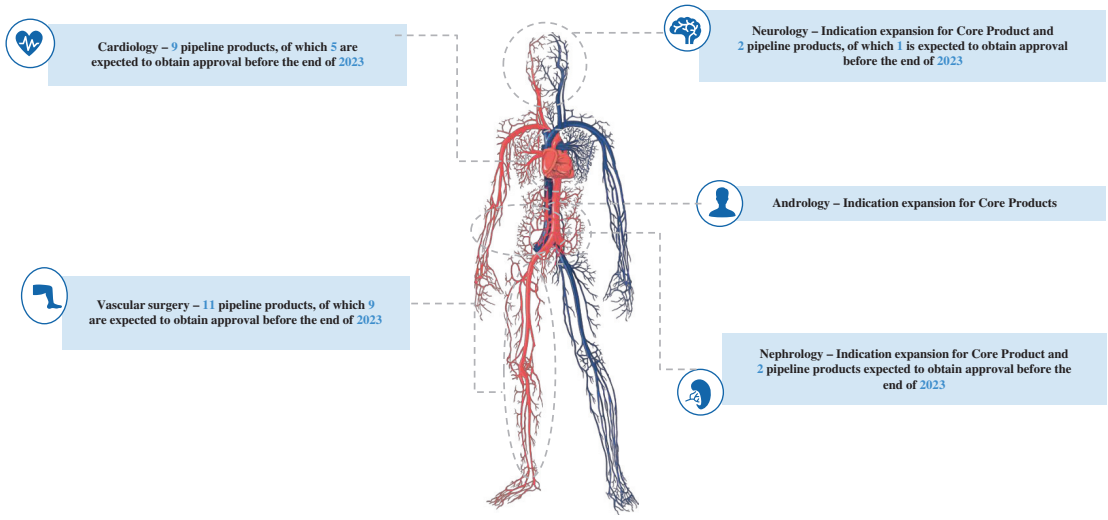
In nephrology, we are expanding the indication of AcoArt Orchid® & Dhalia™ to address the underserved medical needs of hemodialysis patients with AVF stenosis. We are currently conducting clinical trials for AcoArt Orchid® & Dhalia™ indicated for AVF stenosis, and expect to receive the NMPA approval for the product in the third quarter of 2023.

In cardiology, we have nine pipeline products addressing the underserved medical needs in percutaneous coronary intervention (PCI) procedures primarily for the treatment of CAD, ISR, bifurcation lesions and small vessel lesions. For example, our another DCB product candidate, AcoArt Camellia™, which is indicated for the treatment of coronary small-vessel diseases, is under clinical trial in China and is expected to receive the NMPA approval in the first quarter of 2024.

In neurology, we are expanding the indication of AcoArt Orchid® & Dhalia™ to address the large medical needs in neuro-intervention procedures for the treatment of vertebral atherosclerotic stenosis, and have one DCB product indicated for intracranial atherosclerosis diseases as well as one intracranial PTA balloon product in pipeline.

In andrology, we are expanding the indications of our two Core Products to address the unmet medical needs in internal iliac artery intervention procedures for the treatment of erectile dysfunctions.

The following diagram illustrates the layout of our product pipeline:



Source: Company data

We believe our full-suite product offerings will help us diversify our revenue sources, and enable us to implement a flexible pricing strategy. More importantly, we believe our one-stop solution with a wide range of technologically-advanced, easy-to-use, and seamlessly compatible medical devices helps lower the learning hurdles faced by the physicians, which in turn helps further improve treatment effectiveness and benefit the patients. It also helps us realize synergies for our research and development, manufacturing and commercialization activities, and further solidify our leading position in providing treatment solutions for vascular diseases.

Proven commercialization capabilities, well-established promotion channels and extensive distribution network

We have a proven track record in product commercialization in China and globally. As of the Latest Practicable Date, we successfully commercialized two DCB products, AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™, and two PTA balloon products. We created and nurtured the peripheral DCB market in China from scratch, where AcoArt Orchid® & Dhalia™ maintained a 100% market share for over three years since its launch and is still occupying the lion's share in the market to date. The volume of AcoArt Orchid® & Dhalia™ used in DCB procedures in China reached 8,000 in 2017, the second year after we launched the product, and grew to 15,000 in 2019 at a CAGR of 36.9% from 2017 to 2019. Moreover, we have established an extensive distribution network with footprints covering all the provinces and municipalities in the PRC. As of March 31, 2021, our distribution network comprised a total of four platform distributors and 25 distributors, and covered over 800 vascular intervention centers and over 90% of the hospitals capable of conducting peripheral vascular interventions in the PRC. We believe this extensive distribution network will provide strong support for the upcoming commercialization of our other product candidates. We also launched AcoArt Orchid® in eleven other countries, including medically-advanced countries such as Germany, Italy, and Switzerland, and our global commercialization capabilities have been well proven by the product's penetration rate in many leading hospitals worldwide.

We focus on academic promotion to increase the market awareness of our products and product candidates. We have published multiple product-related academic literatures in numerous leading reputable international journals such as the Journals of the American College of Cardiology (JACC), and have actively participated in international academic conferences and events such as the Leipzig Interventional Course (LINC), the largest annual vascular conference in the world. We cooperate with leading Class III hospitals in China to conduct clinical trials for our product candidates, and we also work closely with renowned physicians in the industry to keep KOLs updated with the progress of our research and development. In addition, our marketing team regularly meets with physicians to conduct product demonstrations and provide trainings. We believe that through such frequent communications, demonstrations and trainings, we are able to maintain good working relationships with these KOLs and physicians, and to familiarize them with our products, as a result of which they are more likely to recommend our products when treating patients, publishing articles, delivering speeches at industry conferences, and providing trainings to other physicians.

We believe that the solid clinical performance of our products, coupled with our good working relationships with the KOLs, physicians and hospitals, our established distributor network, the extensive experience we accumulated from our existing commercialization efforts, and our well-established reputation in the medical device industry in China and global market, will greatly benefit the future commercialization of our product candidates upon approval.

A visionary and globalized management team committed to R&D and commercialization and strong shareholder support

We are led by a visionary management team of seasoned industry executives with extensive experience working in leading medical device companies in China and globally. First and foremost, we benefit from the strong industry background and proven business track record of Ms. Jing LI, our founder and CEO. Ms. Jing LI has over 25 years of experience in the vascular interventional medical device industry and is primarily responsible for our general business operation and strategic plan. Under her leadership and management, we ended the domestic market's long-term reliance on imported products in peripheral vascular intervention practices. She also previously served as the China Head of Invatec Inc. and successfully led the company to gain a leading position in the peripheral, cardiac and neuro-intervention fields in China before it was acquired by Medtronic, Inc. (NYSE: MDT) in 2010.

Our senior management team has extensive industry experience and complimentary backgrounds and expertise. Our CTO, Dr. Ulrich Speck, is the founder of InnoRa GmbH in Germany and is primarily responsible for the development of our drug-coating technology. Dr. Ulrich Speck first envisioned the concept of DCB therapy, invented the first DCB product in the world, and his inventions were the driving forces behind each of the two rounds of major revolution of the DCB drug-coating technology. Mr. Silvio Schaffner, our co-founder and chief operating officer (COO), is primarily responsible for our general business operation and strategic plan. Mr. Schaffner previously served as the general manager and CEO of Invatec's technology center and was the head of Invatec's DCB project. Many other members of our senior management team also have considerable experience working at renowned institutions in their respective fields. For their biographical details, please refer to the section entitled "Directors and Senior Management" in this prospectus.

In addition to our management team, we also benefit tremendously from the strong support of our Shareholders, who have been working closely together with our committed management team to develop and implement our strategies. Particularly, our investors have extensive experience in managing and growing medical device companies, and provided us with invaluable guidance in the development and commercialization of our products. For more details, please refer to the section headed "History, Development and Corporate Structure."

OUR STRATEGIES

Our goal is to become a global leader that provides full-suite "leave nothing behind" interventional solutions for vascular diseases. We plan to implement the following strategies to achieve this goal:

Leverage the synergistic effects from our four core technologies to further expand our product offerings

To fuel our long-term growth, we plan to further expand our coverage in the domain of vascular interventional therapies. Medical devices used in vascular interventional therapies normally rely on the application and combination of various technologies. Leveraging our unique platform covering drug-coating technology, polymer material technology, radiofrequency ablation technology and aspiration platform technology, we plan to advance our existing pipeline products both horizontally and vertically.

Horizontally, we plan to cover five therapeutic areas consisting of vascular surgery, cardiology, nephrology, neurology and andrology primarily by expanding the indications of our DCB products. Following the launch of our first DCB indicated for SFA/PPA lesions, we have successfully expanded the indications of our DCB to BTK lesions and launched our second DCB product. We will continue to optimize and upgrade our drug-coating technology and polymer material technology to cover the treatment of other diseases such as coronary artery disease, AVF stenosis, ischemic stroke and erectile dysfunction.

Vertically, we plan to expand our product offerings from therapeutic devices, procedural devices to other ancillary devices for vascular interventional procedures in each of the five therapeutic areas. We will leverage the synergistic effects of our four core technologies to achieve this. For example, polymer material technology alone will contribute to our development of various ancillary devices such as high-pressure balloons and scoring balloons; when combined with drug-coating technology, it will contribute to the indication expansion of our DCB products; and when combined with radiofrequency ablation technology and aspiration platform technology, it will further contribute to our development of other therapeutic devices such as radiofrequency ablation system for varicose vein and thrombus aspiration systems.

With a goal to solidify our leading position in the DCB market and enhance our competitiveness in other vascular interventional therapies, we plan to increase our investments in technological innovation to strengthen our research and development capabilities. We believe that our extensive product offerings will enable us to capitalize the growth potential of vascular interventional procedures in China.

Continue to grow sales of AcoArt Orchid® & Dhalia™

According to Frost & Sullivan, sales of SFA/PPA DCB products in China possess substantial growth potential. We intend to solidify our leadership position in China's SFA/PPA DCB market by increasing AcoArt Orchid® & Dhalia™'s sales volume. To achieve that goal, we plan to substantially increase sales to hospitals with which we have existing relationships, to expand our sales network to cover more hospitals, and to further promote DCB awareness among hospitals, physicians and patients in China.

We believe there are still substantial unmet demands for SFA/PPA DCB products in China. We plan to increase our sales efforts to deepen the penetration in hospitals to which we currently sell AcoArt Orchid® & Dhalia™ and to expand into new hospitals in China by leveraging our direct access to KOLs in vascular interventional therapy, providing systematic training to physicians, and increasing DCB awareness among hospitals, physicians and patients. We plan to continue to implement and improve our systematic DCB training program to expedite the physician education process and to promote our DCB products.

We also plan to further promote DCB awareness among patients in China in order to broaden the patient base. For example, we have cooperated with some leading hospitals in China to hold free consulting sessions to explain DCB therapies to patients and plan to hold such sessions from time to time in more hospitals in the future. We also compiled a patient education brochure to introduce DCB therapies in plain language and plan to continue such efforts going forward.

Rapidly advance the clinical development and commercialization of late-staged product candidates

We intend to rapidly advance the clinical development and commercialization of our late-staged product candidates, in order to enjoy early-mover advantage. We plan to leverage our experience in successfully commercializing AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™, and replicate such success in our future commercialization efforts. We believe we will benefit from our established network with and direct access to KOLs, hospitals and physicians. We also plan to replicate our existing training model for AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™ to our other product candidates, thereby efficiently promoting our new products to more hospitals and physicians.

We will continue to advance the clinical trials or pre-clinical discovery of our other product candidates. For example, we have initiated the clinical trial for our radiofrequency ablation system and expect to complete the trial in the fourth quarter of 2022 and to obtain the NMPA approval for the product in the third quarter of 2023. We have initiated the clinical trials for AcoArt Orchid® & Dhalia™ indicated for AVF stenosis and AcoArt Camellia™ and expect to complete both trials in the first quarter of 2023 and to obtain the NMPA approvals for such products in the third quarter of 2023 and the first quarter of 2024, respectively. We are also developing 15 product candidates which are exempt from the clinical trial requirements in China, and expect to commercialize them shortly after their respective development stage concludes.

We currently expect to obtain the NMPA approval for the majority of our product candidates in pipeline before the end of 2023, and to commercialize all of them before the end of 2025.

Expand our geographic presence and worldwide footprint to become a global leader

We plan to broaden our sales and expand our presence globally, especially in Europe and the United States. As of the Latest Practicable Date, we have launched AcoArt Orchid® in and AcoArt Tulip™ & Litos™ in eleven overseas countries. To collect data for further research and development, we initiated a post-market clinical trial for AcoArt Orchid® in June 2020 and plan to enroll a total of 3,000 subjects. This post-market clinical trial is one of the largest clinical trials conducted for lower extremity DCB products worldwide, according to Frost & Sullivan. We also obtained the "breakthrough device" designation from the FDA for AcoArt Litos™ in 2019 and are eligible for an expedited assessment and review process once we make registration submission for AcoArt Litos™ to the FDA. To execute our global expansion strategy, we will continue to participate in international vascular intervention conferences and academic events, such as Leipzig Interventional Course (LINC), to further promote our products and brand name. We also plan to conduct clinical trials for some product candidates in China and Europe simultaneously. We believe our existing brand name in Europe will contribute to our future expansion in the United States and other emerging markets.

In China, we will expand our geographic coverage by establishing collaborations with new hospitals and further broaden the patient base of our products through promoting awareness among patients in China. For example, we will continue to invite physicians from world-renowned hospitals to conduct training programs for physicians in China, to expedite the physician education process.

Strengthen our research and development capabilities and expand manufacturing capacities

We plan to enhance our in-house research and development capabilities by attracting and retaining high-caliber talents. We also strive to maintain and expand collaborations with well-known physicians and professionals from top hospitals and research institutions both in China and overseas, and keep close contact with leading cardiologists globally to remain at the forefront of technology development.

We currently plan to either lease or purchase a new plant in Beijing covering an area of approximately 20,000 sq.m. to expand our manufacturing capacity. We are in the process of site selection.

We also strive to improve our general operating efficiency by reducing our production costs and integrating supply chain. We plan to upgrade production equipment, enhance manufacturing automation and refine production procedures.

OUR PRODUCTS AND PRODUCT CANDIDATES

As a leading innovative medical device company in China focusing on providing "leave nothing behind" treatment solutions for vascular diseases, we have built a comprehensive product portfolio targeting five therapeutic areas — vascular surgery, cardiology, nephrology, neurology and andrology. All of our products and product canditates are class III medical devices in China. For vascular surgery, we have 15 products or product candidates, including two lunched DCB products (AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™, Core Products), two launched PTA balloon products (AcoArt Iris™ & Jasmin™ and AcoArt Lily™ & Rosmarin™), one clinical stage radiofrequency product candidate and 10 other product candidates in various stages. In cardiology, we have nine product candidates, including one clinical stage DCB product (AcoArt Camellia™) and eight other product candidates in various stages. In nephrology, we are expanding the indication of AcoArt Orchid® & Dhalia™ for the treatment of arteriovenous fistula (AVF) stenosis, which is in clinical stage, and have two product candidates in other stages. In neurology, we are expanding the indication of AcoArt Orchid® & Dhalia™ for the treatment of vertebral atherosclerotic (VAO) stenosis, which is in clinical stage, and have one clinical stage DCB product candidate (AcoArt Daisy™) indicated for treating intracranial atherosclerosis diseases as well as one PTA balloon product under development. In andrology, we are expanding the indications of our two Core Products for the treatment of vasculogenic erectile dysfunction (ED), which are in pre-clinical study stage.

We have multiple products targeting the same indications as our Core Products, primarily as a strategy to provide physicians with full-suite product offerings that can be used in a same procedure and are seamlessly compatible with each other. For example, during a DCB procedure, pre-dilatation using PTA balloons is normally conducted to ensure smoother access, better vessel-wall apposition and better drug penetration when the DCB is used at subsequent steps. We believe that the commercialization of our PTA balloons (i.e., AcoArt Iris™ & Jasmin™ and AcoArt Lily™ & Rosmarin™) and our Core Products not only would not negatively affect each other, but would help enhance the commercialization of each other. For our PTA products in pipeline, we plan to use them to diversify our revenue sources and product offerings, as well as to realize synergies for our research and development, manufacturing and commercialization activities. We expect that offering such PTA products together with our Core Products and other product candidates will enable us to implement a flexible pricing strategy and further solidify our leading position in the DCB markets.

Our product candidates are subject to approval by the relevant authorities, such as the NMPA and/or its local counterparts, before commercialization in relevant jurisdictions. For details, please refer to the section headed "Regulatory Overview" in this prospectus. As of the Latest Practicable Date, we had not received any material comments or concerns raised by the relevant regulatory authorities with respect to our products and product candidates, and we believe we are on track to apply for the approval to commercialize our product candidates.

Our Core Products

1. AcoArt Orchid® & Dhalia™

AcoArt Orchid® & Dhalia™ is a paclitaxel DCB used to prevent stenosis or occlusion in superficial femoral artery (SFA) and popliteal artery (PPA) for the treatment of lower extremity artery disease (LEAD) with a vascular interventional approach. It is compatible with the guidewire of 0.035" (Orchid®) and 0.018" (Dhalia™). We commenced pre-clinical work (mainly including product design, product validation and verification, animal studies and type testing) in relation to AcoArt Orchid® & Dhalia™ since 2011. We received the CE Marking for AcoArt Orchid® in 2014. We received the NMPA's marketing approval for AcoArt Orchid® & Dhalia™ in May 2016 and successfully renewed the product's registration certificate for another five years in October 2020 upon submission of the post-registration clinical trial results as required by the NMPA. For details, please refer to the paragraph headed "— Summary of Clinical Trials — The Post-registration SAT" below. We were only required to submit the post-registration clinical study report to the NMPA for evaluation when we applied to renew the registration certificate for the first time. The current registration certificate for AcoArt Orchid® & Dhalia™ issued by the NMPA is valid, without any condition, until October 2025 and no other clinical trials are required by the NMPA for the renewal of the registration certificate going forward. As advised by our PRC Legal Adviser, (i) we may apply for renewing the registration certificate for AcoArt Orchid® & Dhalia™ six months prior to its expiration date and the relevant competent authorities may only conduct a procedural review for such application; and (ii) based on the applicable PRC laws and regulations that were effective as of the Latest Practicable Date, there is no legal obstacle for us to renew the registration certificate for AcoArt Orchid® & Dhalia™ upon its expiration as long as we duly submit the qualified renewal application within the stipulated period. AcoArt Orchid® & Dhalia™ was the first peripheral DCB product launched in China. As of the Latest Practicable Date, we had also launched AcoArt Orchid® in eleven other countries, including Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain and Turkey. As of the Latest Practicable Date, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations. We are in the process of completing registrations for AcoArt Orchid® in Brazil. We currently have no plan to seek the approval from the FDA for launching AcoArt Orchid® & Dhalia™ in the U.S., considering, among others, the number of similar products already available in the U.S. market, the time and costs for conducting clinical trials in the U.S. For 2019, 2020 and the three months ended March 31, 2020 and 2021, our revenue generated from the sales of AcoArt Orchid® & Dhalia™ in China and overseas amounted to RMB120.2 million, RMB187.2 million, RMB18.5 million and RMB43.3 million, respectively.

We are expanding the indication of AcoArt Orchid® & Dhalia™ to nephrology, neurology and andrology for the treatment of AVF stenosis, VAO stenosis and vasculogenic ED. As advised by our PRC Legal Adviser, we are required by the NMPA to conduct clinical trials for such indication expansions on the following basis: (i) the product is not listed in the Catalogue of Medical Devices Exempted from Clinical Trials (《免於進行臨床試驗醫療器械目錄》) promulgated by the NMPA; (ii) the 2021 Medical Device Regulation provides that clinical trials for a medical device are required for the product registration if there is no sufficient literature or clinical data available to confirm its safety and efficacy profiles; and (iii) as of the Latest Practicable Date, no DCB products indicated for the treatment of VAO stenosis or vasculogenic ED, and only one DCB product indicated for the treatment of AVF stenosis, had been approved for marketing in China. For details, please refer to the paragraph headed "— Indication Expansion of AcoArt Orchid® & Dhalia™" below.

Product Structure

AcoArt Orchid® & Dhalia™ consists of a drug-coated balloon (DCB) and a catheter. Each of the DCB and the catheter is described below.

DCB

The DCB is a three-or six-folded balloon coated with a combination of two substances: (i) paclitaxel, a drug that helps limit the growth of scar tissue, which is able to inhibit smooth muscle cell proliferation and migration at the early stage and prevent restenosis; and (ii) magnesium stearate, which is a natural substance used as excipient that aids in the transfer of paclitaxel from the balloon to the artery wall. As a durable carrier, it optimizes drug delivery and improves drug permeation and absorption in vessels.

Catheter

The catheter has a dual-lumen shaft, onto the distal top of which a three-or six-folded balloon is welded. The dual-lumen shaft is branched at a proximal end so that one tube forms the entrance to the central lumen for the guide wire, while the other tube is used to inflate and deflate the dilatation balloon with a mixture of contrast medium and saline solution.

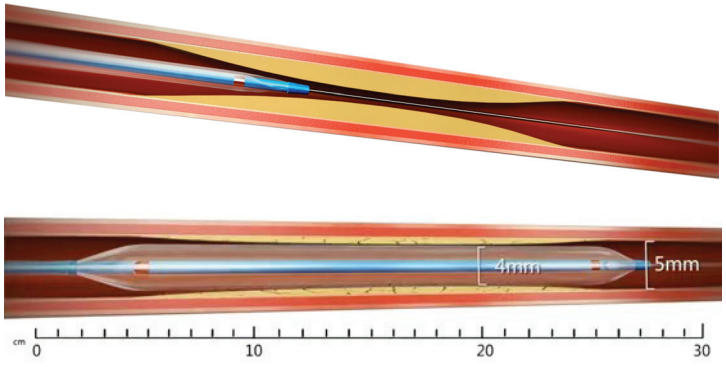
See below for an illustrative diagram of AcoArt Orchid® & Dhalia™:

Operation Procedure

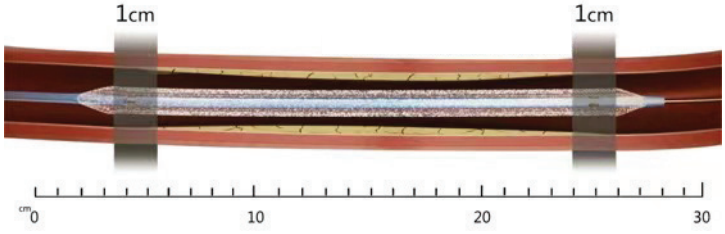
AcoArt Orchid® & Dhalia™ is used in angioplasty procedure. During the procedure, the physician first pre-dilates the lesion with PTA balloons. Such pre-dilatation will be maintained for one minute to two minutes. This will allow for smoother access, better vessel-wall apposition and better drug penetration when the DCB is used at subsequent steps. Afterwards, the physician advances a DCB toward the lesion with a working length of approximately one centimeter beyond each end of the lesion to fully cover the lesion and the pre-dilatation scope to avoid geographical lost. The physician then inflates the DCB to appose it to the vessel wall. This will allow for paclitaxel to quickly release into the vessel wall. The Physician maintains the dilatation for about two to three minutes to appose the DCB tightly with the vessel wall, and then withdraws the DCB.

The pictures below illustrate the key steps of the operation procedure:

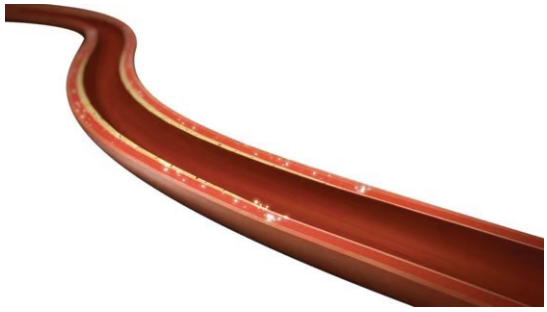
Vessel pre-dilation:



DCB application:



Vessel after DCB withdrawal:



Summary of Clinical Trials

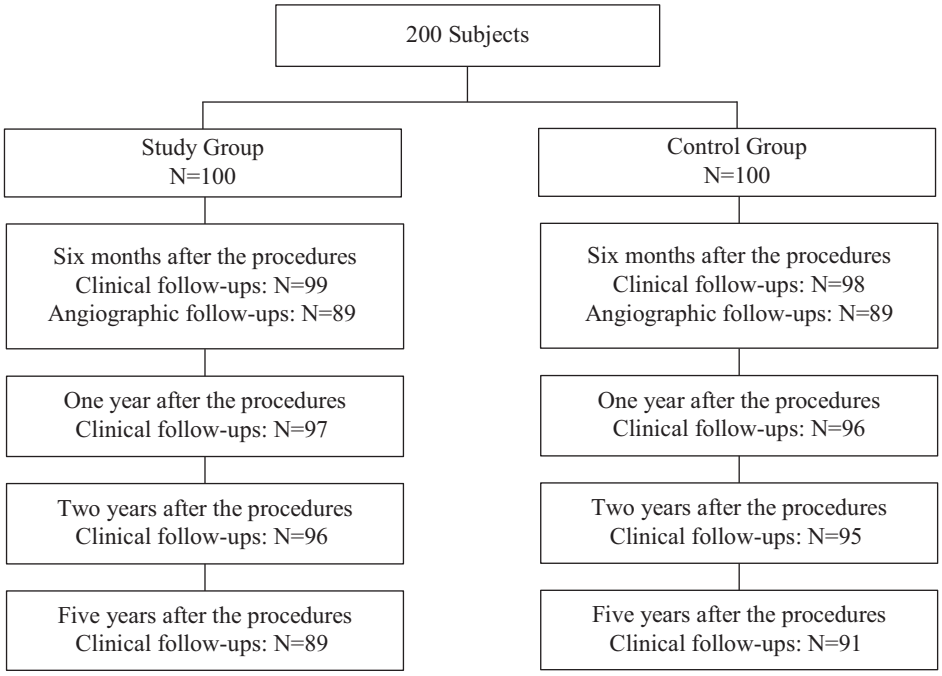
We have completed two clinical trials in China for AcoArt Orchid® & Dhalia™ indicated for treating SFA/PPA to evaluate its efficacy and safety profiles. The first clinical trial is a multi-center randomized controlled clinical trial (RCT) conducted before the registration of the product and the second clinical trial is a post-registration single-arm clinical trial (SAT) required by the NMPA for the purpose of evaluating the product's long-term efficacy and safety profiles. We are also conducting clinical trials required by the NMPA for the purpose of expanding the indication of AcoArt Orchid® & Dhalia™ to treating AVF stenosis and VAO stenosis in China. For details, please refer to the paragraph headed "— Indication Expansion of AcoArt Orchid® & Dhalia™" below.

The Pre-Registration RCT

The RCT for AcoArt Orchid® & Dhalia™ indicated for treating SFA/PPA involved 10 hospitals, with the General Hospital of People's Liberation Army as the leading research institution. The RCT started in April 2013 and completed in January 2015. A total of 200 trial subjects were enrolled for the RCT. AcoArt Orchid® & Dhalia™ is China's first peripheral DCB product and when we designed the RCT for the product, there was no other completed or ongoing clinical trial for a peripheral DCB product in China, and to better observe the safety and efficacy profiles of the product, we enrolled a relatively large number of trial subjects. All of the trial subjects for the RCT conducted in China met the following conditions:

- the subject ages from 18 to 80 years old;
- the subject has PAD, with Rutherford classification between 2 and 5;
- the subject has an occlusion or a minimum grade of stenosis primary over 70% in the SFA and/or the PPA; and
- the subject has (a) total length of treat lesion(s) less or equal to 40 centimeters.

The 200 trial subjects were randomized in a 1:1 ratio to a study group, where the subjects received the treatment using AcoArt Orchid® & Dhalia™, and a control group, where the subjects received the treatment using Medtronic's Admiral Xtreme™ PTA balloons, one of the most widely used PTA balloons globally, according to Frost & Sullivan. The primary endpoint of the RCT for AcoArt Orchid® & Dhalia™ was six-month late lumen loss (LLL). The secondary endpoints of the RCT include six-month minimal lumen diameter (MLD), the six-month restenosis rate of target vessel, clinically driven target lesion revascularization (CD-TLR), change in Rutherford stage and change in ankle brachial index (ABI). We conducted angiographic follow-ups at six months after the procedures to observe the LLL, the MLD and the restenosis rate of target lesion, and conducted clinical follow-ups at six months, one year, two years and five years to observe the other endpoints. As demonstrated by the trial results, AcoArt Orchid® & Dhalia™ is safe, and is effective in treating SFA/PPA lesions. The diagram below illustrates the study procedure of the RCT and the number of cases evaluated for each follow-up period.



Notes:

1. Clinical follow-ups include follow-ups conducted through invasive procedures (angiography) and non-invasive procedures such as telephone follow-ups and ultrasonographic follow-ups.
2. Angiographic follow-ups refer to follow-ups conducted through invasive procedures and we only conducted angiographic follow-ups to the extent necessary for completing the study.

Safety Indicators

The safety of AcoArt Orchid® & Dhalia™ was primarily evaluated by comparing the major adverse events (including all-cause death and major amputation) occurred among the subjects in the study group and the subjects in the control group during the relevant follow-up periods. According to the trial results, there was no significant statistical difference in major adverse events between the study group and the control group during the relevant follow-up periods, which demonstrated the safety profile of the product.

The chart below summarizes the number of major adverse events among the trial subjects during the relevant follow-up periods:

	Six Months			One Year			Two Years			Five Years		
	Study Group (N=99)	Control Group (N=98)	P-value[2]	Study Group (N=97)	Control Group (N=96)	P-value	Study Group (N=96)	Control Group (N=95)	P-value	Study Group (N=89)	Control Group (N=91)	P-value
All-cause death[1]	2	2	1.000	2	3	0.683	8	6	0.592	17	24	0.262
Major amputation	0	1	1.000	0	1	0.497	1	3	0.368	2	4	0.422

Source: Clinical trial report submitted to the NMPA, study results published on JACC and LINC and Company data

Notes:

1. All-cause death includes death from any cause, such as cardiac-related death, malignancy-related death, neurological-related death and accidental death. None of the deaths shown in the table was device-and procedure-related death.
2. P-value indicates the level of statistical significance. According to Frost & Sullivan, a p-value less than 0.05 is statistically significant while a p-value higher than 0.05 is not statistically significant.

Efficacy Indicators

The efficacy of AcoArt Orchid® & Dhalia™ was primarily evaluated by comparing the relevant physical conditions of the subjects in the study group and the control group at the relevant follow-up time after the procedures. Efficacy indicators for the RCT include those observed through angiographic follow-ups, such as LLL, MLD, and restenosis rate of target lesion, and those observed through clinical follow-ups, such as CD-TLR, primary patency rate, Rutherford stage improvement rate and the improvement in ABI as compared to baseline. According to the trial results, AcoArt Orchid® & Dhalia™ was superior to PTA balloons in terms of major efficacy indicators.

The chart below summarizes the efficacy indicators observed through angiographic follow-ups at six months after the procedures:

	Six Months		
	Study Group (N=89)	**Control Group (N=89)**	**P-value**
LLL[1] (mm)	0.05±0.73	1.15±0.89	<0.001
MLD (mm)	2.38±0.89	1.16±0.96	<0.001
Restenosis rate of target lesion	22.5%	70.8%	<0.001

Source: Clinical trial report submitted to the NMPA, study results published on JACC and LINC and Company data

Note:

1. LLL was calculated as the difference between the MLD immediately after the procedure and the MLD at the relevant follow-up time.

The chart below summarizes the efficacy indicators observed through clinical follow-ups at six months, one year, two years and five years after the procedures:

	Six Months			One Year			Two Years			Five Years		
	Study Group (N=99)	**Control Group (N=98)**	**P-value**	**Study Group (N=97)**	**Control Group (N=96)**	**P-value**	**Study Group (N=96)**	**Control Group (N=95)**	**P-value**	**Study Group (N=89)**	**Control Group (N=91)**	**P-value**
CD-TLR	6	38	<0.001	7	38	<0.001	13	39	<0.001	21	40	<0.001
Primary patency rate[1]	–	–	–	76.1%	33.7%	<0.001	64.6%	31.4%	<0.001	–	–	–
Rutherford stage improvement rate[2]	78.6%	56.8%	0.0012	76.0%	60.2%	0.046	–	–	–	–	–	–
Improvement in ABI as compared to baseline[3]	0.35± 0.24	0.20± 0.30	<0.001	0.35± 0.30	0.24± 0.31	0.023	0.32± 0.29	0.18± 0.33	0.027	–	–	–

Source: Clinical trial report submitted to the NMPA, study results published on JACC and LINC and Company data

Notes:

1. Primary patency is a composite of freedom CD-TLR and freedom from restenosis, defined as duplex ultrasonography peak systolic velocity ratio >2.4. We did not calculate the primary patency rate at six months after the procedures.
2. We did not calculate the Rutherford stage improvement rate at two years and five years after the procedures.
3. We did not calculate the improvement in ABI at five years after the procedures.

The Post-Registration SAT

The SAT for AcoArt Orchid® & Dhalia™ indicated for treating SFA/PPA involved 10 hospitals, with the General Hospital of People's Liberation Army as the leading research institution. The SAT started in October 2016 and completed in June 2020. A total of 120 trial subjects were enrolled for the SAT and all the trial subjects received the treatment of AcoArt Orchid® & Dhalia™. The trial subjects for the SAT met the same conditions as those for the RCT except that each of the subjects for SAT has (a) total length of treat lesion(s) no longer than 20 centimeters. The primary endpoint for the SAT was twelve-month primary patency rate, and the secondary endpoints included six-month and twelve-month CD-TLR, six-month and twelve-month change in Rutherford stage, twelve-month change in ABI, and device success rate. As demonstrated by the trial results, AcoArt Orchid® & Dhalia™ is safe, and is effective in treating SFA/PPA lesions.

Safety Indicators

The safety of AcoArt Orchid® & Dhalia™ was primarily evaluated by recording the incidence of device-or procedure-related death and major amputation within 30 days after the procedures. All of the trial subjects completed the 30-day follow-ups and reported a zero incidence for each of the indicators.

Efficacy Indicators

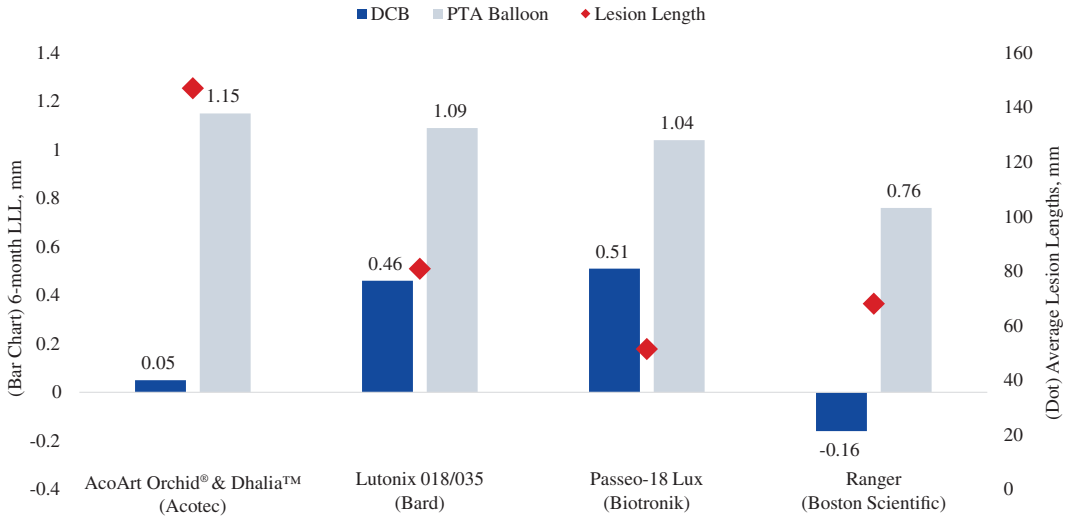
The efficacy of AcoArt Orchid® & Dhalia™ was primarily evaluated by the 12-month primary patency rate, and the secondary efficacy endpoints also included six-month and twelve-month CD-TLR, six-month and twelve-month change in Rutherford stage, twelve-month change in ABI, and device success rate. The device success rate for the SAT was 100%. The chart below summarizes other efficacy indicators during the relevant follow-up periods:

	Six Months	**Twelve Months**
Primary patency rate	N/A	85% (N=93)
CD-TLR	0 (N=119)	2 (N=119)
Rutherford stage improvement rate	94.96% (N=119)	94.92% (N=118)
Improvement in ABI as compared to baseline	N/A	0.33±0.28

Source: Clinical trial report submitted to the NMPA

Comparisons with major competing products

According to Frost & Sullivan, we enrolled patients with the longest lesions and the highest rate of CTO in the RCT for AcoArt Orchid® & Dhalia™ as compared to major competing products from international brands in the global market, and demonstrated the most significant difference between the study group and the control group in terms of six-month LLL. See the following chart for details:



Note: The above information was derived from multiple clinical trials conducted for different products, without the support of controlled, head-to-head clinical studies. According to Frost & Sullivan, a number of factors could affect the relevant clinical results and could render cross-trial comparison results less meaningful, including the different patient enrollment standards adopted in different trials (e.g., the average target lesion length, the average total occlusion level (i.e., CTO rate) of the lesions), physicians' skills and experiences, and the different choices of PTA balloons used in the control groups of the relevant clinical trials. In the above-mentioned RCT for AcoArt Orchid® & Dhalia™, trial subjects in the control group received treatments using Medtronic's Admiral Xtreme™ PTA balloons, one of the most widely used PTA balloons globally, according to Frost & Sullivan. The other manufacturers may have used different PTA balloons in the RCTs for their DCB products. According to Frost & Sullivan, PTA balloons have been widely used in endovascular interventional procedures globally for over 40 years so the physicians are generally very experienced in using them, and the differences in the various PTA balloon products manufactured by different industry players are relatively less significant; therefore, it is expected that different choice of PTA balloons may affect the results of the relevant clinical trials to some extent, but would not significantly alter such results. Notwithstanding the foregoing, you are still cautioned not to place undue reliance on the above cross-trial comparison results.

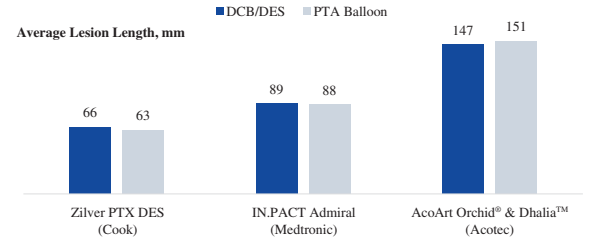
Source: ClinicalTrials.gov, literature research and Frost & Sullivan analysis

As of the Latest Practicable Date, only two international players (i.e., Cook Medical and Medtronic) had published peer-reviewed five-year follow-up results on well-known journals for their endovascular interventional devices indicated for the treatment of PAD (i.e., Zilver PTX, a DES product and IN.PACT Admiral, a DCB product). As compared with these two products, AcoArt Orchid® & Dhalia™ demonstrated the most significant difference between the study group and the control group in terms of the five-year freedom from CD-TLR, as shown in the charts below:

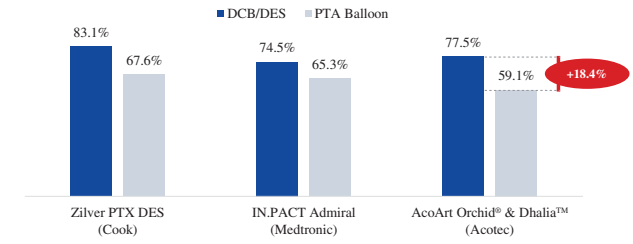
Condition of Subjects Enrolled by Acotec

	DCB	PTA	P Value
Patients with Diabetes (%)	54/100 (54%)	57/100 (57%)	0.67
Rutherford Classification			
2	14%	12%	0.94
3	46%	44%	
4	24%	27%	
5	16%	17%	
Lesion Lengths, mm	147 ± 110	152 ± 109	0.78
Occlusion	57/100 (57%)	52/100 (52%)	0.48
ISR	27/100 (27%)	23/100 (23%)	0.51

Condition of Subjects Enrolled



5-year Freedom from CD-TLR



Note:

The above information was derived from multiple clinical trials conducted for different products, without the support of controlled, head-to-head clinical studies. According to Frost & Sullivan, a number of factors could affect the relevant clinical results and could render cross-trial comparison results less meaningful, including the different patient enrollment standards adopted in different trials (e.g., the average target lesion length, the average total occlusion level (i.e., CTO rate) of the lesions), physicians' skills and experiences, and the different choices of PTA balloons used in the control groups of the relevant clinical trials. In the above-mentioned RCT for AcoArt Orchid® & Dhalia™, trial subjects in the control group received treatments using Medtronic's Admiral Xtreme™ PTA balloons, one of the most widely used PTA balloons globally, according to Frost & Sullivan. The other manufacturers may have used different PTA balloons in the RCTs for their DCB products. According to Frost & Sullivan, PTA balloons have been widely used in endovascular interventional procedures globally for over 40 years so the physicians are generally very experienced in using them, and the differences in the various PTA balloon products manufactured by different industry players are relatively less significant; therefore, it is expected that different choice of PTA balloons may affect the results of the relevant clinical trials to some extent, but would not significantly alter such results. Notwithstanding the foregoing, you are still cautioned not to place undue reliance on the above cross-trial comparison results.

Source: ClinicalTrials.gov, literature research and Frost & Sullivan analysis

The table below summarizes the key information of the clinical trials for the four NMPA-approved DCB products indicated for treating SFA/PPA lesions:

	Manufacturer	Acotec	Endovastec		Medtronic		Zylox Medical
	Product Name	AcoArt Orchid® &Dhalia™	Reewarm PTX		IN.PACT Admiral		UltraFree
	Clinical Trial Initiated In	2013.04	2014.07		2010.09	2014.03	N/A
	Clinical Trial	NCT01850056	Published Literature	CMDE Evaluation Report	NCT01175850; NCT01566461	NCT02118532	CMDE Evaluation Report
	Patient Enrolled	200	200	200	331	143	192
	Trial Type	RCT	RCT	RCT	RCT	SAT	RCT
Enrolled Lesions	Target Lesion Length, mm	147 ± 110	96 ± 48	N/A	89 ± 49	104 ± 65	70 ± 63
Enrolled Lesions	CTO, %	54	49	N/A	26	52.4	N/A
Clinical Endpoint	6 months LLL, mm	0.05 ± 0.73	0.49 ± 0.81	0.49 ± 0.81	N/A	N/A	0.50 ± 0.82
Clinical Endpoint	6 months Restenosis Rate, %	22.5	28.9	28.1	N/A	N/A	21.1
Clinical Endpoint	6 months CD-TLR, %	6.1	16.9*	N/A	N/A	N/A	6.5
Clinical Endpoint	12 months CD-TLR, %	7.2	15.0*	15*	2.4	2.9	N/A
Clinical Endpoint	12 months Patency Rate, %	76.1	N/A	N/A	82.2	89.1	54.0
Clinical Endpoint	5-year CD-TLR, %	22.5	N/A	N/A	25.5	N/A	N/A
Clinical Endpoint	5-year All-cause Death, %	17.3	N/A	N/A	15.8	N/A	N/A

* *The TLR results of Endovastec were all-TLR instead of CD-TLR.*

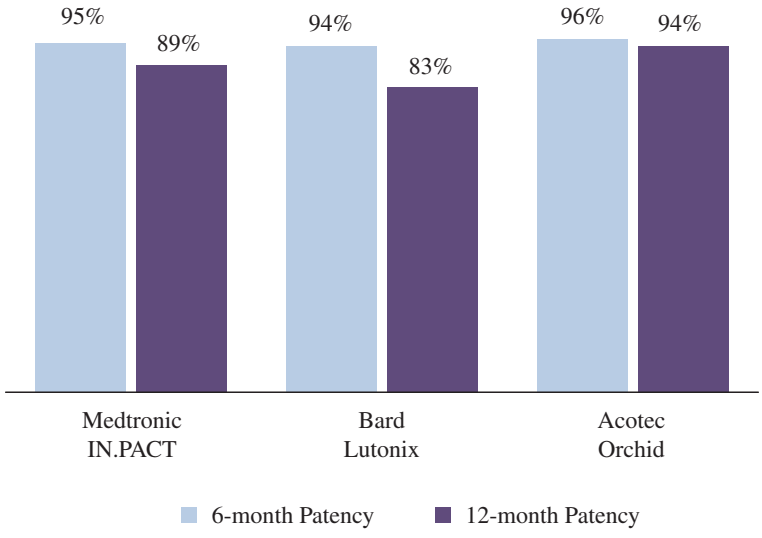
Note: The above information was derived from different clinical trials for different products without the support of controlled, head-to-head clinical studies.

Source: ClinicalTrials.gov, literature research, CMDE and Frost & Sullivan analysis

In terms of six-month late lumen loss (LLL), which was the primary endpoint of the AcoArt Orchid® & Dhalia™ clinical trial and one of the most important efficacy indicators for DCB products, the trial subjects who were treated with AcoArt Orchid® & Dhalia™ had an average six-month LLL of only 0.05 mm, meaning that six-months after being treated with AcoArt Orchid® & Dhalia™, the average diameter of the treated arteries of the trial subjects reduced by merely 0.05 mm as compared to the average diameter immediately after the procedures, which convincingly demonstrated the long-term effectiveness of AcoArt Orchid® & Dhalia™ in preventing vessel restenosis.

Post-Market Clinical Studies

A retrospective analysis independently conducted by University Hospital Leipzig and published on Leipzig Interventional Course (LINC), the largest annual vascular conference in the world, showed that patients receiving treatment using AcoArt Orchid® & Dhalia™ had the highest primary patency rate at both six and twelve months post procedures, as compared to patients with similar baseline characteristics receiving treatment using DCB products manufactured by international medical device giants such as Medtronic and C.R. Bard. The diagram below illustrates details of the primary patency rate of the three products at six months and twelve months after the procedures.



Source: Presentation of University Hospital Leipzig on LINC

We have followed up with the patients who have undergone angioplasty procedures that used AcoArt Orchid® & Dhalia™ since the product launch. In June 2020, we initiated an all-comers, prospective, multi-center, single-arm, non-interventional post-market follow-up clinical study in Germany, to prospectively collect and assess the safety and efficacy data of AcoArt Orchid® and AcoArt Tulip™ & Litos™ for use in real-world patients with symptomatic arterial disease undergoing endovascular lower limb revascularization. As currently planned, this clinical study will enroll a total of 3,000 subjects, and is one of the largest post-market clinical studies conducted for lower extremity DCB products worldwide, according to Frost & Sullivan. The clinical study will be conducted in seven hospitals in Germany, with the University Hospital Leipzig as the principal investigator institution. The real-world patients will be categorized into two cohorts: (i) the CLI group, if the patients suffer from critical limb ischemia and have Rutherford Clinical Category (RCC) of 4-6; and (ii) the non-CLI group, if the patients do not suffer from critical limb ischemia and have Rutherford Clinical Category (RCC) of 2-3. The primary efficacy endpoint for the CLI group is freedom from CD-TLR within six months after the procedure, and the primary efficacy endpoint for the non-CLI group is freedom from CD-TLR within twelve months after the procedure; the primary safety endpoint for the CLI group is a composite of freedom from device- and procedure-related mortality, freedom from major target limb amputation and TLR within

twelve months after the procedure, and the primary safety endpoint for the non-CLI group is a composite of freedom from major adverse limb events and perioperative death (MALE-POD) through 30 days after the procedure. We are currently in the process of enrolling subjects for the trial. We expect to complete the subject enrollment in the first quarter of 2022 and to complete this clinical study in the first quarter of 2027.

We, by ourselves or through the CROs engaged by us, recorded severe adverse events encountered by patients, and reported such events to the Beijing Municipal Medical Products Administration (the "**Beijing MPA**"), the Beijing Municipal Health Commission (the "**Beijing MHC**") and other relevant authorities in other jurisdictions in accordance with applicable laws and regulations. We have created a post-market clinical data tracking system, which contains the most updated record of the severe adverse events. The tracking system allows us to monitor the safety of applying AcoArt Orchid® & Dhalia™ in angioplasty procedures. Since the launch of AcoArt Orchid® & Dhalia™ and up to the Latest Practicable Date, we only reported one severe adverse event to the NMPA and the cause of such event had been proven irrelevant with the quality of our product.

Market Opportunity and Competition

According to Frost & Sullivan, LEAD is increasingly prevalent in China in recent years. The number of LEAD patients in China increased from 35.8 million in 2015 to 39.6 million in 2019, and is expected to further increase to 49.8 million in 2030. In the early stages of LEAD, treatment options for patients primarily include behavioral changes and drug therapy. In more advanced stages of LEAD such as critical and acute limb ischemia, revascularization through intervention procedures or bypass surgeries is necessary to reduce the risk of amputation. In China, around 4% of the LEAD patients may present with critical limb ischemia, while over 3% of the LEAD patients may progress to acute limb ischemia. In recent years, lower extremity intervention procedures have developed rapidly and are increasingly preferred by physicians and patients over bypass surgeries as they generally cause fewer complications and allow faster recoveries. Categorized by the anatomical location of target lesions, lower extremity intervention procedures include above-the-knee interventions and below-the-knee interventions. Our AcoArt Orchid® & Dhalia™ is currently used in above-the-knee interventions while our another Core Product, AcoArt Tulip™ & Litos™ is currently used in below-the-knee interventions. For details, please refer to the paragraph headed "— 2. AcoArt Tulip™ & Litos™" below.

Revascularization strategies adopted in the above-the-knee interventions include PTA and stenting, and products commonly used in the PTA include PTA balloons and DCBs. According to Frost & Sullivan, DCBs have been progressively replacing stents in vascular interventions worldwide, but the relevant DCB product market in China is still in its early stage of development with great growth potential.

AcoArt Orchid® & Dhalia™ indicated for treating SFA/PPA lesions was the only above-the-knee DCB product on market in China from 2016 to 2019. As of the Latest Practicable Date, there were four DCB products in the China. The table below compares AcoArt Orchid® & Dhalia™ with direct competing products in the China market:

Manufacturer		Acotec	Endovastec	Medtronic	Zylox Medical
Product Name		AcoArt Orchid® & Dhalia™	Reewarm PTX	IN.PACT Admiral	UltraFree
Coated Drug		Paclitaxel	Paclitaxel	Paclitaxel	Paclitaxel
Drug Dosage, μg/mm²		3.0	3.0	3.5	3.0
Excipient		Magnesium Stearate	Iopromide	Urea	No excipient
Target Lesions		SFA/PPA (including P1, P2, P3 segments of PPA)	Lower limb (excluding BTK arteries)	Lower limb (excluding BTK arteries)	Lower limb (excluding BTK arteries)
Balloon Length, mm		20-300	20-220	20-120	20-220
Balloon Diameters, mm		3-12	2-7	4-7	2-12
Guidewire, inch	0.014	×	√	×	×
	0.018	√	√	×	√
	0.035	√	×	√	√
Approval	NMPA	2016	2020	2020	2020
	FDA	N/A	N/A	2014	N/A
	CE	2014	2020	2009	2020

Source: Frost & Sullivan analysis

According to Frost & Sullivan, the number of above-the-knee DCB procedures conducted in China in 2019 was approximately 12.2 thousand, which is expected to reach approximately 80.3 thousand in 2024 at a CAGR of 45.7% from 2019 to 2024. As a result of the increasing number of above-the-knee DCB procedures conducted in China and benefiting from our first-mover advantages, the sales amount of AcoArt Orchid® & Dhalia™ indicated for treating SFA/PPA lesions in China is expected to further grow in the future. For details, please refer to the section headed "Industry Overview" in this prospectus.

Indication Expansion of AcoArt Orchid® & Dhalia™

Artery narrowing, when occurs outside of heart or brain, may result in different types of peripheral artery diseases. AcoArt Orchid® & Dhalia™ is currently approved for the treatment of SFA/PPA lesions and has the potential to be applied in treatment of other vascular diseases caused by vessel narrowing such as AVF stenosis, VAO stenosis and vasculogenic ED. Other than the existing application in vascular surgery, we plan to expand the indications of AcoArt Orchid® & Dhalia™ to nephrology, neurology and andrology. As confirmed by a senior official at the Center for Medical Device Evaluation of the NMPA (國家藥品監督管理局醫療器械技術審評中心)("**CMDE**") in an email consultation, for each of the indication expansions of AcoArt Orchid® & Dhalia™ as set forth below, we shall apply for a "change of registration" (註冊變更) pursuant to the *Administrative Measures for the Registration of Medical Devices* (醫療器械註冊管理辦法), and upon approval of the new indication by the NMPA, the original registration certificate for AcoArt Orchid® & Dhalia™ will be updated, and the new indication will be added to the "Usage Scope" (適用範圍) section of the product's registration certificate. Therefore, the expansion indications of AcoArt Orchid® & Dhalia™ as set forth below will be regulated by the NMPA as one product.

Nephrology – AcoArt Orchid® & Dhalia™ indicated for treating AVF stenosis

AcoArt Orchid® & Dhalia™ indicated for treating AVF stenosis has substantially the same product structure and operation procedure as that indicated for treating SFA/PPA lesions. In May 2018, we initiated an RCT for our AcoArt Orchid® & Dhalia™ indicated for treating AVF stenosis in China to evaluate its safety and efficacy. The conduction of such RCT is required by the NMPA in order for us to expand the indication of AcoArt Orchid® & Dhalia™ to treating AVF stenosis. The RCT enrolled a total of 244 trial subjects in 13 hospitals in China, with the General Hospital of People's Liberation Army as the principal investigator institution. The 244 subjects were randomized in a 1:1 ratio to a study group, where the subjects receive the treatment using AcoArt Orchid® & Dhalia™, and a control group, where the subjects receive the treatment using PTA balloons. The primary endpoint of the RCT is six-month angiographic primary patency rate, and the secondary endpoints of the RCT included 12-month primary patency rate, the number of reinterventions within 12 months, device success rate, and the procedural success rate. We had completed the six-month follow-ups for all the trial subjects in May 2021 and are in the process of conducting the twelve-month follow-ups required by the protocol of the RCT. We have completed all the necessary filings with the Beijing MPA with respect to the conduct of the RCT for AcoArt Orchid® & Dhalia™ indicated for treating AVF stenosis. As advised by our PRC Legal Adviser, according to the *Good Clinical Practice for Medical Device Trials* (《醫療器械臨床試驗質量管理規範》) (the "**Good Clinical Practice**"), (i) before conducting the RCT, we are not required to obtain prior approvals from the NMPA or any of its local branches given that the product is not listed in the *Catalogue of Class III Medical Devices Which are Subject to Clinical Trial Approval* (《需進行臨床試驗審批的第三類醫療器械目錄》) (the "**Clinical Trial Approval Catalogue**"), but are only required to complete the necessary filings with the local branches of the NMPA in relation to the conduct of the RCT, and (ii) given that clinical trials of medical devices shall be filed with the relevant drug regulatory authority at the provincial level where the sponsor of such clinical trials is located, and Beijing MPA is the provincial-level drug regulatory authority in Beijing where Beijing Acotec, our major operating entity and the sponsor of the clinical trials for our product candidates, is located, the Beijing MPA is a competent authority supervising the clinical trials conducted by our Company. As confirmed by our PRC Legal Adviser, manufacturing enterprises that produce Class II and/or Class III medical devices shall apply to the drug regulatory authorities at the provincial level where they are located for medical device production licenses and medical device registration certificates for their products. Therefore, Beijing MPA, the provincial-level drug regulatory authority in Beijing where Beijing Acotec is located, is the competent authority for the relevant matters in relation to our Core Products and other product candidate. For details, please refer to the paragraphs headed "Regulatory Overview — Laws and Regulations Relating to Medical Device — General Procedure of Registration of Class III Medical Devices — Conducting Clinical Trial" in this prospectus. In addition, during the process of the RCT, we have provided the Beijing MPA and other local branches of the NMPA (depending on the locations of the clinical trial institutions involved in the RCT) with the necessary updates as to the progress of the RCT (for example, by promptly submitting reports of severe adverse events encountered during the RCT from time to time). As of the Latest Practicable Date, we had encountered certain severe adverse events, none of which were procedural or device related as confirmed by the relevant PI, and had

reported all such events to the Beijing MPA and the Beijing MHC. As of the Latest Practicable Date, the NMPA (and/or its local branches) had not raised any objection to the continued conduct of the RCT. We expect to make the product registration submission for the product with the NMPA by the end of 2021 and to receive the NMPA approval in the first quarter of 2023. For details of the market opportunity and competitive landscape of AcoArt Orchid® & Dhalia™ indicated for treating AVF stenosis, please refer to the section headed "Industry Overview" in this prospectus.

Neurology – AcoArt Orchid® & Dhalia™ indicated for treating VAO stenosis

AcoArt Orchid® & Dhalia™ indicated for treating VAO stenosis has substantially the same product structure and operation procedure as that indicated for treating SFA/PPA lesions. From 2017 to 2018, a principle investigator conducted a prospective, non-randomized, single-center pilot study in China for AcoArt Orchid® & Dhalia™ indicated for treating VAO stenosis and enrolled 30 patients. In the pilot study, physicians first conducted predilations for the patients with plain PTA balloons and then placed AcoArt Orchid ® at the target lesions. All patients took a combination of clopidogrel (75 mg/day) and aspirin (100 mg/day) for 3 months after the procedures, followed by long-term monotherapy with either clopidogrel or aspirin. The primary endpoints included 30-day death, stroke, and transient ischemic attack (TIA). No TIA, stroke, or death occurred within 30 days after the procedures. The primary efficacy indicator was six-month restenosis based on ultrasound. At six months after the procedures, effective data for 26 patients were collected, and ten (38.5%) of the 26 patients were confirmed restenosis. At two years after the procedures, nineteen patients were successfully followed up by telephone, among which two deaths occurred due to cancer. No adverse events occurred within 30 days of treatment. 19 patients were followed up for two years, with two deaths due to cancer. The pilot study suggests that DCB is a safe treatment approach for VAO stenosis. The relatively low restenosis rate indicates the its potential long-term efficacy for VAO stenosis.

In January 2021, we initiated an RCT for our AcoArt Orchid® & Dhalia™ indicated for treating VAO stenosis in China to evaluate its safety and efficacy. The conduction of such RCT is required by the NMPA in order for us to expand the indication of AcoArt Orchid® & Dhalia™ to treating VAO stenosis. As planned, the RCT will enroll 180 trial subjects in seven hospitals in China, with Xuanwu Hospital of Capital Medical University as the principal investigator institution. The 180 subjects will be randomized in a 1:1 ratio to a study group, where the subjects receive the treatment using AcoArt Orchid® & Dhalia™, and a control group, where the subjects receive the stenting treatment. The primary endpoint of the RCT is 12-month target lesion restenosis rate, and the secondary endpoints included device success rate, 12-month incidence of hemorrhagic stroke and posterior circulation ischemic stroke, and 12-month incidence of transient ischemic attack of posterior circulation. As of the Latest Practicable Date, we completed the enrollment of 58 trial subjects. We have completed all the necessary filings with the Beijing MPA with respect to the conduct of the RCT for AcoArt Orchid® & Dhalia™ indicated for treating VAO stenosis. As advised by our PRC Legal Adviser, according to the Good Clinical Practice, (i) before conducting the RCT, we are not required to obtain prior approvals from the NMPA or any of its local branches given that the product is not listed in the Clinical Trial Approval Catalogue, but are only required to complete

the necessary filings with the local branches of the NMPA in relation to the conduct of the RCT, and (ii) the Beijing MPA is a competent authority supervising the clinical trials conducted by our Company. For details, please refer to the paragraphs headed "Regulatory Overview — Laws and Regulations Relating to Medical Device — General Procedure of Registration of Class III Medical Devices — Conducting Clinical Trial" in this prospectus. In addition, during the process of the RCT, we have provided the Beijing MPA and other local branches of the NMPA (depending on the locations of the clinical trial institutions involved in the RCT) with the necessary updates as to the progress of the RCT (for example, by promptly submitting reports of severe adverse events encountered during the RCT from time to time). As of the Latest Practicable Date, we had encountered certain severe adverse events, none of which were procedural or device related as confirmed by the relevant PI, and had reported all such events to the Beijing MPA and the Beijing MHC. As of the Latest Practicable Date, the NMPA (and/or its local branches) had not raised any objection to the continued conduct of the RCT. We expect to complete the RCT in the second half of 2022, to make the product registration submission for the product with the NMPA in the third quarter of 2022 and to receive the NMPA approval in the second quarter of 2023. For details of the market opportunity and competitive landscape of AcoArt Orchid® & Dhalia™ indicated for treating VAO stenosis, please refer to the section headed "Industry Overview" in this prospectus.

Andrology – AcoArt Orchid® & Dhalia™ indicated for treating vasculogenic ED

AcoArt Orchid® & Dhalia™ indicated for treating vasculogenic ED has substantially the same product structure and operation procedure as that indicated for treating SFA/PPA lesions. We are currently conducting pre-clinical study and making clinical trial plan for AcoArt Orchid® & Dhalia™ indicated for treating vasculogenic ED. We initiated a single-center pilot study for the product with a plan to enroll 25 trial subjects in January 2021, and expect to initiate the subject enrollment for the pilot study in August in the same year. We expect to initiate the clinical trial required by the NMPA in order for us to expand the indication of AcoArt Orchid® & Dhalia™ to treating vasculogenica ED. We expect to complete the necessary filings with the Beijing MPA in the fourth quarter of 2021. For details of the market opportunity and competitive landscape of AcoArt Orchid® & Dhalia™ indicated for treating vasculogenic ED, please refer to the section headed "Industry Overview" in this prospectus.

Efforts to Launch AcoArt Orchid® in Overseas Markets

We received the CE Marking for AcoArt Orchid® in 2014. As of the Latest Practicable Date, we had launched the product in eleven overseas countries, including Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain and Turkey, and were in the process of completing the registration for AcoArt Orchid® in Brazil.

We initiated an all-comers, prospective, multi-center, single-arm, non-interventional post-market follow-up clinical study in Germany in June 2020, to prospectively collect and assess the safety and efficacy data of AcoArt Orchid® and AcoArt Tulip™ & Litos™. As currently planned, this clinical study will enroll a total of 3,000 subjects, and is one of the largest post-market clinical studies conducted for lower extremity DCB products worldwide,

according to Frost & Sullivan. Although this clinical study is not absolutely necessary in order for us to launch AcoArt Orchid® in other countries, we believe that such clinical study and our continuing research will enable us to better understand physicians' preference and patients' characteristics in overseas markets, and to convince the regulators, physicians and patients in other countries of the long-term safety and efficacy profiles of AcoArt Orchid®, which would assist us in launching the product in new regulated markets.

WE MAY NOT BE able TO ULTIMATELY DEVELOP AND MARKET ACOART ORCHID® & DHALIA™ INDICATED FOR TREATING AVF STENOSIS, VAO STENOSIS AND VASCULOGENIC ED SUCCESSFULLY.

2. AcoArt Tulip™ & Litos™

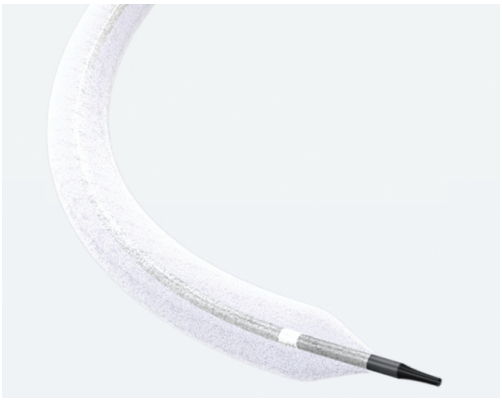
AcoArt Tulip™ & Litos™ is a paclitaxel DCB used to prevent stenosis or occlusion in below-the-knee (BTK) arteries for the treatment of chronic limb-threatening ischemia with a vascular interventional approach. It is compatible with the guidewire of 0.018" (Tulip™) and 0.014" (Litos™). We commenced pre-clinical work (mainly including product design, product validation and verification, animal studies and type testing) in relation to AcoArt Tulip™ & Litos™ since 2011. We received the CE Marking for AcoArt Tulip™ & Litos™ in 2014, the FDA "breakthrough device" designation for AcoArt Litos™ in 2019 and the NMPA approval for market for AcoArt Tulip™ & Litos™ in December 2020, and successfully launched it in China in January 2021. According to Frost & Sullivan, AcoArt Litos™ is the first domestically-manufactured device receiving FDA "breakthrough device" designation, and AcoArt Tulip™ & Litos™ was the world's first BTK DCB product approved by the NMPA and launched in China. The current registration certificate for AcoArt Tulip™ & Litos™ issued by the NMPA is valid until December 2025 and a post-registration clinical study for the purpose of evaluating the product's long-term safety and efficacy profiles is required by the NMPA as a condition for the renewal of the registration certificate upon its expiration. For details, please refer to the paragraph headed "— Summary of Clinical Trials — The Post-registration Clinical Study in China" below. As of the Latest Practicable Date, we had also launched AcoArt Tulip™ & Litos™ in eleven other countries, including Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain and Turkey. As of the Latest Practicable Date, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations. We are in the process of completing registrations for AcoArt Tulip™ & Litos™ in Brazil and India. We are also selecting business partners for conducting clinical trials for AcoArt Litos™ in the U.S., and plan to initiate the relevant clinical trials once we obtain the IDE approval from the FDA in November 2021. We currently plan to expand to the U.S. market for AcoArt Tulip™ & Litos™, primarily because the product obtained the "breakthrough device" designation from the FDA and is eligible for an expedited assessment and review process once we submit the relevant applications, and thus may save us substantial time and costs for launching the product in the U.S. For 2019 and 2020, our revenue generated from the sales of AcoArt Tulip™ & Litos™ overseas amounted to RMB2.6 million and RMB3.0 million, respectively. For the three months ended March 31, 2021, our revenue generated from sales of AcoArt Tulip™ & Litos™ in China and overseas was RMB9.5 million.

We are expanding the indication of AcoArt Tulip™ & Litos™ to andrology for the treatment of erectile dysfunction. For details, please refer to the paragraph headed "— Indication Expansion of AcoArt Tulip™ & Litos™" below.

Product Structure

AcoArt Tulip™ & Litos™ has substantially the same product structure as AcoArt Orchid® & Dhalia™ except that the diameter of the DCB of AcoArt Tulip™ & Litos™ is smaller than that of AcoArt Orchid® & Dhalia™ as the BTK arteries are normally smaller than arteries in upper leg. For details of the product structure, please refer to the paragraph headed "— 1. AcoArt Orchid® & Dhalia™ — Product Structure" in this section.

See below for an illustrative diagram of AcoArt Tulip™ & Litos™:



Operation Procedure

AcoArt Tulip™ & Litos™ has substantially the same operation procedure as AcoArt Orchid® & Dhalia™ except that performing BTK angioplasty is normally regarded by many physicians to be more challenging than performing SFA/PPA angioplasty as BTK arteries are normally narrower than arteries in upper leg. In addition, the product delivery path for BTK angioplasty is normally longer than that for SFA/PPA angioplasty, which requires the DCB product to have an effectively controlled drug-delivery system to reduce drug losing before the DCB reaches the target lesions. For details of the operation procedure, please refer to the paragraph headed "— 1. AcoArt Orchid® & Dhalia™ — Product Structure" in this section.

Summary of Clinical Trials

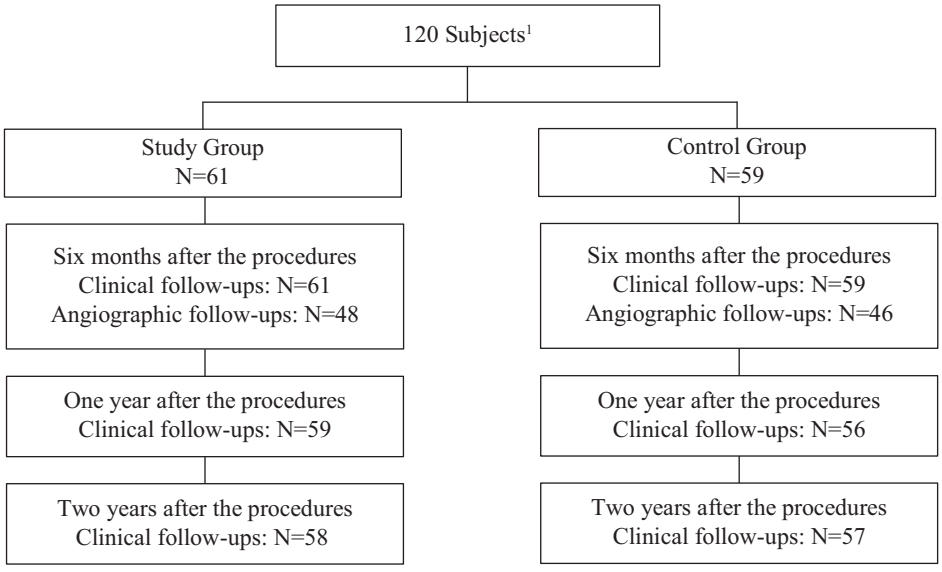
We have completed two RCTs for AcoArt Tulip™ & Litos™ to evaluate its efficacy and safety profiles in China and Italy, respectively. The RCT in China was conducted as required by the NMPA for the product registration in China and the RCT in Italy was conducted for academic study purposes. We also plan to conduct a post-registration clinical study for AcoArt Tulip™ & Litos™ as required by the NMPA in preparation for our application for the renewal of the product's registration certificate upon its expiration in December 2025.

The Pre-Registration RCT in China

In November 2013, we initiated a multi-center RCT for AcoArt Tulip™ & Litos™ in China to evaluate the efficacy and safety of AcoArt Tulip™ & Litos™ and completed the RCT in June 2019. The RCT for AcoArt Tulip™ & Litos™ took years to complete primarily because two major amendments were made to the clinical trial protocol for the RCT, in May 2015 and November 2017, respectively. The amendments to the protocol were made primarily because AcoArt Tulip™ & Litos™ was a novel product, and when we conducted the RCT, there was no other completed clinical trial for a BTK DCB product worldwide, so the principle investigators and the other leading physicians who participated in the RCT took some time to amend and finalize the appropriate clinical trial protocol. As of the Latest Practicable Date, the NMPA had not issued any compulsory guidance on the subject size of the clinical trial for DCB products as advised by our PRC Legal Adviser, and we had not received any objection raised by the NMPA on the trial design of the RCT for AcoArt Tulip™ & Litos™. The RCT involved 11 hospitals, with the General Hospital of People's Liberation Army as the leading research institution. When we were designing and adjusting the clinical trial protocol of the RCT for AcoArt Tulip™ & Litos™, the RCT for AcoArt Orchid® & Dhalia™ was completed, demonstrating the safety and efficacy profiles of the product. Since AcoArt Tulip™ & Litos™ has substantially the same product structure as AcoArt Orchid® & Dhalia™ and based on the positive RCT results of Orchid® & Dhalia™, we finally determined to enroll 120 trial subjects for the RCT for AcoArt Tulip™ & Litos™ after considering, among others, the primary and secondary endpoints of the RCT and the relevant statistical assumptions. The scale of trial subjects of the RCT for AcoArt Tulip™ & Litos™ was smaller than the RCT for Orchid® & Dhalia™ but still necessary to evaluate the statistical differences between the control group and the study group. The final protocol of the RCT was signed off by the principal investigators and approved by the ethics committees of all of the 11 clinical trial institutions. All of the trial subjects for the multi-center RCT conducted in China met the following conditions:

- the subject ages from 18 to 85 years old;
- the subject has peripheral artery disease, with Rutherford classification between 4 and 6;
- the subject has an occlusion or a minimum grade of stenosis primary over 70% in the below PPA; and
- the expected survival time is more than one year.

The 120 trial subjects were randomized in an approximately 1:1 ratio to a study group, where the subjects received the treatment using AcoArt Tulip™ & Litos™, and a control group, where the subjects received the treatment using PTA balloons. The primary endpoint of the RCT for AcoArt Tulip™ & Litos™ in China was six-month angiographic primary patency rate, which is a composite of freedom from occlusion and CD-TLR and major amputation above ankle. Key secondary endpoints of the RCT included six-month angiographic LLL and the CD-TLR at six months, one year and two years. We conducted angiographic follow-ups at six months after the procedures to observe the primary patency rate and the LLL, and conducted clinical follow-ups at six months, one year and two years after the procedures to observe other endpoints. As demonstrated by the trial results, AcoArt Tulip™ & Litos™ is safe, and is effective in treating BTK lesions. The diagram below illustrates the study procedure of the RCT and the number of cases evaluated for each follow-up period:



Note:

1. A total of 120 trial subjects were enrolled for the RCT, but in the clinical trial report submitted to the NMPA for the registration of AcoArt Tulip™ & Litos™, only 116 trial subjects' clinical data was collected and analyzed, because one of the clinical centers for the RCT (where four subjects were enrolled) did not report the relevant information of the four subjects in time to the CRO we engaged for the RCT, due to reasons associated with the center itself. Nevertheless, the trial results are still valid according to the protocol of the RCT, and the clinical trial report was prepared by the CRO in accordance with all applicable laws and regulations as well as the protocol of the RCT. We had disclosed such incident in the clinical report submitted to the NMPA. We had obtained the NMPA approval for AcoArt Tulip™ & Litos™ in December 2020, and as of the Latest Practicable Date, we had not received any comments or concerns raised by any relevant regulatory authorities with respect to such incident.

Safety Indicators

The safety of AcoArt Tulip™ & Litos™ was primarily evaluated by comparing the major adverse events (including all-cause death and major amputation) occurred among the subjects in the study group and the subjects in the control group during the six-month, one-year and two-year follow-up period. According to the trial results, there was no significant statistical difference in major adverse events between the study group and the control group during the relevant follow-up period, which demonstrated the safety profile of the product.

The chart below summarizes the number of major adverse events among the trial subjects during the relevant follow-up periods:

	Six Months[1]			One Year			Two Years		
	Study Group (N=58)	**Control Group (N=58)**	**P-value**	**Study Group (N=59)**	**Control Group (N=56)**	**P-value**	**Study Group (N=58)**	**Control Group (N=57)**	**P-value**
All-cause death	1	0	1.000	1	2	0.532	4	9	0.128
Major amputation	1	0	1.000	1	1	0.971	2	1	0.565

Source: Clinical trial report submitted to the NMPA and study results published on JACC and LINC

Note:

1. The six-month follow-up results are derived from the clinical trial report submitted to the NMPA, where only 116 trial subjects' clinical data was collected, including 58 in the study group and 58 in the control group. For details, please refer to Note 1 on page 229.

Efficacy Indicators

The efficacy of AcoArt™ Tulip & Litos™ was primarily evaluated by comparing the relevant physical conditions of the subjects in the study group and the control group at the relevant follow-up time after the procedures. Major efficacy indicators for the RCT include those observed through angiographic follow-ups such as primary patency rate and the LLL and those observed through clinical follow-ups such as CD-TLR. According to the trial results, AcoArt™ Tulip & Litos™ was superior to PTA balloons in terms of major efficacy indicators.

The chart below summarizes the efficacy indicators observed through angiographic follow-ups at six months after the procedures:

	Six Months		
	Study Group (N=48)	**Control Group (N=46)**	**P-value**
Primary Patency Rate[1]	75.0%	28.3%	<0.001
MLD (mm)[2]	1.05±0.72	0.37±0.47	<0.001
LLL (mm)[2]	0.43±0.62	0.99±0.55	<0.001

Source: Clinical trial report submitted to the NMPA and study results published on JACC and LINC

Notes:

1. In the clinical trial report submitted to the NMPA, where only 116 trial subjects' clinical data was collected (including 58 in the study group and 58 in the control group), the primary patency rate in the study group and the control group was 76.6% and 30.2%, respectively (P<0.0001). For details, please refer to Note 1 on page 229.
2. The clinical trial report submitted to the NMPA did not record the MLD and LLL data.

The chart below summarizes the CD-TLR observed through clinical follow-ups at six months, one year and two years and after the procedures:

	Six Months			One Year			Two Years		
	Study Group (N=61)	**Control Group (N=59)**	**P-value**	**Study Group (N=59)**	**Control Group (N=56)**	**P-value**	**Study Group (N=58)**	**Control Group (N=57)**	**P-value**
CD-TLR	3	12	<0.001	5	13	0.030	6	14	<0.042

Source: Study results published on JACC and LINC

The Post-Registration Clinical Study in China

We currently plan to conduct an SAT for AcoArt Tulip™ & Litos™ in China to satisfy the NMPA's post-registration clinical study requirements for the product. We plan to enroll a total of 107 trial subjects for the SAT and conduct follow-ups with the trial subjects up to five years after the procedures. The primary endpoint of the SAT is currently designed as the six-month primary patency rate, which is defined as freedom from CD-TLR, restenosis as determined by duplex ultrasound or digital subtraction angiography or major target limb amputation. As of the Latest Practicable Date, we had finalized the protocol of the SAT, which was under the evaluation of the ethics committee. We currently plan to initiate the SAT in August 2021.

RCT in Italy

We also conducted an RCT for AcoArt Tulip™ & Litos™ at the Cardiovascular Department of Ospedale San Donato in Italy primarily for academic study purposes. From January 2016 to January 2019, a total of 105 trial subjects were enrolled for the RCT in Italy. All of the trial subjects for the multi-center RCT conducted in Italy met the following conditions:

- the subject ages over 18 years old;
- the subject has critical limb ischemia, with Rutherford classification between 4 and 6; and
- the subject has angiographic stenosis over 50% or occlusion of at least one tibial vessel of at least 40mm for which an interventional treatment is scheduled.

The 105 trial subjects were randomized in an approximately 1:1 ratio to a study group, where 52 subjects received the treatment using AcoArt Tulip™ & Litos™, and a control group, where 53 subjects received the treatment using PTA balloons. The primary endpoint of the RCT in was six-month LLL. The RCT in Italy also demonstrated that AcoArt Orchid® & Dhalia™ is safe, and is effective in treating BTK lesions. We had completed follow-ups with the trial subjects at six and twelve months after the procedures.

The chart below summarized the major angiographic outcomes at the six months after the procedures:

	Study Group	Control Group	P-value
Reference Vessel Diameter (mm)	3.10±0.62	2.61±0.52	<0.001
MLD (mm)	1.56±0.85	0.56±0.65	<0.001
LLL (mm)	0.51±0.60	1.31±0.72	<0.001
Target Vessel Area (mm^2)	440±308	217±236	<0.001
Target Vessel Area Loss (%)	5.87±23.16	51.37±36.27	<0.001
Restenosis >50%	22	54	<0.001
Occlusion	5	30	<0.001

Source: Study results published on JACC

The chart below summarized the major clinical outcomes at the 12 months after the procedures:

	Study Group	Control Group	P-value
All-cause death	4	7	0.20
CD-TLR	6	27	<0.001
Major amputation	0	0	–
Acute Myocardial Infarction	6	5	0.50
Stroke	1	1	0.70
Major adverse events	14	33	<0.001
Complete healing	89.4%	74.5%	0.05
Healing time	5.2±2.7	7.7±3.9	0.005
Chronic limb-threatening ischemia relapse	17%	53%	<0.001

Source: Study results published on JACC

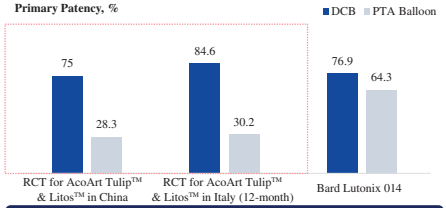
Comparisons with Major Competing Products

As illustrated in the charts below, based on the results of the two RCTs conducted for AcoArt Tulip™ & Litos™ in China and Italy, Acotec Tulip™ & Litos™ demonstrated much better therapeutic effect as compared with the therapeutic effect demonstrated by Bard's Lutonix 014 and Biotronik's Passeo-18 LUX.

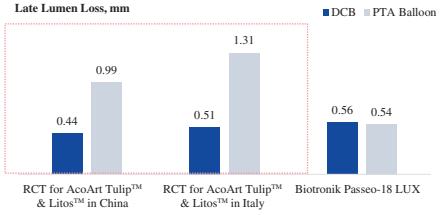
Lesion Baseline at Enrollment

	RCT for AcoArt Tulip™ & Litos™ in China	RCT for AcoArt Tulip™ & Litos™ in Italy	Biotronik Passeo-18 LUX	Bard Lutonix 014
Clinical Trial Initiated In	2014	2016	2012	2013
Patient Enrolled	120	105	72	442
Trial Type	RCT	RCT	RCT	RCT
Age	70.7	75.4	72.9	72.9
Reference Vessel Diameter (mm)	2.50	2.68	2.28	2.50
Target Lesion Length (mm)	170 ± 86	168 ± 109	113 ± 88	112 ± 93
Baseline Diameter Stenosis (%)	95	91.5	–	86.7
CTO (%)	75	68	–	–

6 Month Primary Patency[1]



6 Month Late Lumen Loss[2]



Notes:

1. Each of Passeo-18 LUX and Lutonix 014 is a BTK DCB product that obtained the CE Mark. According to Frost & Sullivan, manufacturers are not required to submit randomized controlled clinical trial results for their respective BTK DCB products, in order to apply for the CE Mark. As of the Latest Practicable Date, based on publicly available information, no 6-month primary patency data for Passeo-18 LUX is available, and the 6-month primary patency data for Lutonix 014 is of the proximal segment of the BTK arteries.
2. Based on publicly available information, no 6-month late lumen loss data for Lutonix 014 is available.
3. The above information was derived from multiple clinical trials conducted for different products, without the support of controlled, head-to-head clinical studies. According to Frost & Sullivan, a number of factors could affect the relevant clinical results and could render cross-trial comparison results less meaningful, including the different patient enrollment standards adopted in different trials (e.g., the average target lesion length, the average total occlusion level (i.e., CTO rate) of the lesions), physicians' skills and experiences, and the

different choices of PTA balloons used in the control groups of the relevant clinical trials. For example, in the above-mentioned RCT for AcoArt Tulip™ & Litos™ in China, trial subjects in the control group received treatments using Medtronic's Amphirion™ Deep PTA balloons, one of the most widely used PTA balloons indicated for BTK lesions globally, according to Frost & Sullivan. The other manufacturers may have used different PTA balloons in the RCTs for their DCB products. According to Frost & Sullivan, PTA balloons have been widely used in endovascular interventional procedures globally for over 40 years so the physicians are generally very experienced in using them, and the differences in the various PTA balloon products manufactured by different industry players are relatively less significant; therefore, it is expected that different choice of PTA balloons may affect the results of the relevant clinical trials to some extent, but would not significantly alter such results. Notwithstanding the foregoing, you are still cautioned not to place undue reliance on the above cross-trial comparison results.

Source: ClinicalTrials.gov, literature research and Frost & Sullivan analysis

Market Opportunity and Competition

AcoArt Tulip™ & Litos™ is currently used in below-the-knee interventions. According to Frost & Sullivan, stenting is normally not suitable for the treatment of BTK lesions as BTK arteries generally have smaller diameter than arteries in upper leg and the BTK lesions are normally longer than the SFA/PPA lesions. PTA balloons with low-profile balloons is currently the mainstream therapy for the treatment of atherosclerostic lesions in BTK arteries. DCB therapy is an innovative therapy with the potential to change the treatment paradigm in BTK interventions as it has been clinically proven to be superior to PTA balloons in both safety and clinical efficacy. Diabetes mellitus is the leading cause of atherosclerostic lesions in BTK arteries and its most common manifestation in lower extremity is diabetic foot. According to Frost & Sullivan, there is a large and increasing population with diabetic foot in China, the number of which was 7.4 million in 2019 and is expected to increase to 9.7 million in 2030. Driven by the large patient pool and the increasing awareness of the benefits of DCB therapy among physicians and patients, the BTK DCB procedures in China is excepted to reach approximately 25.0 thousand in 2024 and further increase to approximately 153.5 thousand in 2030 at a CAGR of 23.9% from 2024 to 2030. The BTK DCB product market in China is expected to grow rapidly as a result.

AcoArt Tulip™ & Litos™ was the first (and as of the Latest Practicable Date, only) BTK DCB product approved by the NMPA and launched in China. As of the Latest Practicable Date, there was no ongoing clinical trial conducted in China for any other BTK DCB product candidate, according to Frost & Sullivan.

Indication Expansion of AcoArt Tulip™ & Litos™

We plan to expand the indications of AcoArt Tulip™ & Litos™ to andrology for the treatment of vasculogenic ED. AcoArt Tulip™ & Litos™ indicated for treating vasculogenic ED has substantially the same product structure and operation procedure as AcoArt Tulip™ & Litos™ indicated for treating BTK lesions. The efficacy and safety profile for AcoArt Tulip™ & Litos™ indicated for vasculogenic ED will be evaluated in the same clinical trial for AcoArt Orchid® & Dhalia™ indicated for treating vasculogenic ED. The two DCB product candidates indicated for the treatment of vasculogenic ED have substantially the same product structure and operation procedure except that AcoArt Tulip™ & Litos™ has a smaller diameter than AcoArt Orchid® & Dhalia™ and therefore can be applied in narrower arteries. In the same clinical trial for the two DCB product candidates, the physicians will conduct an angiography for each of the trial subjects to locate the target lesion prior to the operation procedures. If the

stenosis occurred in the trial subject's proximal internal iliac artery, the physicians will use AcoArt Orchid® & Dhalia™, while if the stenosis occurred in the trial subject's distal internal iliac artery and/or internal penile artery (which artery is generally narrower), the physicians will use AcoArt Tulip™ & Litos™. Either one or both of the two product candidates might be used for an individual trial subject during the same clinical trial, depending on the trial subjects' physical conditions. We will design the trial subject enrollment criteria to ensure that sufficient data necessary for evaluating the safety and efficacy profiles of each of the two product candidates will be collected in the same clinical trial. For details of the status of the clinical trial, please refer to the paragraphs headed "— 1. AcoArt Orchid® & Dhalia™ — Indication Expansion of AcoArt Orchid® & Dhalia™ — Andrology — AcoArt Orchid® & Dhalia™ indicated for treating vasculogenic ED" in this section.

As confirmed by a senior official at the CMDE in an email consultation, for the indication expansion of AcoArt Tulip™ & Litos™ as disclosed above, we shall apply for a "change of registration" (註冊變更) pursuant to the *Administrative Measures for the Registration of Medical Devices* (醫療器械註冊管理辦法), and upon approval of the new indication by the NMPA, the original registration certificate for AcoArt Tulip™ & Litos™ will be updated, and the new indication will be added to the "Usage Scope" (適用範圍) section of the product's registration certificate. Therefore, the expansion indication of AcoArt Tulip™ & Litos™ as disclosed above will be regulated by the NMPA as one product.

The market opportunity and completion of AcoArt Tulip™ & Litos™ indicated for treating vasculogenic ED is similar to that of AcoArt Orchid® & Dhalia™ indicated for treating vasculogenic ED. For details, please refer to the paragraph headed "— 1. AcoArt Orchid® & Dhalia™ — Market Opportunity and Competition" in this section. According to Frost & Sullivan, the diameters of the patients' internal iliac arteries are different, and even for a same patient, his or her internal iliac artery has thicker sections and thinner sections. Depending on the diameters of the patients' internal iliac arteries, either AcoArt Orchid® & Dhalia™ or AcoArt Tulip™ & Litos™ may be used, and in some instances both AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™ may be used in a same procedure together. We developed both products targeting the same indication primarily to address such different needs of patients, and believe that these two products would complement each other, rather than compete against each other, and offering both products for the same indication would help enhance the our total market share.

Efforts to Launch AcoArt Tulip™ & Litos™ in Overseas Markets

We received the CE Marking for AcoArt Tulip™ & Litos™ in 2014. As of the Latest Practicable Date, we had launched the product in eleven overseas countries, including Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain and Turkey, and were in the process of completing the registration for AcoArt Tulip™ & Litos™ in Brazil.

We initiated several clinical studies in Europe. For example, from 2016 to 2019, we completed an RCT for AcoArt Tulip™ & Litos™ in Italy, which enrolled a total of 105 trial subjects and demonstrated the great safety and efficacy profiles of AcoArt Tulip™ & Litos™. In addition, we initiated an all-comers, prospective, multi-center, single-arm, non-interventional post-market follow-up clinical study in Germany in June 2020, to prospectively

collect and assess the safety and efficacy data of AcoArt Orchid® and AcoArt Tulip™ & Litos™. As currently planned, this clinical study will enroll a total of 3,000 subjects, and is one of the largest post-market clinical studies conducted for lower extremity DCB products worldwide, according to Frost & Sullivan. Although these clinical studies are not absolutely necessary in order for us to launch AcoArt Tulip™ & Litos™ in other countries, we believe that such clinical studies and our continuing research will enable us to better understand physicians' preference and patients' characteristics in overseas markets, and to convince the regulators, physicians and patients in other countries of the long-term safety and efficacy profiles of AcoArt Tulip™ & Litos™, which would assist us in launching the product in new regulated markets.

We are also seeking the opportunities to launch AcoArt Tulip™ & Litos™ in the U.S. AcoArt Litos™ was designated as a "breakthrough device" by the FDA in 2019, so we believe we are eligible for an expedited assessment and review process once we make the registration submission for AcoArt Litos™ to the FDA. As of the Latest Practicable Date, we had been selecting business partners for conducting clinical trials required by the FDA to launch AcoArt Tulip™ & Litos™ in the U.S. We currently plan to initiate the relevant clinical trial in the U.S. before 2024.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ACOART TULIP™ & LITOS™ INDICATED FOR TREATING VASCULOGENIC ED SUCCESSFULLY.

Devices Targeting Vascular Surgery

Other than our Core Products, for vascular surgery, we have two commercialized products and 11 product candidates in pipeline.

Commercialized Products

1. AcoArt Iris™ & Jasmin™

AcoArt Iris™ & Jasmin™ is a PTA balloon used to open up narrowing or occlusive vessels for the treatment of SFA/PPA lesions with a vascular interventional approach. It is compatible with the guidewire of 0.035" (Iris™) and 0.018" (Jasmin™). In August 2013, we completed a multi-center SAT in China for AcoArt Iris™ & Jasmin™ to evaluate its efficacy and safety profiles. In 2017, the product became exempt from clinical trial requirements in China in accordance with the Catalogue of Medical Devices Exempted from Clinical Trials (《免於進行臨床試驗醫療器械目錄》) promulgated by the NMPA. We received the NMPA approval for AcoArt Iris™ & Jasmin™ in 2014 and successfully renewed its registration certificate for another five years in June 2019. We also obtained CE Marking for AcoArt Iris™ in 2017. As of the Latest Practicable Date, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

2. AcoArt Lily™ & Rosmarin™

AcoArt Lily™ & Rosmarin™ is a PTA balloon used to open up narrowing or occlusive vessels for the treatment of BTK lesions with a vascular interventional approach. It is compatible with the guidewire of 0.018" (Lily™) and 0.014" (Rosmarin™). In August 2014, we completed a multi-center SAT in for AcoArt Lily™ & Rosmarin™ indicated for treating BTK lesions to evaluate its efficacy and safety profiles. In 2017, the product also became exempt from clinical trial requirements in China. We received the NMPA approval for AcoArt Lily™ & Rosmarin™ in 2015 and successfully renewed its registration certificate for another five years in May 2020. We also obtained CE Marking for AcoArt Lily™ & Rosmarin™ in 2017. As of the Latest Practicable Date, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

For 2019 and 2020, our revenue from the sales of AcoArt Iris™ & Jasmin™ and AcoArt Lily™ & Rosmarin™ was RMB2.1 million and RMB3.7 million, respectively. For the three months ended March 31, 2020 and 2021, our revenue from the sales of the products was RMB0.5 million, respectively.

Product Candidates in Pipeline

3. Peripheral Aspiration System

Our peripheral thrombus aspiration system consists of a single-use suction connection tube, a suction pump and a thrombus aspiration catheter designed for use in the percutaneous aspiration thrombectomy for treatment of pulmonary thrombosis and lower extremity deep vein thrombosis (DVT). The suction pump continuously provides near-vacuum negative pressure, automatically sensing of pressure changes to reduce blood loss. The thrombus aspiration catheter is designed in multi-section and has specifications of 4F~9F to satisfy the arterial and vein aspiration need of large thrombus.

See below for an illustrative diagram of our peripheral aspiration system:

The pictures below illustrate a normal, healthy vessel; a vessel blocked due to thrombosis; and the key steps of the operation procedure of our peripheral thrombus aspiration system:

(1)

Normal vessel with smooth blood flow.

(2)

Blood flow is blocked due to thrombosis.

(3)

The thrombus aspiration catheter is placed at the proximal end of the lesion following a minimally invasive intervention.

(4)

The suction pump is turned on, and the thrombus is gradually sucked out and removed by the thrombus aspiration catheter under the negative pressure created by the pump.

(5)

The thrombus aspiration catheter is gradually advanced to clear the thrombus in the blood vessel.

(6)

Lumen is restored to patency.

We made the product registration submission for our peripheral aspiration system with the NMPA in March 2021, and currently expect to receive the NMPA approval for the product in the fourth quarter of 2021.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL ASPIRATION SYSTEM SUCCESSFULLY.

4. Peripheral Micro-Catheter

Our peripheral micro-catheter is designed to enhance access to small peripheral vessels. Our peripheral micro-catheters are used together with guidewires to recanalize complex total occlusion lesions and BTK lesions and to reduce the difficulty of performing surgeries on complex lesions and BTK lesions.

Our peripheral micro-catheter is currently under development. We expect to make the product registration submission for the product with the NMPA in the fourth quarter of 2021 and to receive the NMPA approval in the second quarter of 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL MICRO-CATHETER SUCCESSFULLY.

5. Above-The-Knee PTA Balloon

Our above-the-knee PTA balloon is a second-generation high-pressure tapered PTA balloon designed for dilation of the femoropopliteal artery in the lower extremity. Compared with our commercialized PTA balloon products, our above-the-knee PTA balloon is more effective in eliminating calcification and reducing the occurrence of aortic dissection and arterial recoil.

Our above-the-knee PTA balloon is currently under development. We expect to make the product registration submission for the product with the NMPA in the first quarter of 2022 and to receive the NMPA approval in the third quarter of 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR ABOVE-THE-KNEE PTA BALLOON SUCCESSFULLY.

6. Below-The-Knee PTA Balloon

Our below-the-knee PTA balloon is a second-generation high-pressure tapered PTA balloon designed for dilation of the infrapopliteal artery in the lower extremity. The advantages of our below-the-knee PTA balloon indicated for treating infrapopliteal arteries are similar to those of our above-the-knee PTA balloon as disclosed above.

Our below-the-knee PTA balloon is currently under development. We expect to make the product registration submission for the product with the NMPA in the first quarter of 2022 and to receive the NMPA approval in the third quarter of 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR BELOW-THE-KNEE PTA BALLOON SUCCESSFULLY.

7. Orchid Plus

Orchid Plus is a paclitaxel DCB indicated for the treatment of femoropopliteal artery diseases during PTA procedures. Compared with other paclitaxel DCB products, it has an upgraded delivery system that improves delivery efficiency and torsional resistance.

Orchid Plus is currently under development. We have made the product registration submission for the product with the NMPA in May 2021, and expect to receive the NMPA approval in the fourth quarter of 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ORCHID PLUS SUCCESSFULLY.

8. Peripheral Triple-Guidewire Balloon

Our peripheral triple-guidewire balloon incorporates three guidewires around the balloon to achieve focused vasodilatation.

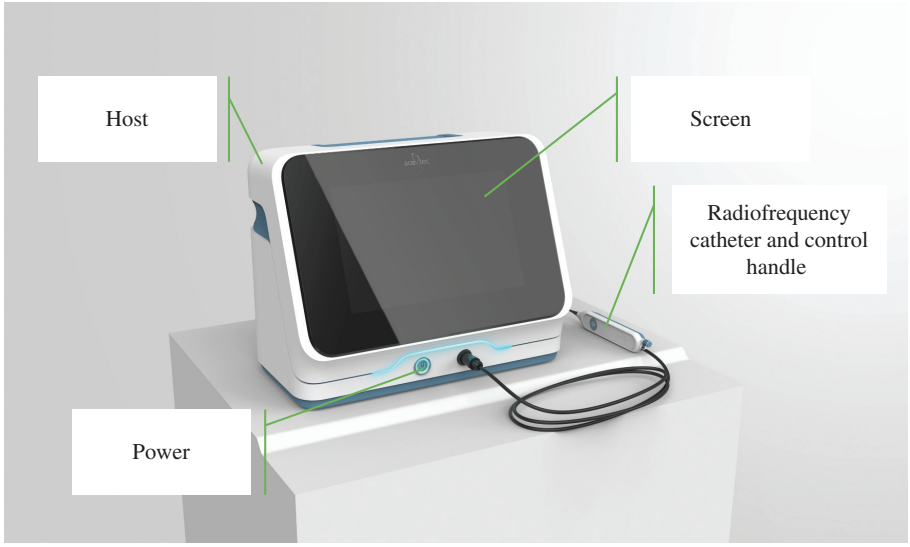
Our peripheral triple-guidewire balloon is currently in the stage of pre-clinical study. We expect to initiate clinical trials for the product in the fourth quarter of 2021, to make the product registration submission for the product with the NMPA in the third quarter of 2022 and to receive the NMPA approval in the second quarter of 2023.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL BALLOON SUCCESSFULLY.

9. Radiofrequency ablation System

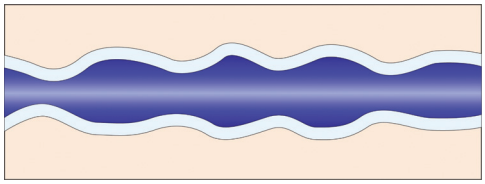
Our radiofrequency ablation system consists of a radiofrequency generator and an endovenous radiofrequency catheter (AcoArt Cedar™). The radiofrequency generator allows for self-adjustment of output power, fast temperature-raising and automatic correction of overheating to stabilize temperature at operating range, thus enhancing the effectiveness and safety of treatment of varicosity and venous thromboembolism. It also has a low voltage design and a comprehensive safety sensing function which enhance the safety for the patient. It supplies, measures and displays radiofrequency output power and interfaces with a sensor in the catheter to provide continuous display of measured temperature during the operation.

See below for an illustrative diagram of our radiofrequency ablation system:



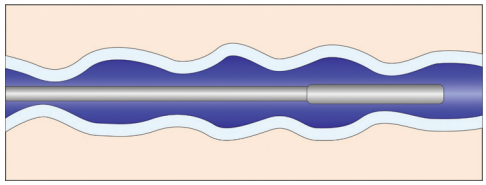
The pictures below illustrate the key steps of the operation procedure:

(1)



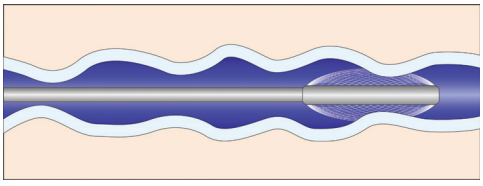
Varicose vein lesions before treatment.

(2)



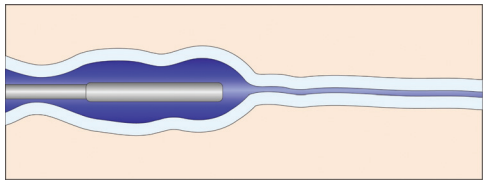
The radiofrequency ablation catheter is placed at the distal end of the lesion following the minimally invasive intervention.

(3)



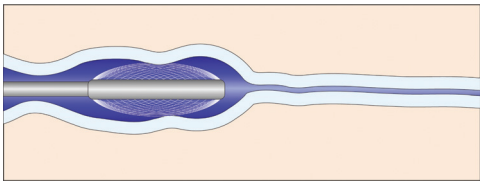
The distal varicose vein lesion is contracted and closed under the effect of radiofrequency energy.

(4)



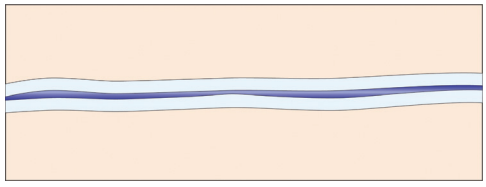
The radiofrequency ablation catheter is gradually retracted to reach the next more proximal ablation site.

(5)



The proximal lesion is being ablated.

(6)



The radiofrequency ablation catheter is withdrawn and the varicose vein lesions are cured.

We have initiated an RCT for our radiofrequency ablation system in January 2021 to evaluate its safety and efficacy in treating varicosity and venous thromboembolism. The RCT will be conducted on 188 trial subjects in seven hospitals in China, with The First Affiliated Hospital, Zhejiang University School of Medicine as the principal research institution. The 188 subjects will be randomized in a 1:1 ratio to a study group, where the subjects receive the treatment using our radiofrequency ablation system, and a control group, where the subjects receive the treatment using the radiofrequency ablation system manufactured by Medtronic Inc. We have completed all the necessary filings with the Beijing MPA with respect to the conduct of the RCT for our radiofrequency ablation system. As advised by our PRC Legal Adviser, according to the Good Clinical Practice, (i) before conducting the RCT, we are not required to obtain prior approvals from the NMPA or any of its local branches given that the product is not listed in the Clinical Trial Approval Catalogue, but are only required to complete the necessary filings with the local branches of the NMPA in relation to the conduct of the RCT, and (ii) the Beijing MPA is a competent authority supervising the clinical trials conducted by our Company. For details, please refer to the paragraphs headed "Regulatory Overview — Laws and Regulations Relating to Medical Device — General Procedure of Registration of Class III Medical Devices — Conducting Clinical Trial" in this prospectus. In addition, during the process of the RCT, we have provided the Beijing MPA and other local branches of the NMPA (depending on the locations of the clinical trial institutions involved in the RCT) with the necessary updates as to the progress of the RCT for our radiofrequency ablation system (for example, by promptly submitting reports of severe adverse events encountered during the RCT from time to time). As of the Latest Practicable Date, the NMPA (and/or its local branches) had not raised any objection to the continued conduct of the RCT.

As of the Latest Practicable Date, we had enrolled 68 patients in the RCT for our radiofrequency ablation system. We expect to complete the RCT and to make the product registration submission for the product with the NMPA for the NMPA approval in the fourth quarter of 2022 and to receive the NMPA approval in the third quarter of 2023.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR RADIOFREQUENCY ABLATION SYSTEM SUCCESSFULLY.

10. Peripheral Rotational Atherectomy Device

Our peripheral rotational atherectomy device has an exclusively designed drill with high-speed rotary grinding heads used in chronic total occlusion (CTO) treatment. It is equipped with a centric and an eccentric grinding heads which have the functions of opening up CTO and modifying inner wall of vessels. According to Frost & Sullivan, our peripheral rotational atherectomy device is the first intravascular debulking device that have these two functions in China. During a CTO procedure, physicians first maneuver the centric grinding

head to pass forward through the highly calcified CTO lesion in blood vessel to open up the lumen. Physicians then replace the grinding head with an eccentric one to modify the inner vessel wall, grinding away plagues to enlarge the diameter of the intravascular lumen.

Our peripheral rotational atherectomy device is currently in the stage of pre-clinical study. We expect to enter into the clinical trial stage in the first quarter of 2022, to make the product registration submission for the product with the NMPA in the second quarter of 2023 and to receive the NMPA approval in the fourth quarter of 2023.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL ROTATIONAL ATHERECTOMY DEVICE SUCCESSFULLY.

11. Peripheral Spot Stent

Our peripheral spot stent device is designed for treatment of atherosclerotic lesions in femoropopliteal arteries and post-PTA vascular dissections. It has two to four nickel-titanium self-expanding stent sections on each delivery system to reduce repeated deliveries while meeting the demand of treating multiple spot lesions. Compared with traditional self-expanding stents, it is relatively short with a length ranging from 13mm to 30mm, which reduces the volume of the metal implanted and lowers the risk of restenosis.

Our peripheral spot stent is currently in the stage of pre-clinical study. We expect to enter into the clinical trial stage in the third quarter of 2021, to make the product registration submission for the product with the NMPA in the second quarter of 2024 and to receive the NMPA approval in the second quarter of 2025.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL SPOT STENT SUCCESSFULLY.

12. Lower Limb Sirolimus DCB

Our lower limb sirolimus DCB is a sirolimus coated balloon product indicated for PAD. It has substantially the same product structure and operation procedure as our Core Products, except that the product is coated with sirolimus rather than paclitaxel. Our sirolimus coating technology is proved to improve coating structure to facilitate drug to stay at vessel wall for a long time. Compared with paclitaxel, sirolimus is more effective in suppressing reactive hyperplasia and has a wider therapeutic range. But for DCB products indicated for the treatment of PAD, currently paclitaxel is the most widely used drug coating, because sirolimus has a lower rate of tissue absorption and less drug retention in tissue, and requires a longer drug release period to achieve its best therapeutic effect owing to its slower tissue absorption speed.

Our lower limb sirolimus DCB is currently in the stage of pre-clinical study. Its therapeutic effect has been preliminary validated by the pig coronary model. We expect to enter into the clinical trial stage in the third quarter of 2021, to make the product registration submission for the product with the NMPA in the third quarter of 2024 and to receive the NMPA approval in the third quarter of 2025.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR LOWER LIMB SIROLIMUS DCB SUCCESSFULLY.

13. Peripheral Scoring Balloon

Our peripheral scoring balloon has a scoring element embedded on the balloon. When the balloon was inflated in the vessel, the scoring element helps cut the vessel wall of the peripheral arteries in a controlled manner.

Our peripheral scoring balloon is currently in the stage of pre-clinical study. We expect to initiate clinical trials for the product in the fourth quarter of 2021, to make the product registration submission for the product with the NMPA in the third quarter of 2022 and to receive the NMPA approval in the second quarter of 2023.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL SCORING BALLOON SUCCESSFULLY.

Devices Targeting Cardiology

In cardiology, we have nine product candidates in pipeline.

1. Coronary CTO Antegrade Micro-Catheter

Our coronary CTO antegrade micro-catheter is designed for treating coronary artery CTO with an antegrade passing technique.

Our coronary CTO antegrade micro-catheter is currently under development. We expect to make the product registration submission for the product with the NMPA in the fourth quarter of 2021 and to receive the NMPA approval in the second quarter of 2023.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY CTO ANTEGRADE MICRO-CATHETER SUCCESSFULLY.

2. Coronary CTO Recanalization Balloon

Our coronary CTO recanalization balloon has a diameter of 0.8 mm, to be the smallest on the market once it is launched. It helps addresses the problem of poor passage through small vessels that balloons existing on the market have. Our coronary CTO recanalization balloon is super compliant, the shape of which can change with the blood vessel shape, meeting the needs of bifurcation lesion treatment.

Our coronary CTO recanalization balloon is currently under development. We expect to make the product registration submission for the product with the NMPA in the first quarter of 2022 and to receive the NMPA approval in the third quarter of 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY CTO RECANALIZATION BALLOON SUCCESSFULLY.

3. Coronary Double-Lumen Selecting Catheter

Our coronary double-lumen selecting catheter is designed for treating complex bifurcation lesions.

Our coronary double-lumen selecting catheter is currently under development. We expect to make the product registration submission for the product with the NMPA in the third quarter of 2022 and to receive the NMPA approval in the second quarter of 2023.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY DOUBLE-LUMEN SELECTING CATHETER SUCCESSFULLY.

4. Coronary Retrograde Micro-Catheter

Our coronary retrograde micro-catheter is designed for treating coronary artery CTO with a retrograde passing technique.

Our coronary retrograde micro-catheter is currently under development. We expect to make the product registration submission for the product with the NMPA in the second quarter of 2023 and to receive the NMPA approval in the fourth quarter of 2023.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY RETROGRADE MICRO-CATHETER SUCCESSFULLY.

5. Guiding Extension Catheter

Our guiding extension catheter helps deliver stents and balloons through its guiding catheter in complicated lesions.

Our guiding extension catheter is currently under development. We expect to make the product registration submission for the product with the NMPA in the third quarter of 2023 and to receive the NMPA approval in the second quarter of 2024.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR GUIDING EXTENSION CATHETER SUCCESSFULLY.

6. Coronary Rotational Atherectomy Device

Our coronary rotational atherectomy device refers to our rotational atherectomy technology used in eliminating intracardiac intravascular hard plaque.

Our coronary rotational atherectomy device is currently in the stage of pre-clinical study. We expect to enter into the clinical trial stage in the first quarter of 2022, make the product registration submission for the product with the NMPA in the third quarter of 2023 and to receive the NMPA approval in the second quarter of 2024.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY ROTATIONAL ATHERECTOMY DEVICE SUCCESSFULLY.

7. AcoArt Camellia™

Our AcoArt Camellia™ is a paclitaxel DCB indicated for the treatment of coronary small-vessel diseases (SVD). We have initiated an RCT for our AcoArt Camellia™ in December 2020 in China to evaluate the safety and efficacy of DCB in treating SVD. As planned, the RCT will be conducted on 230 trial subjects in eight hospitals in China, with Tongji Hospital of Tongji University as principle research institution. The 230 subjects will be randomized in a 1:1 ratio to a study group, where the subjects receive the treatment using AcoArt Camellia™, and a control group, where the subjects receive the treatment using RESTORE®, the paclitaxel DCB manufactured by CARDIONOVUM GmbH. We have completed all the necessary filings with the Beijing MPA with respect to the conduct of the RCT for AcoArt Camellia™. As advised by our PRC Legal Adviser, according to the Good Clinical Practice, (i) before conducting the RCT, we are not required to obtain prior approvals from the NMPA or any of its local branches given that the product is not listed in the Clinical Trial Approval Catalogue, but are only required to complete the necessary filings with the local branches of the NMPA in relation to the conduct of the RCT, and (ii) the Beijing MPA is a competent authority supervising the clinical trials conducted by our Company. For details, please refer to the paragraphs headed "Regulatory Overview — Laws and Regulations Relating to Medical Device — General Procedure of Registration of Class III Medical Devices — Conducting Clinical Trial" in this prospectus. In addition, during the process of the RCT, we have provided the Beijing MPA and other local branches of the NMPA (depending on the locations of the clinical trial institutions involved in the RCT) with the necessary updates as to the progress of the RCT (for example, by promptly submitting reports of severe adverse events encountered during the RCT from time to time). As of the Latest Practicable Date, the NMPA (and/or its local branches) had not raised any objection to the continued conduct of the RCT.

As of the Latest Practicable Date, we had enrolled 46 patients in the RCT for AcoArt Camellia™. We expect to complete the enrollment of all 230 subjects in the first quarter of 2022 and to complete the RCT in the first quarter of 2023. We expect to make the product registration submission for the product with the NMPA in the first quarter of 2023 and to receive the NMPA approval in the first quarter of 2024.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR ACOART CAMELLIA™ SUCCESSFULLY.

8. Coronary Sirolimus DCB

Our coronary sirolimus DCB is a sirolimus DCB indicated for the treatment of bifurcation lesions in coronary arteries. It has substantially the same product structure and operation procedure as our Core Products, except that the product is coated with sirolimus rather than paclitaxel. According to Frost & Sullivan, the key differentiating aspects of the DCB products manufactured by different industry players are the anti-proliferative drug used (e.g., paclitaxel, sirolimus), the excipient used to carry the drug (e.g., magnesium stearate, iopromide, urea), and the methods used to coat the drug and the excipient to the balloon surface. Changing the coating materials may significantly affect the safety and/or efficacy of the DCB products, and according to the applicable rules and regulations on the registration of medical devices in China, it is expected that our coronary sirolimus DCB, which uses sirolimus in drug coating, should be treated as a different product from our Core Products, which use paclitaxel in drug coating.

We have initiated an RCT for our coronary sirolimus DCB in January 2021 to evaluate the safety and efficacy of sirolimus DCB in treating bifurcation lesions in coronary arteries. As currently planned, the RCT will be conducted on 230 trial subjects in 20 hospitals in China, with Zhongshan Hospital, Fudan University as the principal research institution. The 230 subjects will be randomized in a 1:1 ratio to a study group, where the subjects receive the treatment using our coronary sirolimus DCB, and a control group, where the subjects receive the treatment using the coronary paclitaxel DCB product manufactured by Yinyi (Liaoning) Biotech Co., Ltd. We plan to initiate the subject enrollment of the RCT for our coronary sirolimus DCB in July 2021, and expect to complete the enrollment of all 230 subjects in the first quarter of 2022 and to complete the RCT in the first quarter of 2023. We expect to make the product registration submission for the product with the NMPA in the third quarter of 2023 and to receive the NMPA approval in the fourth quarter of 2024.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY SIROLIMUS DCB SUCCESSFULLY.

9. Coronary Scoring Balloon

Our coronary scoring balloon has a scoring element embedded on the balloon. When the balloon was inflated in the vessel, the scoring element heps cut the vessel wall of the coronary arteries in a controlled manner.

Our coronary scoring balloon is currently in the stage of pre-clinical study. We expect to initiate clinical trials for the product in the fourth quarter of 2021, make the product registration submission for the product with the NMPA in the third quarter of 2022 and to receive the NMPA approval in the second quarter of 2023.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY SCORING BALLOON SUCCESSFULLY.

Devices Targeting Nephrology

In nephrology, have two product candidates in pipeline. We are also expanding the indication of AcoArt Orchid® & Dhalia™ for the treatment of AVF stenosis. For details, please refer to the paragraph headed "Our Core Products — 1. AcoArt Orchid® & Dhalia™ — Indication Expansion of AcoArt Orchid® & Dhalia™" in this section.

1. High-Pressure Balloon

Our high-pressure balloon dilates arterial and venous access with a blasting pressure as high as 30 atm, higher than the blasting pressure of 25 atm of most existing balloons on the market.

Our high-pressure balloon is currently under development. We expect to make the product registration submission for the product with the NMPA in the first quarter of 2022 and to receive the NMPA approval in the third quarter of 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR HIGH-PRESSURE BALLOON SUCCESSFULLY.

2. AV Scoring Balloon

Our AV scoring balloon has a scoring element embedded on the balloon. When the balloon is inflated in the vessel, the scoring element helps cut the vessel wall in a controlled manner.

Our AV scoring balloon is currently in the stage of pre-clinical study. We expect to initiate clinical trials for the product in the fourth quarter of 2021, make the product registration submission for the product with the NMPA in the third quarter of 2022 and to receive the NMPA approval in the second quarter of 2023.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR AV SCORING BALLOON SUCCESSFULLY.

Devices Targeting Neurology

In neurology, have two product candidates in pipeline. We are also expanding the indication of AcoArt Orchid® & Dhalia™ for the treatment of VAO stenosis. For details, please refer to the paragraph headed "Our Core Products — 1. AcoArt Orchid® & Dhalia™ — Indication Expansion of AcoArt Orchid® & Dhalia™" in this section.

1. AcoArt Daisy™

Our AcoArt Daisy™ is a rapid exchange system DCB indicated for the treatment of intracranial atherosclerotic stenosis (ICAS). It is customized to the complex intracranial vascular structures, meeting the high requirements of intracranial blood vessels for balloon passage. We have initiated an RCT for our AcoArt Daisy™ in December 2020 in China to evaluate the safety and efficacy of DCB in treating symptomatic intracranial atherosclerotic de novo stenosis. As planned, the RCT will be conducted on 200 trial subjects in six hospitals in six different cities in China, with Beijing Tiantan Hospital of Capital Medical University as principle research institution. The 200 subjects will be randomized in a 1:1 ratio to a study group, where the subjects receive the treatment using AcoArt Daisy™, and a control group, where the subjects receive the treatment using BMS.

We have completed all the necessary filings with the Beijing MPA with respect to the conduct of the RCT for AcoArt Daisy™. As advised by our PRC Legal Adviser, according to the Good Clinical Practice, (i) before conducting the RCT, we are not required to obtain prior approvals from the NMPA or any of its local branches given that the product is not listed in the Clinical Trial Approval Catalogue, but are only required to complete the necessary filings with the local branches of the NMPA in relation to the conduct of the RCT, and (ii) the Beijing MPA is a competent authority supervising the clinical trials conducted by our Company. For details, please refer to the paragraphs headed "Regulatory Overview — Laws and Regulations Relating to Medical Device — General Procedure of Registration of Class III Medical Devices — Conducting Clinical Trial" in this prospectus. In addition, during the process of the RCT, we have provided the Beijing MPA and other local branches of the NMPA (depending on the locations of the clinical trial institutions involved in the RCT) with the necessary updates as to the progress of the RCT (for example, by promptly submitting reports of severe adverse events encountered during the RCT from time to time). As of the Latest Practicable Date, the NMPA (and/or its local branches) had not raised any objection to the continued conduct of the RCT.

As of the Latest Practicable Date, we had enrolled ten patients in the RCT for AcoArt Daisy™, and expect to complete the RCT in 2023. We expect to make the product registration submission for the product with the NMPA in the first quarter of 2023 and to receive the NMPA approval in the first quarter of 2024.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR ACOART DAISY™ SUCCESSFULLY.

2. Intracranial PTA Balloon

Our intracranial PTA balloon optimizes catheter platform and lubricant coating of the balloon to ensure the passage in a tortuous and narrow vascular environment and make the best vessel preparation for DCB.

Our intracranial PTA balloon is currently under development. We expect to make the product registration submission for the product with the NMPA in the third quarter of 2021 and to receive the NMPA approval in the second quarter of 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR INTRACRANIAL PTA BALLOON SUCCESSFULLY.

Devices Targeting Andrology

In neurology, we are expanding the indications our two Core for the treatment of vasculogenic ED. For details, please refer to the paragraphs headed "Our Core Products — 1. AcoArt Orchid® & Dhalia™ — Indication Expansion of AcoArt Orchid® & Dhalia™" and "Our Core Products — 2. AcoArt Tulip™ & Litos™ — Indication Expansion of AcoArt Tulip™ & Litos™" in this section.

COMPETITIVE STRENGTHS AND MARKET OPPORTUNITIES OF OUR PIPELINE PRODUCTS

As demonstrated above, our pipeline products can be largely categorized into: (i) DCB products; (ii) PTA and other balloon and catheter products; (iii) thrombus aspiration products; and (iv) radiofrequency ablation products.

DCB Products

We are the dominating player in the peripheral DCB product market in China and a leading player in the peripheral DCB product market worldwide, according to Frost & Sullivan. Each of our launched DCB products was approved by the NMPA multiple years ahead of our competitors, according to Frost & Sullivan. Leveraging our world-class drug coating technologies, we are also a pioneer and leader in the development of DCB products targeting many other therapeutic areas, and in most of the relevant therapeutic areas we are targeting, we are the leading (if not the only) domestic player in the China market. For example, as of the Latest Practicable Date, we were the only company that was conducting clinical trials in China for a DCB product for the treatment of intracranial atherosclerotic stenosis (ICAS) (i.e., AcoArt Daisy™) and vertebral atherosclerosis (VAO) stenosis (i.e., AcoArt Orchid® & Dhalia™ indicated for treating VAO stenosis), and we were one of the only two companies conducting clinical trials in China for arteriovenous access DCB products (which our prodcut is AcoArt Orchid® & Dhalia™ indicated for treating AVF stenosis). We are also in the process of conducting an RCT for our coronary sirolimus DCB product and are about to initial clinical trials for our lower limb sirolimus DCB product, which products feature a newer generation of drug coating technologies (i.e., a more controlled drug releasing mechanism using sirolimus instead of paclitaxel) we developed that we believe have the potential to demonstrate even better clinical performance than our existing drug coating technologies.

We believe that with our leading technologies and significant first-mover advantages, we are able to capture the growth potentials of the relevant markets once our pipeline DCB products are successfully developed.

PTA and Other Balloon and Catheter Products

According to Frost & Sullivan, domestic balloon and catheter manufacturers generally rely on imported polymer materials, and when developing products involving balloons and catheters, they usually have to take around 8-10 weeks for product adjustment and prototyping, which makes it difficult for them to customize their products. In contrast with our domestic competitors, we have developed advanced polymer material technologies ourselves. Our precise micro-extrusion technology allows us to manufacture high-end micro-catheters and balloons without having to rely on imported polymer materials, to significantly reduce our product iteration time and production costs, and to manufacture customized products befitting Chinese patients.

According to Frost & Sullivan, as compared to DCB products, PTA and other balloons and catheters are relatively easier to develop, and therefore there are more competitors in the PTA and other balloons and catheters market than in the DCB market. PTA and other balloons and catheters can be used in DCB interventional procedures in conjunction with the DCB products (e.g., in the pre-dilatation stage to prepare the vessel for DCB treatment). We develop PTA and other balloons and catheters primarily in order to offer physicians and patients a one-stop solution with a wide range of technologically-advanced, easy-to-use, and seamlessly compatible medical devices. We believe that with our dominating market share and leading position in the DCB market, our close relationship with KOLs and physicians, as well as our advanced polymer material technologies, we are able to efficiently procure customers and cross-sell our PTA and other balloons and catheter products.

Thrombus Aspiration Products

We are the one of the very few domestic players with the ability to manufacture both the aspiration pump and aspiration catheters, according to Frost & Sullivan. We offer aspiration catheters in several different outer diameters, to allow physicians to conduct various types of thrombectomy in different arteries, and we seek to maximize the inner diameters of the catheters to increase the aspiration power. In addition, we utilized special compound weaving technologies for our aspiration catheters, thereby ensuring strong aspiration power while providing sufficient kink resistance. Based on the tests conducted by our in-house research and development team, our aspiration catheters demonstrated good performance in terms of aspiration power and kink resistance.

According to Frost & Sullivan, as of the Latest Practicable Date, all the percutaneous mechanical thrombectomy (including large-lumen catheter aspiration and thrombus removal device) devices approved by the NMPA were manufactured by international companies, and we were one of the very few China-based companies developing percutaneous mechanical thrombectomy products. As of the Latest Practicable Date, we had completed the development

of our thrombus aspiration products and are in the process of registering the product with the NMPA. We believe as a leading domestic player in the industry, we are able to capture the growth potentials of the market once our thrombus aspiration products are approved for commercialization.

Radiofrequency Ablation Products

Radiofrequency ablation involves two major aspects of technologies, namely radiofrequency generator and ablation catheter. According to Frost & Sullivan, many domestic players in the China market can only manufacture the catheters, and lack the ability to self-develop radiofrequency generators, which considerably weakens the competitiveness of their products. In contrast with them, we have proprietarily developed a radiofrequency generator with advanced functions. Our radiofrequency generator can achieve the target ablation temperature within a short period of time, and can automatically adjust the output to stabilize the ablation temperature within a safe range. Our radiofrequency generator can be applied for various indications, features multiple operating frequencies, and is compatible with many different types of catheters.

According to Frost & Sullivan, as of the Latest Practicable Date, there were only two companies with three radiofrequency ablation products approved by the NMPA and there were only two radiofrequency ablation product candidates at clinical trial stage in China. We believe that as a leading domestic player in the industry with advanced technologies in the radiofrequency ablation domain, we are able to capture the growth potentials of the market once our radiofrequency ablation products are approved for commercialization.

RESEARCH AND DEVELOPMENT

Our research and development team develops clinically effective and commercially attractive products focusing on developing vascular interventional medical devices. In 2019, 2020 and the three months ended March 31, 2020 and 2021, we incurred research and development expenses of RMB25.5 million, RMB83.5 million, RMB6.5 million and RMB36.1 million, respectively. For more details of our research and development expenses, please refer to the paragraphs headed "Financial Information — Description of Selected Components of Statements of Profit or Loss and Other Comprehensive Income Items — Research and Development Expenses" in this prospectus. We intend to expand and improve our product portfolio by strengthening our research and development of new products, extending our product lines and improving our existing products. Although we believe that we are able to comply with the regulatory review process efficiently and introduce new products in a timely manner, the time required from developing to commercializing a new product may be affected by factors beyond our control, such as clinical trial results and government approvals.

Our Research and Development Team

We have a strong in-house research and development team of 40 people, with 23 team members based in Beijing, China, and 17 team members based in Shenzhen, China. As of the Latest Practicable Date, 14 members of our research and development staff possessed a master or doctorate degree. The team is led by Ms. LI Yaze, Mr. ZHANG Ruijie and Mr. LU Lizhong.

Our research and development team in Beijing, China is divided into two sub-teams. One sub-team is primarily responsible for the design and development of drug-coating formulations, led by the head of the team, who has extensive experience in developing drug-coating technologies. The other sub-team is primarily responsible for the development of aspiration pump and catheters and radiofrequency ablation technologies, led by the head of the team, who has vast experience in developing power sourced medical devices. The division of work and collaboration among teams enhances the efficiency of our research and development activities.

Our research and development team in Shenzhen, China is primarily responsible for the design and development of polymer materials (including the research and development of the molding and processing of high-molecule substances designed for use in balloons and catheters), led by the head of the team, who has extensive experience in developing high-molecule materials and expertise in high molecule extrusion technique. Our research and development teams in Beijing and Shenzhen have cooperated on several projects and maintained frequent communications on market information and their research and development results.

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-House Plan and Design

We have established and strictly followed an internal protocol pursuant to ISO 13485 and ISO 14971 that govern the design and development of our products. For each project, our research and development team designates a project leader responsible for managing the whole development process and allocating resources. The project team consists of members from different departments including research and development, clinical affairs and regulatory affairs and quality assurance. Each member undertakes work in the area of his or her expertise, which allows the project team to receive valuable input and guidance in each major aspect of product development.

Sales and marketing representatives contribute to product development by analyzing target customers, market feedback and competitors. Research and development representatives are in charge of organizing studies and operations. Procurement representatives assist the research and development team in purchasing raw materials. Quality management representatives help ensuring the product design's compliance with applicable laws and regulations and assist with product testing. Production technology representatives are responsible for producing and modifying products for trial use. Finance representatives provide cost analysis. Administration & HR representatives arrange for human resources, and regulatory affairs representatives take charge of outputting registration related information. Our clinical affairs team is responsible for clinical validation.

We often collaborate with major hospitals, labs and universities in China and globally in the research and development of our products. We generally enter into written agreements with these hospitals, labs and universities, the terms and conditions of which may vary from project to project and are determined on arm's length discussions.

Pre-Clinical Animal Studies

We work with third-party animal labs and hospitals, including the Institute of Materia Medica of the Chinese Academy of Medical Sciences, Gateway Medical Technology R&D (Beijing) Co., Ltd. (匯智贏華醫療科技研發(北京)有限公司), Nongnong (Beijing) Biological Science Co., Ltd. (濃濃(北京)生物科技有限公司) and Fuwai Hospital of the Chinese Academy of Medical Sciences, to conduct animal studies. Under the agreements with the animal labs, the labs provide space, facilities, equipment, drugs, consumables, animals and technical support. The labs must maintain strict confidentiality. Furthermore, according to the agreements with the animal labs, we typically own all the data, results and intellectual property rights developed from the animal tests. Based on the animal study results, we will then confirm our product design or make improvements to its safety and efficacy.

Clinical Trials

Our clinical trial team has significant experience in conducting clinical trials for our products. As of the Latest Practicable Date, we had 17 clinical development staff members, led by Ms. LI Weijia. Our clinical trial team is divided into two sub-teams, our medical affairs team and our clinical affairs team. Our medical affairs team includes four team members responsible for liaising with physicians and hospitals and other preparation work at the early stage of a project. Our clinical affairs team includes 13 team members responsible for liaising with CROs and SMOs. For details of our collaboration with CROs and SMOs, please refer to the paragraphs headed "— Relationships with CROs and SMOs" in this section.

We conduct clinical trials of our new products in order to obtain the requisite regulatory approvals and collect post-procedure data that can improve and enhance the design and features of our products. In addition, robust clinical data are an important marketing tool for increasing credibility for our brand and products. The goal of a clinical trial is to measure the clinical efficacy and safety of a device. Primary parameters for clinical trials are selected based on the intended use of the medical device.

We have a separate department, our regulatory team, in charge of regulatory approval to submit our clinical report together with other materials to the relevant government agencies. Our clinical data and practices are designed to meet the standards of GCP and ICH-GCP.

Collaboration with InnoRa GmbH

InnoRa GmbH is a lab-based technology development company founded by our CTO, Dr. Ulrich Speck, and a dominant supplier of drug-coating technologies used by many leading players in the DCB industry. During the Track Record Period and as of the Latest Practicable

Date, Dr. Speck held approximately 33.33% of the equity interest in InnoRa GmbH. The research and development team of InnoRa GmbH consists of world-renowned scholars and scientists with extensive experience in developing drug-coating technologies used in DCB products. As of the Latest Practicable Date, we had established a collaboration relationship with InnoRa GmbH for around ten years. In May 2011, we entered into a research and development cooperation agreement (the "**R&D Cooperation Agreement**") with InnoRa GmbH in relation to the research and development of certain drug-coating technologies. Salient terms of the R&D Cooperation Agreement are summarized below:

Cooperation Program	Research and development of paclitaxel DCB catheters
Allocation of Responsibilities	• InnoRa GmbH was primarily responsible for (i) performing research activities to define a paclitaxel eluting formulation to coat the balloons, (ii) conducting experiments to test, among others, drug contents, adherence and chemical stability; and (iii) supporting us in conducting animal trials, clinical studies and seeking relevant regulatory approvals for our DCB products in China. • We were primarily responsible for the supply of commercial stents, catheters, accessories, prototypes and other medical devices to the extent required for the cooperation and for experimental purposes.
Intellectual Property (IP) Arrangements	• Each party shall own all IPs created by it or its employees or contractors under the R&D Cooperation Agreement. • Any IP created by InnoRa GmbH under the R&D Cooperation Agreement shall be offered to us for (i) exclusive licensing in China and (ii) non-exclusive licensing outside China, subject to our right of first refusal.
License Option	• At any time during the term of the R&D Cooperation Agreement, we shall have the option to get an exclusive license for China and a non-exclusive license for any other country outside China for (i) any IP created by InnoRa GmbH under the R&D Cooperation Agreement and (ii) IP owned or controlled by InnoRa GmbH in relation to any technology applied by InnoRa GmbH to our balloon catheters unless it is used as a reference coating (collectively, the "**Relevant IP**") • We shall have the option to acquire an exclusive license for the Relevant IP for countries outside China which option can be executed within five years after signing the R&D Cooperation Agreement

Right of First Refusal We shall have the option (i) to get an exclusive license for the Relevant IP if InnoRa GmbH intends to license such Relevant IP to a third party outside China or (ii) to acquire the Relevant IP if InnoRa GmbH intends to sell and transfer such Relevant IP to any third party.

Payments We shall make payments to InnoRa GmbH according to the following schedule:

(i) EUR 150,000 to be paid upon signing of the R&D Cooperation Agreement;

(ii) EUR 150,000 to be paid upon successful completion of the animal trials as set forth in the agreement;

(iii) an annual maintenance fee of EUR 20,000 since one year after the delivery of an animal trial report;

upon the commercial launch of our products that use the drug-coating technologies licensed to us pursuant to the License Agreement (applicable to the License in and outside China),

(iv) an annual royalty fee (which shall include the maintenance fee listed under (iii) above after the relevant products are launched) amounting to 5% of our net sales (i.e., gross sales amount invoiced to third parties after deducting bad debts, discounts, sales returns, allowances, taxes, customs, freight and insurance charges, etc.) of the relevant products

(v) 20% of the revenue we received from sub-licensing the Relevant IP

for the License outside China only, EUR 250,000 to be paid upon receiving each of CE approval and the U.S. approval.

Term and Termination The R&D Cooperation Agreement shall remain effective from execution until any party terminates it (i) for material breach of the other party or (ii) by giving a six-month prior written notice.

As of the Latest Practicable Date, we had fully paid all one-off fees (i.e., payments required under (i) and (ii), and the additional EUR 250,000 upon AcoArt Orchid® & Dhalia™ receiving the CE Marking as disclosed above) under the R&D Cooperation Agreement. After the launch of AcoArt Orchid® & Dhalia™ and up to the Latest Practicable Date, we had been fulfilling the payment requirements listed under (iii) and (iv) above on a combined basis and will continue to make the relevant payments as long as the product is still on market. As of the Latest Practicable Date, we had not sub-licensed the Relevant IP to any third party and therefore the payment requirements listed under (v) above were not applicable. Based on the R&D Cooperation Agreement, InnoRa GmbH had successfully developed the paclitaxel drug-coating formulation for our Core Products.

In October 2013, after InnoRa GmbH successfully developed the formulation of the excipient pursuant to the R&D Cooperation Agreement, we exercised the "License Option" under the R&D Cooperation Agreement, and entered into a patent license agreement with InnoRa GmbH, which agreement was later amended in February 2015 (as amended, the "**License Agreement**"). The License Agreement set forth the arrangements for the Relevant IP and the fees payable by us upon launch of our paclitaxel DCB products using the technologies licensed to us. Salient terms of the License Agreement are summarized below:

Grant of License

Upon our exercise of the option pursuant to the R&D Cooperation Agreement, InnoRa GmbH granted us a perpetual, irrevocable and transferable license to use the Relevant IP created under the R&D Cooperation Agreement and listed in the License Agreement without any restriction to the field of use, which shall be an exclusive license for China and a non-exclusive license for countries outside China (the "**License**").

Payments

We shall make the following payments to InnoRa GmbH as consideration for the License:

- an annual maintenance fee of EUR 20,000
- royalty on all net sales (i.e., gross sales amount invoiced to third parties after deducting bad debt, discounts, sales returns, allowances, taxes, customs, freight and insurance charges, etc.) of 5% from the period commencing upon the commercial launch of a product and ending on the date on which the manufacture, use, or sale of such product is no longer within the scope of any valid claim of any patent right included in the Relevant IP licensed from InnoRa GmbH for the relevant countries
- Share in sub-licensing revenue of 20%

Term and Termination

The License Agreement shall remain effective from execution until the end at the expiration of the longest running of the relevant registered IP Rights or the abandonment of the last patent application (the "**Expiration Date**"), and if any non-registered IP Rights still exist after the Expiration Date, we are entitled to continue to use these rights and the License Agreement shall be deemed to be still in force; furthermore, the License Agreement cannot be ordinarily terminated and may only be terminated if a party materially breaches any material obligation under the License Agreement. As of the Latest Practicable Date, the only remaining material obligation on our part under the License Agreement is paying the relevant fees as discussed above that are not yet already paid, once they become payable.

In January 2019, to further deepen our cooperation with InnoRa GmbH, we entered into a strategic cooperation agreement (the "**Strategic Cooperation Agreement**") with InnoRa GmbH to jointly develop more DCB products. The Strategic Cooperation Agreement adopted most of the terms of the R&D Cooperation Agreement and the License Agreement except for a few amendments and supplements, which are summarized below:

Cooperation Program	Research and development of sirolimus DCB catheters
IP Arrangements and Payments	All IP rights created by InnoRa GmbH under the Strategic Cooperation Agreement shall be offered to us and we have a right of first refusal over all the these IP rights: • for potential patents that are ready for submission to the relevant authority, we are entitled to choose at our sole discretion to either (i) have InnoRa GmbH serve as the registered owner of the potential patents, while we obtain a license to use such patents rights by paying an annual royalty fee (including an annual maintenance fee of EUR 20,000 after the relevant products are launched) to InnoRa GmbH in the same amount as agreed in the License Agreement (i.e., 5% of our net sales of the relevant products after launch); or (ii) register the potential patents under our own name, and pay to InnoRa GmbH (a) an one-off upfront fee amounting to EUR200,000 after three months of the filing of patent application and (b) the same annual royalty fee (including an annual maintenance fee of EUR 20,000 after the relevant products are launched), except that such royalty fee is subject a minimum amount as follows: o for a patent application in China only, annual minimal royalties of EUR100,000 from the fifth calendar year after application submission and EUR 250,000 from the eighth calendar year after application submission o for a worldwide patent application, annual minimal royalties of EUR200,000 from the fifth calendar year after application submission and EUR 500,000 from the eighth calendar year after application submission.

Term and Termination

- The R&D Cooperation Agreement and the License Agreement shall continue to be in full force as amended and supplemented by the Strategic Cooperation Agreement
- The Strategic Cooperation Agreement may be terminated by either party for material breach of the other party, or upon mutual consent by both parties.

During the Track Record Period and up to the Latest Practicable Date, we were obliged under the R&D Cooperation Agreement, the License Agreement and the Strategic Cooperation Agreement (collectively, the "**InnoRa Cooperation Agreements**") to pay annual royalty fees (including the annual maintenance fees) for our two Core Products, i.e., AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™, and we did not generate any sub-licensing revenue under the InnoRa Cooperation Agreements. For 2019, 2020 and the three months ended March 31, 2020 and 2021, the total fees that we incurred under the InnoRa Cooperation Agreements and paid to InnoRa GmbH amounted to RMB6.1 million, RMB8.2 million, RMB1.0 million and RMB2.7 million, respectively.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with InnoRa GmbH relating to the performance of the InnoRa Cooperation Agreements, and we expect to maintain close and stable cooperation relationship with InnoRa GmbH in the foreseeable future. However, if we fail to maintain such relationship and if InnoRa terminates the Strategic Cooperation Agreement, we may fail to obtain the rights to use the Relevant IP we are jointly developing with InnoRa GmbH. For the Relevant IP developed pursuant to the R&D Cooperation Agreement and the License already granted to us pursuant to the License Agreement, we do not expect there would be any interruption or obstacle for our continuing use of the Relevant IP under the License. However, if in the unlikely event that we were found to have materially breached our obligations under the License Agreement and InnoRa GmbH terminates, for cause, the exclusive License they granted us, we might lose the protection afforded by the Relevant IP; and if in the worst case scenario, where InnoRa GmbH in turn grants exclusive licenses in relation to the underlying technologies to other third parties, we might no longer be able to legally commercialize our DCB products, including our Core Products, that utilized the same underlying technologies in the relevant jurisdictions.

As confirmed by our Directors, we do not plan to pay any licensing fee with proceeds from the Global Offering.

The drug-coating technologies developed by InnoRa GmbH benefited a large number of players in the DCB market, and many international medical device giants such as Medtronic and B. Braun pay large amounts of royalty fees to InnoRa GmbH every year, for the drug-coating technologies they licensed from InnoRa GmbH, according to Frost & Sullivan. For example, B. Braun used iopromide as the excipient for its SeQuent Please, the world's No. 1 coronary DCB product in terms of sales volume up to the Latest Practicable Date, and Medtronic used urea as the excipient for its IN.PACT, the world's No. 1 peripheral DCB product in terms of sales volume up to the Latest Practicable Date, and the formula of each such excipients was licensed from InnoRa GmbH. Similar to Medtronic and B. Braun and many other international medical device giants, we also relied on the drug-coating technologies licensed from InnoRa GmbH for the development of our DCB products. As of the Latest Practicable Date, all of our commercialized DCB products, as well as many of our pipeline DCB product candidates, used magnesium stearate as the excipient. The formula of the excipient was developed by InnoRa GmbH pursuant to the R&D Cooperation Agreement, and the relevant intellectual property rights were licensed to us pursuant to the License Agreement. In addition, pursuant to the Strategic Cooperation Agreement, we are in the process of cooperating with InnoRa GmbH and jointly developing other excipients that will be used on our sirolimus DCB product candidates. There was no conflict between the R&D Cooperation Agreement, the License Agreement, and the Strategic Cooperation Agreement. We have a right of first refusal over all the intellectual property rights in relation to the projects we jointly develop under the Strategic Cooperation Agreement.

The technologies licensed by InnoRa GmbH to us are completely different from those licensed by InnoRa GmbH to other industry players such as B. Braun and Medtronic. Therefore, as confirmed by our intellectual property legal adviser, the fact that InnoRa GmbH licensed certain other drug-coating technologies it developed to certain other industry players would not prevent us from entering into the same overseas markets that such industry players are in, and would not materially and adversely affect our business plans. We believe that the advanced drug-coating technologies we obtained through the collaboration with InnoRa GmbH had contributed to the outstanding clinical efficacy of our commercialized DCB products, and believe that our strategic cooperation with InnoRa GmbH, as well as the advanced technologies we are jointly developing with them, will solidify our leading position in the DCB markets and provide strong support to our future growth.

In October 2020, Dr. Speck joined us full-time as our CTO. To the best knowledge of our Directors, by the time he joined us, he had long resigned from all his previous positions at InnoRa GmbH, and all the non-compete obligations he used to be subject to (if any) had expired. As of the Latest Practicable Date, InnoRa GmbH was majority-owned and controlled by its current management team, who collectively held 66.67% of its equity interest. Dr. Speck held approximately 33.33% of the equity interest in InnoRa GmbH, and was not InnoRa GmbH's single largest shareholder.

After joining our Company, Dr. Speck had devoted his full working hours to us, and had not been involved in any of InnoRa GmbH's business decision makings (other than the routine decisions made in the capacity of a minority shareholder of InnoRa GmbH). Dr. Speck is currently in charge of directing and overseeing the experimental and clinical research and technology development of our Company, but is not involved in our business decision makings (including but not limited to those in relation to our ongoing and future collaboration with InnoRa GmbH). As such, we do not believe his relationship with InnoRa GmbH pose any material conflict of interest detrimental to us or to our shareholders.

We have maintained great relationship with each of Dr. Speck and InnoRa GmbH both before and after Dr. Speck joined us from InnoRa GmbH, and we expect to maintain such close relationship in the near future. Dr. Speck is subject to contractual obligations not to disclose any confidential information he received from us to any third party without our consent, and we have designed internal procedures to ensure the performance of such obligations.

Collaboration with Clinical Trial Institutions

The NMPA maintains a catalog of hospitals that it has approved as clinical trial centers, from which we select a number of leading hospitals to conduct our clinical trials. The factors we consider when selecting such institutions include their credentials, expertise, technology, equipment and patient demographics. Before selecting institutions, we meet with physicians at each potential candidate hospital to discuss our clinical trial's purpose and requirements. For each clinical trial, we and the institution generally enter into a new agreement setting out the clinical trial's purpose, timeline, structure, procedures, methods and risks. Then, we prepare a clinical trial protocol for submission to the clinical trial institution's ethics committee. The clinical trials must be conducted in accordance with the protocol approved by the ethics committee. The ethics committee must reevaluate and approve any amendments to the protocol.

We cooperate with prestigious hospitals in China to conduct our clinical trials. For the RCT of AcoArt Orchid® & Dhalia™, we have cooperated with ten hospitals. For the RCT of AcoArt Tulip™ & Litos™, we have cooperated with 11 hospitals in China, with Chinese PLA General Hospital as the principal investigator institution, and the Cardiovascular Department of Ospedale San Donato in Italy.

Pursuant to the legally-binding agreements with these participating institutions, the institutions are required to conduct the clinical trials strictly in accordance with the protocol, collect data, and issue case reports at the end of each clinical trial. The lead institution will prepare formal reports based on the case reports submitted by all participating institutions. In return for the institutions' services, we make scheduled payments as agreed in the agreements. Under the agreements, we generally own all the intellectual property and trial results while the participating institutions may use the clinical trial results for academic activities with our prior approval.

Relationships with CROs and SMOs

We collaborate with reputable CROs and SMOs for the support of our clinical trials. When selecting CROs and SMOs, we consider a number of factors, including service quality, capability, reputation, cost-effectiveness and research experience in vascular interventional therapy. For each new clinical trial, we generally enter into an agreement with the CRO or SMO with a detailed scope of work for each trial, establishing specific and detailed metrics on working methods, procedures, standards and timelines to further ensure the quality of the outcomes. The CROs and SMOs must comply with all applicable laws and regulations as well as follow our protocols to ensure that all clinical trial results are accurate and authentic.

During the Track Record Period, we engaged four industry-renowned CROs such as Core Medical (Beijing) Co., Ltd. (銳意科盛(北京)生物醫學研究有限公司) to provide certain services in the clinical trials for our products in China, including preparing ethical committee application at each hospital, assisting in revising the study protocol and design, managing and monitoring the implementation of clinical trials, collecting and keeping records of patients' information and providing progress or summary reports. We also engaged 16 SMO such as Shanghai Medkey Med-Tech Development Co.,Ltd. (上海藥明津石醫藥科技有限公司) to assist researchers to complete certain supporting duties in relation to our ongoing clinical trials, including collecting source data and scheduling patient's follow-up evaluations, among others. To the knowledge of our Directors, other than the ordinary business relationship, none of our CROs and CMOs (including their directors, shareholders and senior management), had any past or present relationships (including, without limitation, business, employment, family, trust, financing or otherwise) with our Group, our shareholders, Directors, senior management or any of their respective associates.

We established relationships with our CROs and SMOs during the ordinary course of our business and our collaborations are under arm's length commercial terms in line with industry practice. Under the legally-binding agreements with our CROs or SMOs, we are responsible for the trial preparation, subject enrollment, trial implementation and management, while the CROs or SMOs take responsibility for record keeping and report preparation to guarantee the compliance of the clinical trial process with applicable regulations or standards. In return for their services, we make scheduled payments as agreed in the agreements. Our CROs and SMOs 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 generally own all intellectual property and trial results and the CROs must maintain strict confidentiality with respect to the information they acquired from us during clinical trials.

The service fees we paid to our CROs and SMOs during the Track Record Period were determined on a case-by-case basis in light of the service scope and the scale of the relevant clinical trials, among others. Such service fees increased significantly from 2019 to 2020, primarily because we initiated several new clinical trials in 2020 for our product candidates. Please refer to the paragraph headed "— Our Products and Product Candidates" in this section for details. Such services fees also constituted a significant part of our research and development expenses incurred during the Track Record Period. Please refer to the section headed "Financial Information" in this prospectus for details.

Relationship with Principal Investigators and KOLs

In addition to our collaboration with clinical trial institutions, CROs and SMOs, we also maintain continuous communications with leading principal investigators, KOLs, physicians and hospitals, who are informed of our latest research and development progress. The principal investigators we work with include reputable physicians who work at leading Class III hospitals and hold important positions in various prestigious expert institutes. They not only provide us with important feedback on clinical needs but also present the clinical use of our products in academic settings, which we believe can invite wider discussion of our products and product candidates and in turn contribute to our research and development efforts. Furthermore, we host meetings for key participants in our industry with respect to our research and development efforts and product pipeline. We have presented our products in multiple industry conferences, where we keep industry participants updated of our latest research and development progress.

Patient Data and Privacy

When conducting clinical trials for our products, we may have access to certain data of medical institutions and individual patients. Certain types of such data may fall into the scope of personal information under applicable laws and regulations. We have designed strict data protection policies to ensure that the collection, use, storage, transmission and dissemination of such data are in compliance with applicable laws and with prevalent industry practice. During the Track Record Period and up to the Latest Practicable Date, we were in compliance in all material respects with all applicable PRC laws and regulations with respect to data privacy and protection.

MANUFACTURING

Our principal manufacturing facility is located at our headquarters with an aggregate gross floor area of approximately 6,000 sq.m. in Beijing, China. As of the Latest Practicable Date, our facility was primarily used for the production of our balloon catheter products, including DCB and PTA products and products candidates.

Manufacturing of Our Commercialized Products

The following table sets forth the production capacity, actual production volume and utilization rate for our commercialized products in our manufacturing facility for the periods indicated:

	For the year ended December 31,		For the three months ended March 31,
	2019	2020	2021
Balloon catheter products			
Production capacity (units)[(1)]	85,700	85,700	39,156
Actual production volume (units)	48,701	45,202[(3)]	18,349
Utilization rate (%)[(2)]	56.8	52.7[(3)]	46.9

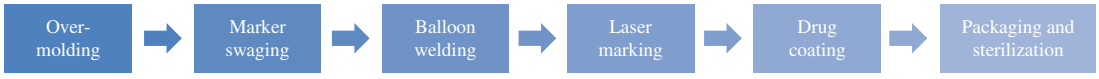
Notes:

(1) Our production capacity is based on the assumption that it takes on average 40 minutes per person to produce one unit of a balloon catheter product with one shift running. As of March 31, 2021, we had 55 employees who worked on the production of our commercialized products.

(2) Utilization rate equals actual production volume divided by production capacity.

(3) Our utilization rate decreased from 56.8% for 2019 to 52.7% for 2020, primarily because we produced more sample products for testing in 2019 for the purpose of applying for the IDE approval from the FDA.

The production process for our balloon catheter products typically involves the following steps:



- Over-molding: forming a Y-shaped connector and building a channel with the dual-lumen shaft;
- Marker swaging: swaging the marker on the shaft;
- Balloon welding: assembling the balloon on the shaft;
- Laser marking: marking the product information (balloon size, lot number, etc.) on the products;
- Drug coating: coating the drug on the balloon (in case of producing a DCB product); and
- Packaging and sterilization: packaging the products and conducting the ethylene oxide (EO) sterilization.

We conduct all the manufacturing process of our balloon catheter products in-house. The head of our manufacturing team in China has extensive manufacturing experience in the medical device industry. Our integrated production process increases our production efficiency and reduces our dependence on third parties. This vertical integration also enables us to adjust our production quickly to respond to changes in market demand for our products.

Besides the production of balloon catheter product, we complete assembly, packaging, disinfection and sterilization of our balloon catheter products mostly in-house. We also entered into agreements with two Independent Third Parties as backup service providers to delegate the disinfection process. We are able to monitor and control the standard and quality of the delegated disinfection and sterilization work through our agreements with third parties. The delegated party is obligated to conduct disinfection and sterilization as required by the standard ISO 11135:2014, EN ISO 11135:2014 or GB 19279.1-2015. We retain the right to inspect the delegated party's facility and equipment, evaluate whether it adheres to the required standards and request the delegated party to improve accordingly. Also, the delegated party's work is subject to our examination, and we retain the right to return the product for further disinfection. To help ensure a consistent standard of disinfection and sterilization, we tend to delegate the work to one primary entity.

The machines we use to manufacture our products mainly include the over-molding machine, the swaging machine, the balloon welding machine, the laser marking machine, the drug coating machine and the EO sterilization machine. We purchase machinery from multiple suppliers, and we are able to purchase manufacturing machinery from alternative suppliers. We have implemented a comprehensive maintenance system for our machinery. During the Track Record Period, we had not experienced any material or prolonged interruptions of our machinery due to equipment or machinery failure.

We believe that our location gives us an advantage in manufacturing over our international competitors. We have access to China's vast labor pool, which makes it easier for us to hire people with the appropriate skills for our production. Typically, we require new employees to undergo at least two months of training before they commence work on our production lines. The training continues with respect to specific steps in the production process after employees commence work on the production lines. The comprehensive training enables us to increase our capacity utilization rate and our product yield rate, which as a result enhances our manufacturing efficiency.

PRODUCT WARRANTY, RECALL, RETURN AND EXCHANGES

For our commercialized products, our internal policy is to assume responsibility as required by law if the competent regulatory authorities find that our products are defective. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any such finding. We may be required by applicable laws and regulations to recall our products if they are defective and have caused, or are likely to cause, harm to patients. We may also decide to voluntarily recall our products for a number of reasons. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any product recall. Our product return and exchange policy generally does not allow any product return except when our products are defective, and generally does not allow any product exchange except when our products are defective or are approaching their expiration dates. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any product return or product exchange request due to product defects. During the Track Record Period, we received certain product exchange requests from some platform distributors (or sub-distributors under such platform distributors) because the relevant products were approaching their expiration dates. We asked the relevant platform distributors or sub-distributors to return those soon-to-expire products to us, and delivered replacement products to them in exchange for those soon-to-expire products (collectively, the "**Historical Product Exchanges**"). We primarily used the returned products for internal testing and study purposes and destroyed the remaining. We did not suffer from any loss of revenue because of such product exchanges; the costs and expenses incurred in connection with such product exchanges primarily comprised the manufacturing costs and delivery expenses for the relevant products, which in the aggregate amounted to approximately RMB2.3 million and approximately RMB77.3 thousand for 2019 and 2020, respectively. Other than the foregoing, during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material product exchange.

Our contracts with platform distributors allow them to exchange unsold products with expiry date less than six months. We estimate the amount of products expected to be exchanged based on historical product exchange rate, and would recognize a contract liability for such products expected to be exchanged. As at December 31, 2019 and 2020 and March 31, 2021, contract liabilities arising from such "sales with a right to exchange" arrangements was nil, approximately RMB2.5 million and RMB2.6 million, respectively. For more details, please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Products and Product Candidates — Risks Relating to Manufacture and Supply of Our Products — We may be exposed to potential product liability claims and product recalls, and our insurance coverage may be inadequate to protect us from all the liabilities we may incur," "Regulatory Overview — Laws and Regulations Relating to Medical Device — Regulations Relating to Medical Device Production and Operation — Medical Device Recalls" and "Financial Information — Critical Accounting Judgements and Key Sources of Estimation Uncertainty — Sales with a right to exchange" in this prospectus.

SALES, DISTRIBUTION AND MARKETING

We have two DCB products and two PTA balloon products on the market. For details of our commercialized PTA balloon products, please refer to the paragraphs headed "— Our Products and Product Candidates — Devices Targeting Vascular Surgery — Commercialized Products". Currently, we primarily sell and market our Core Products, AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™, and our PTA balloon products, AcoArt Iris™ and AcoArt Lily™ & Rosmarin™ in China. We also sell and market AcoArt Orchid® and AcoArt Tulip™ & Litos™ in several overseas countries. During the Track Record Period, we generated a substantial portion of our revenue from our sales in China, which accounted for 96.4%, 97.0%, 93.0% and 96.7% of our total revenue for 2019, 2020 and the three months ended March 31, 2020 and 2021, respectively. As our current products and product candidates receive more marketing approvals in countries and regions outside China, we expect to generate more sales from overseas markets. For details of our sales model in China and overseas, please refer to the paragraphs headed "— Our Sales and Distribution Arrangements" in this section. During the Track Record Period, we entered into certain cross-border intra-group transactions to facilitate our purchases and sales in overseas countries. Our major operating entity, Beijing Acotec, sold our products to Pine Medical, our subsidiary in Hong Kong, which in turn sold our products to overseas distributors. Beijing Acotec also procured certain raw materials from overseas suppliers through Pine Medical. The total amount of such cross-border intra-group transactions was RMB3.6 million, RMB11.5 million, RMB0.8 million and RMB5.5 million in 2019, 2020 and the three months ended March 31, 2020 and 2021. During the Track Record Period and up to the Latest Practicable Date, we had complied with all the relevant transfer pricing rules and regulations in the PRC and Hong Kong for such intra-group transactions. We followed the arm's length principle (獨立交易原則) as required by the applicable tax laws and regulations to determine the prices of the transactions between Beijing Acotec and Pine Medical. In an ordinary sales transaction between the two parties, we generally determined the price based on the seller's costs and applied a gross profit margin of approximately 10%. We have engaged a tax advisor to carry out an review and analysis over the transfer pricing arrangement between Beijing Acotec and Pine Medical in 2019, 2020 and the three months ended March 31, 2021. After evaluating the intra-group transactions between Beijing Acotec and Pine Medical using the transactional net margin method (交易淨利潤法), our tax advisor is of the opinion that the aforesaid gross profit margin is reasonable and commensurate with the functions and risks of Beijing Acotec and Pine Medical and the prices of the transactions between the two parties during the Track Record Period were in line with the arm's length principle. During the Track Record Period and up to the Latest Practicable Date, we had duly reported such intra-group transactions in our tax filings made to the relevant tax authorities and had not encountered any unresolved income tax issues or disputes with the relevant tax authorities. However, there is no assurance that the tax authorities will not subsequently challenge the appropriateness of our transfer pricing arrangement or that the relevant regulations or standards governing such arrangement will not be subject to further changes. For more details, please refer to the paragraphs headed "Risk Factors — We may be subject to transfer pricing challenge by the relevant tax authorities and hence additional tax liabilities, which could have adverse impacts on our results of operations." We have adopted measures in order to minimize these potential transfer pricing risks. For more details, please refer to the paragraph headed "— Internal Control over Business Operations" in this section.

We use a combination of our in-house sales and marketing team, our connections with hospitals and a network of independent distributors to sell our products in China. As of the Latest Practicable Date, we had a sales and marketing team of 46 staff members in China, led by the head of our sales and marketing team, Ms. ZHANG Hui, who has vast sales and marketing experience in the medical device industry. We also had sales and marketing staff in India in charge of overseas sales and marketing. Our in-house sales and marketing team tracks and analyzes applicable local laws and regulations and government policies as well as market data of our products in order to formulate national and regional marketing strategies more effectively.

Our Marketing Model

We employ a strategic marketing model to promote and sell our products. Under this model, we promote our products to hospitals in China through academic marketing, by establishing research and clinical collaboration and training relationships with hospitals and by leveraging our network with KOLs.

To increase awareness of our products and technologies, we conduct educational symposia and provide training to physicians, hospital executives and researchers in the field. Our highly trained sales and marketing team focuses on interacting with physicians to educate them about, and train them in the use of, our products. Such interaction is fostered through regular visits to and communications with physicians, on-site demonstration of our products to physicians, our sponsorship of conferences, seminars and physician education programs and other activities. Although patients are the end users of our products, physicians and procurement departments of hospitals decide what products to stock and physicians typically recommend to patients what products to use. Based on our experience, as physicians become more knowledgeable and experienced with our products, they will be more likely to recommend our products. In addition to accelerating market awareness and adoption of our products, our communications with physicians provide us with continual feedback on our products and trends in the market which helps guide our research and development projects.

We have taken an active role in the key conferences in China, which serve as good opportunities to educate and train physicians in respect of vascular interventional procedures, and a platform for us to present our products' innovative and advanced features. Because of our advanced technology and our first-mover experience in China, our products have been among the central topics of academic discussions and examples for training, and our research and development experts and management have been invited as speakers to introduce their practices in this field. We have sponsored and participated in various academic conferences that gathered leading international experts such as the Leipzig Interventional Course (LINC), the largest annual vascular conference in the world. By hosting seminars and training sessions, presenting exhibitions and sharing our clinical results during such conferences, we are able to enhance physicians' awareness of our products. Our existing relationships with hospitals also help promote our products among physicians and hospitals through on-site education and training.

As part of our marketing model, we have organized and will continue to organize on-site training and demonstrations in hospitals, in order to build or enhance their capability to conduct such operations and to promote our products. We plan to expand our sales and marketing team and utilize our established relationships with hospitals and physicians to increase sales of our products.

We also rely on KOLs to introduce and recommend our products to physicians and hospitals. KOLs have incentives in learning the latest disease treatment options available within their therapeutic areas, as well as introducing cutting-edge technologies and products that they believe have clinical benefits to other doctors. This will help maintain their authority and standing within the broader medical community. We provide these KOLs with detailed information of our products. They will make independent judgment on competing products in the market. We are confident about the safety and efficacy profiles of our product and we believe that these KOLs' independent views on our products help increase the market recognition of our products among the wider medical community across the country. All of our KOLs are Independent Third Parties.

When selecting KOLs for a specific academic event, we consider factors such as the participating doctor's vocational affiliation, the purpose and scale (local, regional or national) of the event, as well as the KOL candidate's academic and professional backgrounds, medical specialties and reputation in the industry. We also consider whether they have participated in clinical studies or published academic articles related to vascular interventional procedures and related products. We usually choose physicians who have used our products before as KOLs. We typically enter into agreement with the KOLs for their services in giving presentations in academic conferences and on-site training, coaching and proctoring physicians in hospitals, and we make payment to the KOLs accordingly.

Besides our primary academic marketing model, we also rely on our distributors to sell our products. Each of our distributors has its own sales force that focuses on marketing in its particular territory and assigned hospitals. Distributors have engaged in promoting our products through their network of hospitals and physicians. For details, please refer to the paragraphs headed "— Our Sales and Distribution Arrangements — Sales through distributors" in this section.

Our Sales and Distribution Arrangements

In line with industry practice, we generally sell our products to distributors and/or platform distributors. According to our PRC Legal Adviser, the progress of implementation of the "Two-Invoice System" for medical consumables varies in different provinces, autonomous regions and municipalities (collectively, "**provinces**") in China, and in some provinces, the implementation of the "Two-Invoice System" for medical consumables was not mandatory as at the Latest Practicable Date. In provinces where the local competent authorities had formally published rules or policies requiring the strict implementation of the "Two-Invoice System" for medical consumables (as of the Latest Practicable Date, including Anhui, Fujian, and Hebei), we sell our products directly to distributors, who resell our products to hospitals; in certain

provinces which have not required the mandatory implementation of the "Two-Invoice System" for medical consumables (e.g., Beijing, Shanghai, Shandong, etc.), we may, in line with industry practice, cooperate with platform distributors, who sell our products to sub-distributors under them, and such sub-distributors in turn finally resell our products to hospitals and/or medical centers. Platform distributors are our direct counter-parties and function as intermediary companies that primarily focus on providing logistics services, helping us realize a relatively centralized management of a large number of such sub-distributors. For details of our cooperation with platform distributors, please refer to the paragraphs headed "— Our Sales and Distribution Arrangements — Sales through platform distributors" in this section. We adopt the distributorship model and cooperate with platform distributors primarily because through such model and cooperation, we are able to expand hospital coverage and promote our products to a larger group of hospitals in a cost-effective manner, and to reduce the logistics expenses incurred during the distribution process. According to our PRC Legal Adviser, in provinces where the "Two-Invoice System" is strictly implemented for medical consumables, if we are deemed to have violated the relevant regulations in relation to the "Two-Invoice System" by the competent authorities, we might be subject to administrative fines or penalties, and/or might be deprived of the qualification to participate in the public tendering processes organized in the relevant provinces. The applicable regulations did not stipulate the maximum amount of such fines or penalties, and the actual penalty amount might be subject to broad discretion of the local authorities. As such, we took great caution to ensure our compliance with the "Two-Invoice System". We did not sell our products through platform distributors in provinces where the "Two-Invoice System" is strictly implemented for medical consumables, and carefully arranged our sales coverage in other provinces. The sub-distributors of our platform distributors were designated by us, and we had made contingency plans with them in case any other province strictly implements the "Two-Invoice System" for medical consumables in the foreseeable future. In the event the "Two-Invoice System" is strictly implemented for medical consumables in any additional province, we will directly contract with the sub-distributors, and will deliver our products to them directly. Given that all the sub-distributors under our platform distributors were designated by us in the first place, and we have maintained good relationship with them, we do not anticipate any material difficulties in separately signing contracts with each of them except for certain additional administrative efforts. We expect to incur slightly higher logistic expenses if we have to directly deliver our products to each of the sub-distributors, instead of using the logistics services currently provided by our platform distributors. We do not believe the adoption of the contingency plans would have any material disruption to our operations. Our Directors confirm that as of the Latest Practicable Date, we (i) had not been deemed to have violated or circumvented any national and/or local regulations, rules or policies in relation to the "Two-Invoice System", (ii) had not been disqualified from participating in public tendering processes in any province, (iii) was not subject to any administrative fines or penalties by the competent authorities in relation to the "Two-Invoice System", and (iv) had not received any warning or notice from any competent authorities in relation to the compliance of the "Two-Invoice System". During the Track Record Period and up to the Latest Practicable Date, our Directors were not aware of any resale of our products by any platform distributor to customers located in provinces where the "Two-Invoice System" for medical consumables have been strictly implemented. We have also adopted internal control measures to monitor the progress of the implementation of the "Two-Invoice System" in different provinces to ensure that we have complied, and will

continue to comply, with the relevant regulations, rules and policies in relation to the "Two-Invoice System". For details of the relevant internal control measures, please refer to the paragraphs headed "— Internal Control Over Business Operations" in this section. In addition, as confirmed by our PRC Legal Adviser, as of the Latest Practicable Date, there was no promulgated laws, regulations clearly setting forth the legal consequence on our Company if our platform distributors resell our products to sub-distributors in violation of the relevant regulations in relation to the "Two-Invoice System," in spite of the terms of our agreements with the platform distributors and our internal control measures to prevent such resale. Our Directors believe that even if we are deemed to have indirectly violated the relevant regulations in such instances, the legal consequences on our Company would not be more severe than the legal consequences on our Company if we are found to have directly violated the relevant regulations in relation to the "Two-Invoice System."

We set a quarterly order amount target for each of our distributors and the sub-distributors under our platform distributors, and typically evaluate their performance based on their respective order amount for the last quarter. Whenever a distributor or sub-distributor achieves the quarterly order amount target set by us, we will provide an incentive of up to 5% of its order amount for the last quarter. The incentive will be settled in the form of free goods, rather than in cash, and will be reflected in the future order placed by that distributor or sub-distributor.

During the Track Record Period and up to the Latest Practicable Date, we sold our products in China and overseas, through distributors and/or platform distributors as well as through a direct sales model, under which we sold our products directly to hospitals. The following table sets forth a breakdown of our sales for the periods indicated:

	For the year ended December 31,				For the three months ended March 31,			
	2019		2020		2020		2021	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Domestic Sales	122,260.4	96.4	189,126.4	97.0	18,408.7	93.0	52,026.8	96.7
Sales through distributors	77,621.1	61.2	41,683.8	21.4	9,226.7	46.6	5,302.3	9.9
Sales through platform distributors[(1)]	44,639.3	35.2	141,520.5	72.6	9,182.0	46.4	45,173.4	84.0
Direct sales	–	–	5,922.1	3.0	–	–	1,551.1	2.9
Overseas Sales	4,503.1	3.6	5,873.9	3.0	1,375.7	7.0	1,752.2	3.3
Sales through distributors	1,512.8	1.2%	2,995.5	1.5%	426.6	2.2%	618.4	1.1%
Direct sales	2,990.3	2.4%	2,878.4	1.5%	949.1	4.8%	1,133.7	2.1%
Total	126,763.5	100.0	195,000.3	100.0	19,784.4	100.0	53,779.0	100.0

Note:

(1) In 2019 and 2020, the total purchase amounts made by our platform distributors were approximately RMB66.8 million and approximately RMB148.2 million, respectively. The "sales through platform distributors" amounts disclosed herein reflect the relevant revenues we recognized from transactions in relation to platform distributors in 2019 and 2020, which amounts were smaller than the total purchase amounts made by our platform distributors, primarily because of the Historical Product Exchanges.

Following IFRS 15 "Revenue from Contracts with Customers" paragraph 31, we recognize revenue when (or as) we satisfy the performance obligation under the sales contracts between us and the distributors/platform distributors by transferring the promised products to the customer. The products are transferred when (or as) the distributors/platform distributors obtain control of the products. In 2019 and early 2020, the sales contracts between us and the platform distributors contained a clause which gave us a unilateral right to terminate the sales contracts and to request the platform distributors to return the unsold products to us. Therefore, the platform distributors would not obtain control of the products until they sold the products to the sub-distributors under them, and our "sales through platform distributors" were recognized upon the receipts of the products by the sub-distributors under the platform distributors.

During the Track Record Period, we received certain product exchange requests from some platform distributors (or sub-distributors under such platform distributors) because the relevant products were approaching their expiration dates. We asked the relevant platform distributors or sub-distributors to deliver those soon-to-expire products to us, and delivered new products to them in exchange for those soon-to-expire products. The relevant transactions were recorded as "repurchases" of those soon-to-expire products from the platform distributors, followed by "resales" of the same products at the same price to the platform distributors or sub-distributors, as applicable.

With respect to those product exchange requests made by platform distributors, such "repurchases" and "resales" would not affect any of the line items of the table above; but with respect to those product exchange requests made by the sub-distributors under the platform distributors, the "repurchases" would reduce the amount of the "sales through platform distributors" of the relevant year, because upon those soon-to-expire products were delivered back to us, a corresponding amount of the "sales through platform distributors" previously recognized would be reversed as "sales return"; the "resales" would increase a corresponding amount of the "sales through distributors" of the same year, which would be recognized upon the receipt of the new products by the sub-distributors.

Such product exchanges (as oppose to product returns) did not affect the total revenue we received from the relevant platform distributors or sub-distributors; the relevant amount was reduced from "sales through platform distributors" and recognized as "sales through distributors."

As explained above, we did not suffer from any loss of revenue because of such product exchanges; the costs and expenses incurred in connection with such product exchanges primarily comprised the manufacturing costs and delivery expenses for the relevant products, which in the aggregate amounted to approximately RMB2.3 million and approximately RMB77.3 thousand for 2019 and 2020, respectively. The manufacturing costs in relation to the exchanged products were recorded as "cost of goods sold" and the delivery expenses in relation thereto were recorded as "sales and marketing expenses."

The following table sets forth the changes in the number of our distributors and platform distributors in China for domestic sales for the periods indicated:

	For 2019	For 2020	For the Three Months Ended March 31, 2021	From March 31 to the Latest Practicable Date
Distributors				
As of the beginning of the period	23	144	78	18
Newly engaged	132	19	3	7
Terminated	11	85	63	7
– End of business relationship[(1)]	11	38	2	7
– Transferred to sub-distributors under platform distributors[(2)]	–	47	61	0
As of the end of the period[(3)]	144	78	18	18
Platform Distributors				
As of the beginning of the period	4	3	4	4
Newly engaged	–	2	–	–
End of business relationship[(4)]	1	1	–	–
As of the end of the period	3	4	4	4

Notes:

(1) According to Frost & Sullivan, in recent years, with the gradual implementation of policies such as the "Two-Invoice System" and the "centralized procurement of medical devices," the medical device distribution market in China were gradually consolidated by a few giant platform distributors and a number of large distributors, and many relatively smaller distributors have left the market. Partially as a result of such trend, and as part of our strategies to strengthen our cooperation with top platform distributors and large distributors, we terminated the business relationship with some relatively smaller distributors during the Track Record Period. There were no material dispute or litigation between us and the terminated distributors during the Track Record Period and up to the Latest Practicable Date.

(2) According to Frost & Sullivan, in certain provinces, autonomous regions and centrally-administered municipalities where the "Two-Invoice System" has not been implemented for medical consumables (e.g., Shanghai), the platform distributors often leverage their strong delivery and distribution network and primarily focus on providing logistics services. They purchase the medical consumables from the manufacturers, sell them to the large distributors (who serve as sub-distributors under such platform distributors) within their distribution network, who then resell such medical consumables to the hospitals. During the Track Record Period and up to the Latest Practicable Date, a number of our distributors terminated their agreements with us and became sub-distributors under our platform distributors, but the business relationship between us and such distributors did not terminate.

(3) As a result of the foregoing, the number of our distributors decreased during the Track Record Period and up to the Latest Practicable Date, but our distribution network had nevertheless been growing. Each of the 18 distributors we cooperated with as of the Latest Practicable Date has deep experience in the medical device distribution industry, and each of the four platform distributors we cooperated with as of the Latest Practicable Date is a large, state-owned platform distributor with extensive distribution network in China. The number of hospitals and medical institutions covered by our distribution network increased from approximately 450 as of the beginning of the Track Record Period to over 800 as of the Latest Practicable Date.

(4) During the Track Record Period and up to the Latest Practicable Date, we terminated the business relationship with two platform distributors, primarily because they failed to provide services to our satisfaction. There were no material dispute or litigation between us and the terminated platform distributors during the Track Record Period and up to the Latest Practicable Date.

In terms of overseas sales of our products, as of December 31, 2019 and 2020, March 31, 2021, and the Latest Practicable Date, we cooperated with seven, eight, nine and nine distributors overseas, and two, three, five and five hospitals overseas, respectively.

Sales through distributors

Selection of distributors

Our sales and marketing team screens and selects distributors whom we believe have the required qualifications and capabilities and are suited to our strategic marketing model, and establishes and maintains resource sharing with our distributors to effectively execute our marketing strategies specifically tailored to each geographic location and the hospitals located within their locations.

Upon selecting distributors, we will first evaluate their qualifications. We select our distributors based on their experience in the medical device industry, particularly in the vascular interventional device industry. In addition, they must possess the requisite business licenses and permits to sell medical devices in the respective jurisdictions and must have established relationships with hospitals and physicians within their designated territories. Before we appoint a distributor, we assess its sales staff and management team to ensure that they have the appropriate knowledge, experience and professional skills. We also consult with the hospitals regarding our choice of distributors. We review the qualifications of our distributors when our contracts with them are due to be renewed. To the knowledge of our Directors, other than the ordinary business relationship, none of our distributors had any past or present relationship with our Group, our shareholders, Directors, supervisors, senior management or any of their respective associates. We also adopt robust measures and selection criteria to manage the anti-bribery and anti-corruption risks involved with our distributors. Our agreements with our distributors will set out anti-bribery and anti-corruption obligations for the distributors. In the event that there is any breach of these obligations, we are entitled to terminate the distribution agreement and claim reimbursement for all the associated losses. For details, please refer to the paragraphs headed "— Internal Control over Business Operations" in this section.

Rights and obligations of sales and distributions

We do not allow overlap of distributors among hospitals. Distribution relationships between our distributors and the respective hospitals are exclusive. Our distributors are responsible for collecting payments from hospitals, and are required to pay us for the products regardless of whether they receive payments from the hospitals. We generally issue our invoice to each distributor when such distributor places an order for our products.

We enter into a master agreement with each distributor, with addendums that specify terms including designated products to be distributed and their unit prices, as well as the designated distribution area and hospitals. The principal terms of the master agreement are summarized below.

Duration and option to renew	The distribution agreements typically have a term of six months subject to early termination and/or renewal clause(s).
Designated geographical regions and hospitals	The geographical regions and hospitals for which a distributor is responsible are designated. A distributor is prohibited from selling our products outside its designated geographical regions or hospitals without our prior consent.
Exclusivity	A distributor is prohibited from promoting and selling competing products with same or similar functions in the designated geographical region. No overlap of distributors is allowed among hospitals.
Target order amount	A distributor may be required to report to us in writing for each quarter (or otherwise required by us) its marketing and distribution activities in the designated regions for the past quarter and its target order amount predicted for the next quarter, but we typically do not set minimum sales target requirements for the distributors.
Transportation	Typically, we are responsible for delivering our products to the distributors, and bear the costs and risk of loss of the transportation.
Product returns	In general, the distributor may not return products to us or exchange products except that a product has quality issues.
Warranty	We warrant that our products are free from defects in materials and workmanship and our product quality is in compliance with the applicable laws and regulations and meets the quality standards in the specifications or similar documents.
Termination	The agreement may be terminated by either party when, among other things, the other party materially breaches the agreement, transfers its major assets to a third-party, becomes insolvent, experiences a change of control, or had its business license revoked.

Regulatory compliance	The distributor is required to comply with all applicable laws and regulations, including, among other things, anti-bribery and anti-kickback laws and regulations. The distributor is also required to obtain relevant permits to sell and distribute medical devices and maintain storage facilities compliant with regulatory standards on medical device storage, and provide us with copies of the relevant licenses, permits and certificates.
Use of the trademark	The distributor shall have a non-sublicensable, non-transferable, non-assignable and non-exclusive right to use our trademark for selling our products in the designated area during the term of our distribution agreement. Our distributor shall not use the trademark for any other product and shall use the trademark only for the purpose of selling our products in accordance with the agreement.

Sales through platform distributors

In addition to the sales through our distributors, we sell our products to hospitals or medical centers through platform distributors. According to Frost & Sullivan, prior to the implementation of policies such as "centralized procurement of medical devices" and the "Two-Invoice System," the medical device distribution market in China was relatively fragmented; a large number of distributors competed in the market, and multiple layers of distributors were often involved before a medical device could be sold from the manufacturer to the hospital. In recent years, with the gradual implementation of such policies, smaller distributors were gradually squeezed out of the market, and the medical device distribution market was consolidated by a few giant players with nationwide delivery and distribution network (who are generally referred to in the industry as platform distributors), and a number of large distributors. According to Frost & Sullivan, in certain provinces, autonomous regions and centrally-administered municipalities where the "Two-Invoice System" has not been mandatorily implemented for medical consumables (e.g., Shanghai), the platform distributors often leverage their strong delivery and distribution network and primarily focus on providing logistics services. They typically purchase the medical consumables from the manufacturers, sell them to the large distributors (who serve as sub-distributors under such platform distributors) within their distribution network, who in turn finally resell such medical consumables to the hospitals. As confirmed by our PRC Legal Adviser, such arrangement is not a violation or circumvention of the "Two-Invoice System," on the basis that (i) each of the key players in the distribution value chain (i.e., our platform distributors, public hospitals and us) for medical consumables has little incentive to violate or circumvent the "Two-Invoice System," and has strong incentives to ensure strict compliance with applicable laws and regulations, (ii) the cooperation between our platform distributors and us is restricted to provinces which have not required the mandatory implementation of the "Two-Invoice System" for medical consumables, and (iii) as confirmed by our Directors, as of the Latest Practicable Date, we had not been penalized by, and had not received any warning or notice from, any

competent authorities in relation to the compliance of the "Two-Invoice System." The platform distributors we cooperated with during the Track Record Period were all large and renowned platform distributors in the industry. We became acquainted with such platform distributors during the ordinary course of our business, and on average, we had been cooperating with such platform distributors for over 42 months as of the Latest Practicable Date. To the knowledge of our Directors, other than the ordinary business relationship, none of our platform distributors (including their directors, shareholders and senior management), had any past or present relationships (including, without limitation, business, employment, family, trust, financing or otherwise) with our Group, our shareholders, Directors, senior management or any of their respective associates. We normally enter into sales agreements with these platform distributors who finally resell our products to hospitals or medical centers through sub-distributors of their own. During the Track Record Period, we entered into agreements with four platform distributors, each an Independent Third Party.

We enter into a master agreement with each platform distributor, with addendums that specify terms including designated products to be distributed and their unit prices, as well as sub-distributors and distribution areas designated by us. The principal terms are summarized below.

Duration and option to renew	The distribution agreements typically have a term of one year to two years subject to earlier termination clause(s).
Designated geographical regions and sub-distributors	The geographical regions and sub-distributors for which a platform distributor is responsible are designated by us. A platform distributor is prohibited from selling our products outside its designated geographical regions or to sub-distributors that are not designated by us without our prior consent.
Exclusivity	No overlap of platform distributors is allowed among hospitals.
Target order frequency	A platform distributor is required to place at least one order each month subject to a minimum inventory clause.
Target purchase amount	A platform distributor may be required to purchase at a minimum amount subject to a minimum inventory clause.
Transportation	We are responsible for transporting our products to the platform distributor and bear the costs and risk of loss of the transportation.

Product returns or exchanges	Our product return and exchange policy generally does not allow any product return except when our products are defective, and generally does not allow any product exchange except when our products are defective or are approaching their expiration dates. We should replace the defective product or the near-expiry product at our own costs after the platform distributor requires for product exchange.
Warranty	We warrant that our products are free from defects in materials and workmanship and our product quality is in compliance with the applicable laws and regulations and meets the quality standards in the specifications or similar documents.
Termination	The agreement may be terminated by either party when, among other things, the other party materially breaches the agreement, transfers its major assets to a third-party or goes bankruptcy, a change of control occurs to the other party, or the other party's business license is revoked.
Regulatory compliance	A platform distributor is required to comply with all applicable laws and regulations and good market practice. The platform distributor is also required to obtain relevant permits to sell and distribute medical devices and maintain storage facilities compliant with regulatory standards on medical device storage.
Use of the trademark	A platform distributor shall have a non-sublicensable, non-transferable, non-assignable and non-exclusive right to use our trademark for selling our products in the designated area(s) during the term of our distribution agreement. Our platform distributor shall not use the trademark for any other product and shall use the trademark only for the purpose of selling our products in accordance with the agreement.

Management of Distributorship Model

Distributor evaluation

We conduct review of our distributors and platform distributors, based on their financial performance, business performance and regulatory compliance, from time to time. Financial performance of our distributors and platform distributors is primarily evaluated by their credit records with us, and the evaluation of their business performance is primarily based on their sales performance, specifically whether they meet the target order amount, and the designated hospitals' feedbacks. We also review their compliance with applicable laws and regulations. We may grant different rewards and rebates to our distributors and platform distributors based on the review. Our sales and marketing department monitors, manages and supports the activities of our distributors and platform distributors to help ensure that they comply with our guidelines, policies and procedures.

Credit term

We provide credit term for approximately two months to our distributors and platform distributors based on their credit profile and credit history, which is in line with the industry practice. According to Frost & Sullivan, manufacturers of high-value medical consumables in general offer credit term of 60 to 180 days to their distributors in China. During the Track Record Period, our distributors and platform distributors did not materially breach our contract terms, and we did not have any disputes with them 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 and platform distributors which could adversely affect our reputation, business operation or financial contribution.

Distributor Inventory Management

Both of our distributors and platform distributors generally place orders with us based on actual demands from hospitals. We believe that we are able to ensure that our sales to both of our distributors and platform distributors reflect genuine market demands for our products and to prevent channel-stuffing, in consideration of the following measures and conditions.

For our distributors:

- *Regularly monitoring and cross-checking with hospitals.* We require our distributors to report to us their marketing and distribution activities in writing at least once for each quarter and make predictions on their target order amount for the next quarter. We will verify our distributors' target order amount against the demands of hospitals estimated by our sales and marketing team. We also regularly check with hospitals in the distributor's designated regions to confirm whether their demands for our products are duly and timely served.

- *No mandatory minimum sales targets and/or unusually long return policies.* We do not set minimum sales target for our distributors, and our product return and exchange policy generally does not allow any product return except when our products are defective, and generally does not allow any product exchange except when our products are defective or are approaching their expiration dates. As a result, the distributors would have no incentive to stock our products exceeding the actual demands from hospitals, and therefore the risk for our products not reaching hospitals but remaining in our distribution network is remote.

For our platform distributors:

- *Close monitoring*. Each of our platform distributors maintains an internal inventory monitoring system and upon request, we can track the inventory status of our products through such system.

- *Strict product return policy.* We typically do not allow platform distributors to return or exchange any products unless such products have quality issues or are close-to-expiry. Historically, we never experienced any significant product return, but our management team consented to certain product exchange requests made by our platform distributors and/or sub-distributors under our platform distributors, for certain of our products that were close-to-expiry. Please refer to the paragraphs headed "– Product Warranty, Recall, Return and Exchanges" and "– Sales, Distribution and Marketing – Our Sales and Distribution Arrangements" for more information about our historical product exchanges.

- *Inventory check.* We regularly organize inventory checks upon our platform distributors. If the data on our internal record does not match the actual stock of distributors, we may implement measures including refusing new orders placed by such platform distributors, or even terminating the distributorship with such platform distributors.

Direct sales to hospital

In addition to the sales through our distributors and platform distributors, we also sold our products directly to two hospitals, each an Independent Third Party in China during the Track Record Period.

Pricing

As of the Latest Practicable Date, we had four commercialized products in the market. The prices of our products are determined in the following manner.

Sales through distributors or platform distributors

With respect to the prices at which our products are sold to our distributors (the "**Ex-factory Prices**"), including both domestic and overseas distributors, we determine such prices based on a number of factors. We have conducted extensive market research with KOLs, hospitals, physicians and patients as well as regulatory bodies before pricing our products, and have taken into account various factors such as feedbacks collected from these parties, our costs, the prices of competing products, the differences in safety and efficacy profiles between our products and competing products, the estimated demands for our products, and the possibility that our products being subject to the centralized procurement programs organized by local governments. Once the Ex-factory Prices are determined, the same prices will be applied to all our domestic distributors without any discrimination or special arrangements. For overseas distributors, the Ex-factor Prices are determined on a case by case basis. For platform distributors, we offer them a single-digit discount on top of the Ex-factory Prices.

With respect to the prices at which our products are sold to hospitals (the "**Hospital Procurement Prices**"), we are generally required to, and sometimes voluntarily choose to, participate in public tender processes organized by government agencies or the relevant hospitals, to determine such prices. Before such tender processes, our management team will work together with our sales and marketing team to determine the acceptable price range and our bidding strategy. Once the tender processes are finished and if we are confirmed as the winning bidder, our products will be admitted into the hospitals' qualified product pool for future procurement by the relevant hospitals. We generally do not allow our distributors or the sub-distributors under our platform distributors to sell our products to the hospitals at prices lower than the prices set during the tender processes.

With respect to the prices at which our products are sold by the hospitals to the patients (the "**Retail Prices**"), we are not involved in the determination of such prices. However, pursuant to the *Reform Plan for Governance of High-value Medical Consumables* (《治理高值醫用耗材改革方案》) issued by the General Office of the State Council in July 2019, all the public hospitals in China are not allowed to charge Retail Prices higher than the Hospital Procurement Prices for the relevant products, and to the knowledge of our Directors, in practice, many private hospitals in China also follow the same principle. Therefore, in practice, for our domestic sales, the Retail Prices are typically the same as the Hospital Procurement Prices. During the Track Record Period, we commercialized four products in China. The Retail Prices of our products generally remained the same each year. The Retail Price of AcoArt Orchid® & Dhalia™ ranged from RMB22,000 to RMB33,000 per unit; the Retail Price of AcoArt Tulip™ & Litos™ ranged from RMB24,750 to RMB36,000 per unit; the Retail Price of AcoArt Iris™ & Jasmin™ ranged from RMB2,330 to RMB2,860 per unit; the Retail Price AcoArt Lily™ & Rosmarin™ ranged from RMB5,200 to RMB5,800.

Direct sales to hospitals

As of the Latest Practicable Date, we directly sold our products to two hospitals in China, and five hospitals overseas.

For our domestic direct sales, the Hospital Procurement Prices for our products were determined during public tender processes organized by the relevant hospital, and the Retail Prices were the same as the relevant Hospital Procurement Prices.

For our overseas direct sales, the Hospital Procurement Prices for our products were determined on a case by case basis, and we were not involved in the determination of the Retail Prices of our products.

OUR CUSTOMERS

During the Track Record Period, we derived substantially all of our revenues from the sale of our DCB products.

For 2019, 2020 and the three months ended March 31, 2021, the aggregate sales to our five largest customers were RMB74.5 million, RMB161.6 million and RMB48.4 million, representing 59.6%, 83.3% and 90.7% of our revenue, respectively. Sales to our largest customer for the same periods were RMB36.6 million, RMB144.8 million and RMB44.3 million, representing 29.3%, 74.7% and 83.1% of our revenue, respectively. We sell a significant portion of our products to distributors and platform distributors, and our five largest customers in 2019, 2020 and the three months ended March 31, 2021 mainly included our platform distributors.

The table below summarizes the sales to our five largest customers for the periods indicated:

Five Largest Customers for 2019	Company Background	Products Sold	Sales Amount	Percentage of Total Sales
			RMB'000	
Customer A[(1)]	Our platform distributor, a subsidiary of Sinopharm Group Co. Ltd. (國藥控股股份有限公司) ("**Sinopharm Group**"), a company listed on the Stock Exchange (stock code: 01099) with revenue of RMB456.4 million according to its published annual results for 2020. It primarily engages in the distribution of medical devices	AcoArt Orchid® & Dhalia™	36,609	29.3%
Customer B	Our platform distributor, a subsidiary of Jiang Su Phoenix Publishing and Media Group Co., Ltd. (江蘇鳳凰出版傳媒集團有限公司), a state-owned enterprise. It has a registered capital of RMB50 million according to publicly available information and primarily engages in the distribution of medical devices	AcoArt Orchid® & Dhalia™ and our two PTA balloon products	22,440	17.9%
Customer C	Our distributor, a private company primarily engaging in the distribution of medical devices	AcoArt Orchid® & Dhalia™	6,227	5.0%
Customer D	Our distributor, a private company primarily engaging in the distribution of medical devices	AcoArt Orchid® & Dhalia™ and our two PTA balloon products	4,757	3.8%

Five Largest Customers for 2019	Company Background	Products Sold	Sales Amount	Percentage of Total Sales
			RMB'000	
Customer E	Our platform distributor, a subsidiary of China International Intellectech Corporation (中國國際技術智力合作集團有限公司), a state-owned enterprise. It has a registered capital of RMB70 million according to publicly available information and primarily engages in the distribution of medical devices	AcoArt Orchid® & Dhalia™	4,444	3.6%
Total			74,477	59.6%

Note:

(1) Customer A was acquired by Sinopharm Group in late 2019, and after such acquisition, our sales to our two platform distributors were combined in 2020 as they were both controlled by Sinopharm Group.

Five Largest Customers for 2020	Company Background	Products Sold	Sales Amount	Percentage of Total Sales
			RMB'000	
Sinopharm Group	A company listed on the Stock Exchange (stock code: 01099) with revenue of RMB456.4 million according to its published annual results for 2020. It primarily engages in the distribution of medical devices	AcoArt Orchid® & Dhalia™ and our two PTA balloon products	144,841	74.7%
Customer F	A Class III hospital which we directly sold our products to	AcoArt Orchid® & Dhalia™	5,635	2.9%

Five Largest Customers for 2020	Company Background	Products Sold	Sales Amount	Percentage of Total Sales
			RMB'000	
Customer C	Our distributor, a private company primarily engaging in the distribution of medical devices	AcoArt Orchid® & Dhalia™	4,923	2.5%
Customer G	Our distributor, a private company primarily engaging in the distribution of medical devices	AcoArt Orchid® & Dhalia™	3,291	1.7%
Customer H	Our distributor, a private company primarily engaging in the distribution of medical devices	AcoArt Orchid® & Dhalia™ and our two PTA balloon products	2,954	1.5%
Total			161,644	83.3%

Five Largest Customers for the Three Months Ended March 31, 2021	Company Background	Products Sold	Sales Amount	Percentage of Total Sales
			RMB'000	
Sinopharm Group	A company listed on the Stock Exchange (stock code: 01099) with revenue of RMB456.4 million according to its published annual results for 2020. It primarily engages in the distribution of medical devices	Our two DCB products, AcoArt Iris™, and AcoArt Lily™ & Rosmarin™	44,322	83.1%

Five Largest Customers for the Three Months Ended March 31, 2021	Company Background	Products Sold	Sales Amount	Percentage of Total Sales
			RMB'000	
Customer F	A Class III hospital which we directly sold our products to	AcoArt Orchid® & Dhalia™	1,378	2.6%
Customer I	Our platform distributor, a subsidiary of China Resources Pharmaceutical Group Limited (華潤醫藥集團有限公司), a company listed on the Stock Exchange (stock code: 03320) with revenue of HK$200,423.0 million according to its published annual results for 2020. It primarily engages in the distribution of medical devices	AcoArt Orchid® & Dhalia™, AcoArt Iris™, and AcoArt Lily™	1,157	2.2%
Customer J	Our distributor, a private company primarily engaging in the distribution of medical devices	AcoArt Orchid® & Dhalia™	928	1.7%
Customer K	Our distributor, a private company primarily engaging in the distribution of medical devices	AcoArt Orchid®	592	1.1%
Total			48,377	90.7%

Our sales to Sinopharm Group amounted to RMB144.8 million and RMB44.3 million in 2020 and the three months ended March 31, 2021, respectively, representing 74.7% and 83.1% of our total sales in the corresponding period. To the best knowledge of our Directors, saved as disclosed in this prospectus, none of our five largest customers during the Track Record Period were controlled by the same parent company. According to Frost & Sullivan, Sinopharm Group is a leading provider of supply chain services for medical devices in China and was the largest platform distributor in China in terms of revenue in 2019. In recent years, with the

gradual implementation of policies such as the "Two-Invoice System" and the "centralized procurement of medical devices," the medical device distribution market in China were gradually consolidated by a few giant platform distributors such as Sinopharm Group. According to Frost & Sullivan, it is common industry practice to engage platform distributors for medical device companies in China. Although we directly contracted with the platform distributors, instead of the sub-distributors under them, the platform distributors primarily focus on providing logistic services and facilitating the delivery of our products to the sub-distributors; they are not the end customers of our products and not the key decision makers that could materially affect the sales volume of the our products. We still maintains close relationship and frequent communications with the sub-distributors, and with many physicians and KOLs in the hospitals. In fact, we had a 100% and 86.9% market share in the peripheral DCB market in China in terms of revenue generated in 2019 and 2020, respectively, according to Frost & Sullivan. Furthermore, according to Frost & Sullivan, for the distribution of our peripheral DCB products, there are various alternative platform distributors in the market that can provide us with comprehensive distribution network coverage and services under the terms comparable to those provided by the two platform distributors under Sinopharm Group. Our Directors believe that if necessary, we could easily switch to other platform distributors without incurring material additional costs.

We have maintained a good collaboration relationship with each of the platform distributors we cooperated with as of the Latest Practicable Date, particularly the two platform distributors under Sinopharm Group. Our Directors believe that with our dominating market share in the peripheral DCB market in China, we have strong bargaining power, and most, if not all, of the platform distributors and sub-distributors in the industry have strong incentives to maintain good relationship with us. We believe that our close relationship with Sinopharm Group is mutually beneficial to both parties, and it is unlikely that our relationship with the two platform distributors under Sinopharm Group will materially adversely change or terminate in the near future. To mitigate our reliance on Sinopharm Group in the future, we have been diversifying our product portfolio. As our pipeline products progress to commercialization, we may consider engaging other platform distributors for the distribution of these products, after evaluating, among others, the relevant platform distributors' qualifications, industry experience and distribution networks.

We sell products to hospitals or medical centers directly or through distributors and platform distributors. As of the Latest Practicable Date, we cooperated with 23 distributors and four platform distributors for the sales of our products to hospitals and medical institutions in China. We also cooperated with nine distributors for the sales of our products overseas. As of the Latest Practicable Date, we directly sold our products to two hospitals in China and five hospitals overseas.

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.

OUR SUPPLIERS AND RAW MATERIALS

Suppliers

For 2019, 2020 and the three months ended March 31, 2021, purchases from our five largest suppliers in aggregate accounted for 30.3%, 30.8% and 25.8% of our total purchases (including value added tax), respectively, and purchases from our largest supplier accounted for 11.3%, 8.7% and 8.1% of our total purchases for the same periods (including value added tax), respectively. During the Track Record Period, our suppliers mainly include research institutions, raw material suppliers, technology developers and property management service providers.

The table below summarizes the purchases from our five largest suppliers for the periods indicated:

Five Largest Suppliers for 2019	Products/Services Purchased	Purchase Amount	Percentage of Total Purchase
		RMB'000	
Supplier A	Royalty fee	6,091	11%
Supplier B	Rental and property management	4,649	9%
Supplier C	Raw materials	2,308	4%
Supplier D	Property management and utilities	2,090	4%
Supplier E	Clinical study services	1,251	2%
Total		16,389	30%

Five Largest Suppliers for 2020	Products/Services Purchased	Purchase Amount	Percentage of Total Purchase
		RMB'000	
Supplier F	Technology consulting services	10,618	9%
Supplier A	Royalty fee	8,150	7%
Supplier B	Rental and property management	7,161	6%
Supplier G	Research and development and design services	5,634	5%
Supplier H	Clinical study services	6,226	5%
Total		122,658	31%

Five Largest Suppliers for the Three Months Ended March 31, 2021	Products/Services Purchased	Purchase Amount	Percentage of Total Purchase
		RMB'000	
Supplier I	Research and development and testing services	3,160	8.1%
Supplier A	Royalty fee	2,713	6.9%
Supplier B	Rental and property management	2,023	5.1%
Supplier J	Raw materials	1,151	2.9%
Supplier K	International academic conference organization	1,094	2.8%
Total		10,141	25.8%

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.

Raw materials

For our DCB products and PTA balloon products, we primarily use raw materials including balloons, lumen tubes, marker bands, etc. In 2019, 2020 and the three months ended March 31, 2020 and 2021, our expenses of materials consumed under research and development expenses amounted to RMB6.4 million, RMB27.8 million, RMB1.9 million and RMB5.4 million, respectively.

We select our raw material suppliers based on a number of factors, including the quality of raw materials, after-sales service and price. We use reputable suppliers from China and other countries. Based on the current market conditions, we intend to maintain stable working relationships with our major suppliers of raw materials. Our business relationships with our top five suppliers last from six months to over ten years. However, we cannot assure that we will maintain our working relationships with our major suppliers on similar terms, if at all. Although we maintain a list of backup suppliers if any supplier fails to timely deliver raw materials, we are still subject to risks associated with shortage of raw materials. For details, please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Products and Product Candidates — We rely on a limited number of suppliers, and may not be able to secure a stable supply of qualified raw materials at all times or at all" and "An increase in the market price of our raw materials and components may adversely affect our profitability" in this prospectus.

Our production team monitors a rolling forecast of demand for specific products while our research and development team provides specifics of raw materials to be purchased. We maintain a pool of qualified suppliers for internal purposes, which is reviewed annually. As of the Latest Practicable Date, we had a pool of over 121 qualified suppliers of raw materials. We inspect raw material candidates from qualified suppliers in such pool and makes necessary purchases according to inventory risks and costs associated with the raw materials and components needed.

Procurement Agreements with Suppliers

For our principal raw materials, we generally enter into an agreement with each supplier. The table below sets forth the principal terms of our typical procurement agreements:

Term and Termination	One year or longer subject to earlier termination and/or renewal clause(s).
Relationship with supplier	Independent third parties and not that of a principal and an agent.
Sales and pricing policy	The price or the pricing mechanism is specified in each agreement or subject to negotiation.
Transportation and delivery	Delivery method is specified in each agreement and/or purchase order.
Payment	We pay usually within seven or 30 days after the date of invoice or otherwise specified in each purchase order.
Raw materials quality	Suppliers are subject to standard quality control terms specified or referenced to in the agreements and may be required to further enter into separate quality control agreements.
Warranty	Suppliers warrant that the raw materials shall satisfy our requirements specified in supply agreements or purchase orders.
Product Liability	Subject to warranty clauses, suppliers are usually not responsible for any indirect, incidental, consequential or special damages arising from product liability claims.
Raw materials return/exchange	We examine raw materials when we receive them and may return any raw materials that do not meet our requirements within specified periods, generally of 30 to 60 days, upon receipt. We may also return raw materials with defects discovered during usage.
Confidentiality	Pursuant to each agreement or a separate confidentiality agreement, both parties shall keep confidential of the information acquired in the performance of the agreement.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in procuring our major raw materials and had not experienced significant fluctuations in the prices of our supplies. To the best knowledge of our Directors, there has been no material breach of procurement agreements with our suppliers during the Track Record Period. Our Directors believe, after taking into consideration the impact of the potential outbreak of COVID-19, that we would not experience any material difficulties in procuring our major raw materials.

INVENTORY MANAGEMENT

Our inventories consist of raw materials, work in progress and finished products. We regularly monitor our inventories to reduce the risk of overstocking. We physically count all of our raw materials, work in progress and finished goods on a half-year basis to identify products that are damaged, expired or soon-to-be expired.

All of our products are subject to expiry. Our products and product candidates generally have a shelf life of three years. Our Directors confirm that our inventory control system and policies have been effective and we did not experience any material shortage in supply or overstock of inventories during the Track Record Period and up to the Latest Practicable Date.

We currently store substantially all our inventories in our production facilities in Beijing. As of December 31, 2019 and 2020 and March 31, 2021, we had inventories of RMB32.8 million, RMB28.5 million and RMB30.8 million, respectively.

QUALITY CONTROL

Our quality control and regulatory team is involved in every aspect of our daily operations to ensure the quality control of our products. As of the Latest Practicable Date, our quality control and regulatory team had 43 employees dedicated to the quality control of our product candidates and our commercialized products.

We have established an internal control protocol for the design and development of new medical devices, with reference to the risk management standards under ISO 14971:2019. This protocol guides our design and development of new medical devices in the following stages:

- **Design planning**: we involve multiple function teams in the process of design planning, and prepare a design and development planning report with the objectives, specifics, staffing, timetable and equipment specified;

- **Design inputs**: we take into consideration the needs of physicians and patients, as well as expected functions, safety requirements and regulatory framework;

- **Design outputs**: we keep proper documentation with regard to, among others, raw materials, drawings, product quality requirements, user manuals, submissions to regulatory bodies, samples and biological test results;

- **Design verification**: our research and development team makes samples, and with our quality control and regulatory team, evaluate the outputs against the inputs, and if required by law, the samples will be tested by third party institutions, after which a design verification report will be produced;

- **Design transfer**: before massive production, we manufacture a limited quantity of the output products and conduct further verification to ensure the suitability for commercialization;

- **Design validation**: our quality control and regulatory team assesses whether we should proceed to the clinical trial stage, and/or we confirm whether the design meets the expected usage; and

- **Design review**: we review our product design throughout the whole process of our research and development with multiple functional teams involved.

We also have ISO 13485:2016 certifications, which demonstrates recognitions for our quality control system in terms of production. Our quality control system is established in accordance with NMPA's regulations. We implement quality control measures throughout our production process, including raw material control and inspection, process control, product inspection and environment control. Our quality control procedures in the production process primarily consist of the following:

- **Raw material control and inspection**: we conduct meticulous due diligence on our suppliers and only purchase our raw materials from suppliers who observe our internal supply management policies. We also inspect samples from each batch of raw materials to help ensure there are no quality or other issues;

- **Process control**: we plan the production process based on the technologies adopted by each product type and monitor the entire production process, particularly certain key steps of the production process;

- **Product inspection**: we compile our product inspection manual based on our product specifications, and inspect our products in accordance with our product inspection manual, including testing the capability and measurement of our products, verifying the product labels and manuals as well as confirming that the products are properly packaged and sterilized; and

- **Environment control**: we design environment control protocol for our labs and production facilities, and monitor the implementation of the protocols.

We have complied with all of our quality qualification requirements in material respects and have passed all of the inspections up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any findings from the competent regulatory authorities indicating that our products under clinical trials are defective and we had not experienced any material complaint or product return from subjects enrolled in our clinical trials or hospitals where we conducted our clinical trials.

INTELLECTUAL PROPERTY RIGHTS

We have built a comprehensive intellectual property portfolio in China and overseas to protect our technologies, inventions and know-how and ensure our future success with commercializing our products. As of the Latest Practicable Date, we had 25 registered patents and 26 registered trademarks, as well as 15 pending patent applications and nine pending trademark applications in China and overseas. We believe there is no material legal impediment for us to obtain the approvals for these pending patents and trademarks.

The table below lists the portfolio of material patents in relation to our Core Products as of the Latest Practicable Date:

Application No.	Description	Jurisdiction	Status	Applicant	Patent Expiration	Our Commercial Rights
CN201280064000.7	Drug-coated medical devices	China	Granted	InnoRa GmbH	December 14, 2032	All rights*
CN201380003801.7	Catheter assembly with a protective sheath and method of manufacture	China	Granted	Acotec Scientific Co. Ltd.	September 13, 2033	All rights
IT102014902292405	Drug-coated balloon catheters	Italy	Granted	Pine Medical Limited	September 11, 2034	All rights
CN201510571576.8	Drug-coated balloon catheters and method of manufacture	China	Pending	Pine Medical Limited	N/A	All rights

Note:

* Pursuant to a series of cooperation agreements entered into between InnoRa GmbH and us, we are granted a perpetual, irrevocable and transferable license for the relevant intellectual property rights created, owned and/or controlled by InnoRa GmbH in relation to the DCB products developed thereunder. For details, please refer to the paragraphs headed "— Research and Development — Collaboration with InnoRa GmbH" in this prospectus.

For further details of our intellectual property, please refer to Appendix IV to this prospectus.

The term of an individual patent may vary based on the countries/regions in which it is granted. The actual protection afforded by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extension or adjustment, the availability of legal remedies in a particular country/region and the validity and enforceability of the patent. We cannot provide any assurance that patents will 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, licensed or issued patents or any such patents that may be issued in the future will be commercially useful in protecting our product candidates and methods of manufacturing the same.

We rely, in some circumstances, on trade secrets and/or confidential information to protect aspects of our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality arrangements with consultants, advisers and contractors. We have entered into confidentiality and non-compete agreements with our key employees and employees involved in research and development, pursuant to which intellectual property conceived and developed during their employment belongs to us and they waive all relevant rights or claims to such intellectual property. We also have established an internal policy governing the confidentiality of all company information. Despite the measures we have taken to protect our intellectual property, our proprietary information may be obtained by unauthorized parties. For details, please refer to the paragraphs headed "Risk Factors — Risks relating to Our Products and Product Candidates — Failure to adequately protect our intellectual property rights may adversely affect our reputation and disrupt our business" in this prospectus.

These agreements may not provide sufficient protection of our trade secrets and/or confidential information. These agreements may also be breached, resulting in the misappropriation of our trade secrets and/or confidential information, and we may not have an adequate remedy for any such breach. In addition, our trade secrets and/or confidential information may become known or be independently developed by a third party, or misused by any collaborator to whom we disclose such information. Despite any measures taken to protect our intellectual property, unauthorized parties may attempt to or successfully copy aspects of our products or to obtain or use information that we regard as proprietary without our consent. As a result, we may be unable to sufficiently protect our trade secrets and proprietary information.

We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining the physical security of our premises as well as physical and electronic security of our information technology systems. Despite any measures taken to protect our data and intellectual property, unauthorized parties may attempt to or successfully gain access to and use information that we regard as proprietary. For details, please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Operations — Our internal computer systems may fail or suffer security breaches" in this prospectus.

We also own a number of registered trademarks and pending trademark applications. As of the Latest Practicable Date, we had registered trademarks for our Company and our corporate logo in China and other jurisdictions and are seeking trademark protection for our Company and our corporate logo in the countries where available and appropriate.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material proceedings in respect of intellectual property right infringement claims against us or initiated by us. However, there are risks if we fail to protect our intellectual property rights in the future. For details, please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Intellectual Property Rights" in this prospectus.

HEALTH, SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

We are subject to various health, safety, social and environmental laws and regulations and our operations are regularly inspected by local government authorities. We believe we have adequate policies ensuring compliance with all health, safety, social and environmental protection regulations. Our Directors consider that the annual cost of compliance with the applicable health, safety, social and environmental laws and regulations was not material during the Track Record Period and we do not expect the cost of such compliance to be material going forward.

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 procedures. 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. We have implemented company-wide health, safety, social and environmental protection policies and standard operating procedures that include management systems and procedures relating to emissions of air, water and other media; waste water generation and treatment; process safety management; handling, use, storage, treatment and disposal of hazardous substances; worker health and safety requirements; third party safety management; emergency planning and response.

Our quality control and regulatory team is responsible for monitoring and enforcing the compliance of our operations with environment, health and safety laws and regulations. This responsibility is executed through training; formulation and implementation of strategies, policies, standards and metrics; communication of environmental, health and safety policies and procedures through a team of coordinators; environmental, health and safety audits; and incident response planning and implementation.

Further, our operations may involve the use of hazardous and flammable chemical materials and special equipment. We implemented safety guidelines setting out information about potential safety hazards and procedures for operating in our laboratory and manufacturing facilities, and we installed video surveillance systems inside the manufacturing facilities to monitor the operation process. Our operations may also produce hazardous waste. We have entered into hazardous waste disposal agreements with third parties for the disposal of these materials and wastes. In 2019, 2020 and the three months ended March 31, 2020 and 2021, we spent approximately RMB235,883.3, RMB445,459.5, RMB66,476.3 and RMB124,135.1, respectively, with respect to environmental protection.

During the Track Record Period and up to the Latest Practicable Date, we had been in compliance with the relevant PRC laws and regulations in all material aspects, and had not been subject to any material claim or penalty in relation to health, safety, social and environmental protection, or been involved in any significant work place accident or fatality.

EMPLOYEES

As of the Latest Practicable Date, we employed 287 full-time employees and most of them were based in China. The following table sets forth the number of our full-time employees by function as of the Latest Practicable Date.

Function	Number of full-time employee	Percentage
General Management	6	2.1%
Research and development	40	13.9%
Quality control	43	15.0%
Clinical trials and medical affairs	18	6.3%
Product registration	5	1.7%
Supply chain	9	3.1%
Manufacturing	94	32.8%
Sales and marketing	47	16.4%
Finance and accounting	8	2.8%
Company affairs	17	5.9%
Total	287	100.0%

We recruit our employees based on a number of factors, including work experience, educational background and the requirements of a relevant vacancy. We provide training for our management staff and other employees to upgrade their skills and knowledge continuously. We provide our employees with regular feedback as well as internal and external training in various areas, such as product knowledge, project development and team building. We also assess our employees based on their performance to determine their salary, promotion and career development.

In compliance with the relevant PRC labor laws, we enter into individual employment contracts with our employees covering matters such as terms, wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. The remuneration package of our employees includes salary and bonus, which are generally based on their qualifications, industry experience, position and performance. We consider the remuneration package of our employees to be competitive among our domestic competitors. We, by ourselves or through third-party human resource agencies, make contributions to social insurance and housing provident funds for our employees as required by the applicable PRC laws and regulations, and did not have any material non-compliance in this regard during the Track Record Period and as of the Latest Practicable Date.

We are also subject to safety laws and regulations of the PRC. For a description of these laws and regulations, please refer to the paragraphs headed "Regulatory Overview — Regulations Relating to Employment, Social Securities and Production Safety — Production Safety" in this prospectus. We have implemented various internal occupational health and safety procedures to maintain a safe work environment, including adopting protective measures at our production facilities, inspecting our equipment and facilities regularly to identify and address safety hazards, and providing regular training to our employees on safety awareness.

As of the Latest Practicable Date, our employees were represented by a labor union. We believe that we have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material claims, lawsuits, penalties or administrative actions relating to non-compliance with occupational health and safety laws or regulations, and had not experienced any strikes, labor disputes or industrial actions which have had a material effect on our business.

PROPERTIES

Leased Properties

As of the Latest Practicable Date, we did not own any properties and we leased four properties in Beijing, Tianjin, Shanghai and Shenzhen with an aggregate gross floor area of approximately 11,920.51 sq.m. The following table sets forth a summary of our leased properties and lease agreements.

No.	Address	Usage	Leased Area *(Approximate sq.m.)*	End of Lease Term
1.	2nd Floor, Building 3 / 2nd and 6th Floors, Building 7 / 4th and 5th Floor, Building 8, 16 Hongda North Road, Beijing Economic and Technological Development Area, Beijing, China	Office / Manufacturing	8,400.00	September 30, 2022 / June 30, 2024 / July 31, 2024
2.	Room 433 / Room 407 and Room 813, Reader New Media Building Area A, 105 Wensan Road, National Animation Park, Sino-Singapore Tianjin Eco-city, Tianjin, China	Office	289.35	December 31, 2021
3.	8th Floor (7th Floor in actual use), Unit 805, Ginza, Yongfeng International Plaza, No. 98, Wanping South Road, Xuhui District, Shanghai, China	Office	199.16	July 15, 2022
4.	Room 303B, 314 and 316, Building A / Room 301-303, 313, 315-318, 607-612 and 617-619, Building B, the Third Branch of Leibo Zhongcheng Life Science Park, 22 Jinxiu East Road, Kengzi Street, Pingshan District, Shenzhen, China	Office / Dormitory	3,032.00	May 19, 2022 / May 24, 2025

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, eight of our lease agreements were not registered with the relevant authorities. For details of the risk associated with the unregistered lease agreements, please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Operations — Risks relating to our failure to complete property leasing registrations for our lease properties" in this prospectus. According to our PRC Legal Adviser, the failure to complete such registration process does not affect the validity of the relevant property lease agreements, and a maximum penalty of RMB10,000 may be imposed for the non-registration of each lease agreement. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties arising from the non-registration of our lease agreements, and had not experienced any dispute arising out of, or in relation to, our leased properties.

INSURANCE

We maintain certain insurance policies as of the Latest Practicable Date. For example, we maintain clinical trial liability insurance policies for medical devices that cover losses arising from expected adverse events and unexpected severe adverse events occurred during clinical trials of our products. We also maintain product liability insurance policies in most of the foreign countries where we sell our products. As of the Latest Practicable Date, we did not maintain product liability insurance policies in the PRC. For more details, please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Operations — We have limited insurance coverage to adequately cover all the risks and hazards associated with our operations" in this prospectus. We consider that the coverage from the insurance policies maintained by us is adequate for our present operations and is in line with the industry norm. During the Track Record Period, we had not made, or been the subject of, any material insurance claims.

LICENSES, PERMITS AND APPROVALS

We are required to obtain various permits, licenses, approvals and certifications from government authorities as required under PRC laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, permits and certifications that are material for our operations, and such licenses, permits and certifications all remain in full effect. For more details regarding the PRC laws and regulations to which we are subject, please refer to the section headed "Regulatory Overview" in this prospectus.

The following table sets forth the key licenses and permits related to our major products as of the Latest Practicable Date.

License/Permit	License/ Permit No.	Validity Period	Authority
Medical Device Registration Certificate of the PRC	Guo Xie Zhu Zhun No. 20143032119 (國械註准20143032119)	June 11, 2019 – June 10, 2024	NMPA
Medical Device Registration Certificate of the PRC	Guo Xie Zhu Zhun No. 20153032232 (國械註准20153032232)	May 11, 2020 – May 10, 2025	NMPA
Medical Device Registration Certificate of the PRC	Guo Xie Zhu Zhun No. 20163031020 (國械註准20163031020)	October 22, 2020 – October 21, 2025	NMPA
Medical Device Registration Certificate of the PRC	Guo Xie Zhu Zhun No. 20203030986 (國械註准20203030986)	December 17, 2020 – December 16, 2025	NMPA
Medical Device Manufacturing Certificate	Jing Shi Yao Jian Xie Sheng Chan Xu No. 20080080	May 10, 2021 – November 25, 2024	Beijing Municipal Medical Products Administration
CE Marking	144963-19-10-14	October 21, 2014 – October 21, 2019 – May 25, 2024	CE Certiso Ltd.

We intend to apply for renewal of the above key licenses prior to their respective expiry dates. The successful renewal of our existing licenses, permits and certifications will be subject to our fulfilment of relevant requirements. We will also apply for registration certificates once our product candidates are ready to be marketed.

We intend to initiate the renewal procedures for each of the above key licenses, permits and certificates at least six months prior to their expiration dates. Our Directors are not aware of any reason that would cause or lead to the non-renewal of the licenses, permits and certificates. Our PRC Legal Adviser confirmed that during the Track Record Period and up to the Latest Practicable Date, there was no legal impediment for us to renew the licenses, permits and certificates as long as we comply with the relevant legal requirements.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

Legal Proceedings

We may become a party to legal, arbitral or administrative proceedings arising in the ordinary course of our business. Our Directors confirmed that, as of the Latest Practicable Date, none of the legal, arbitral or administrative proceedings to which we were a party, individually or in aggregate, would have a material and adverse effect on our business, financial condition or results of operations, and except as disclosed in the paragraphs headed "— Legal proceedings in relation to a clinical trial subject — Ongoing legal proceedings" below, they were not aware of any ongoing, potential or threatened legal, arbitral or administrative proceedings to which we were, or will be, named as a party. Our Directors further confirm that none of our Directors or senior management personnel was personally involved in any of these legal, arbitral or administrative proceedings.

Legal proceedings in relation to a clinical trial subject

Background

In June 2013, we entered into a contract (the "**Xiyuan Clinical Trial Contract**") with China Academy of Chinese Medical Sciences Xiyuan Hospital (中國中醫科學院西苑醫院) ("**Xiyuan Hospital**"), pursuant to which Xiyuan Hospital agreed to participate in the clinical trial for AcoArt Lily™ & Rosmarin™ (the "**Relevant Clinical Trial**") as a clinical trial institution. In February 2014, Xiyuan Hospital enrolled a patient with lower extremity arterial disease into the Relevant Clinical Trial and conducted interventional procedures on the patient. The patient then suffered from acute hemorrhagic shock (急性失血性休克) and was transferred to the intensive care unit (ICU) of Xiyuan Hospital for further treatment. However, the ICU treatment was not successful, and the patient remained in a vegetative state for several years before passing away in February 2019 (the "**Event**"). After the occurrence of the Event, physicians at Xiyuan Hospital and the principal investigator for the Relevant Clinical Trial analyzed the reasons of the Event, and according to the clinical trial report for the Relevant Clinical Trial, the occurrence of Event was not related to the use of AcoArt Lily™ & Rosmarin™. We reported the Event to the Beijing MPA and the Beijing MHC in accordance with applicable laws and regulations. Despite this unfortunate incident, the Relevant Clinical Trial was successful and demonstrated the safety and efficacy profiles of AcoArt Lily™ & Rosmarin™. We received the NMPA approval for AcoArt Lily™ & Rosmarin™ in 2015, and successfully renewed the NMPA registration certificate for AcoArt Lily™ & Rosmarin™ for another five years in May 2020. The NMPA did not raise any concern or other comment in relation to the Event during the registration certificate renewal process.

Historical legal proceedings

In February 2015, the families of the patient (the "**Plaintiffs**") filed a medical dispute proceeding with the relevant district court against Xiyuan Hospital and us, claiming for damages in an aggregate amount of over RMB462,000. After successive consideration by the district court and the intermediate court, in July 2019, Beijing No. 1 Intermediate People's Court (北京市第一中級人民法院) delivered a final judgement on the medical dispute proceeding. Although the court did not find any defect in AcoArt Lily™ & Rosmarin™, we and Xiyuan Hospital were still found to be liable for 70% and 30% of the damages, respectively, and we should make a total payment of RMB286,818.7 to the Plaintiffs. As confirmed by our PRC Legal Adviser, pursuant to the applicable PRC laws and regulations, including the *Good Clinical Practice for Medical Device Trials* (醫療器械臨床試驗質量管理規範) jointly promulgated by the NMPA and the National Health and Family Planning Commission of the PRC, in the event a trial subject suffers from personal injuries or death in relation to a clinical trial conducted for a medical device, the sponsor for the clinical trial could be found liable for the relevant damages (including the necessary treatment fees incurred and the economic losses suffered by the trial subject), regardless of whether the relevant medical device was defective or not. We have made such payment in full in August 2019, and the case was closed.

Ongoing legal proceedings

In October 2018, Xiyuan Hospital filed a legal proceeding with the relevant district court against us, seeking for a total payment of approximately RMB2.3 million by us in compensation for the unsettled medical fees incurred during the patient's hospitalization (primarily comprising the hospitalization fees incurred during the patient's stay at the ICU). In October 2019, the relevant district court delivered a preliminary judgement on the proceeding, requesting us to make a payment of approximately RMB1.6 million to Xiyuan Hospital. Upon our appeal, in May 2020, Beijing No. 1 Intermediate People's Court revoked the preliminary judgement and ordered the relevant district court to reconsider the proceeding. As of the Latest Practicable Date, the proceeding was still under consideration by the relevant district court.

Although as confirmed by the clinical trial report for the Relevant Clinical Trial, the occurrence of the Event was not related to the use of AcoArt Lily™ & Rosmarin™, we still anticipate that the court will request us to pay a portion of the unsettled medical fees incurred by the patient to Xiyuan Hospital. This is primarily because under the Xiyuan Clinical Trial Contract, we and Xiyuan Hospital agreed that if any trial subject suffers from any severe adverse event, and such severe adverse event has a causal relationship with the clinical trial or such causal relationship cannot be ruled out, then we shall be responsible for the relevant treatment fees and other economic losses incurred by the trial subject, regardless of the underlying causes of such severe adverse event.

We made a provision in an amount of approximately RMB2.7 million regarding the contingent liabilities in connection with such legal proceedings in 2018 considering our litigation counsel's analysis of our maximum liability exposure under both of the above-mentioned proceedings. We reversed a portion of such provision in 2019 base on the amount

settled for the first proceeding and the preliminary judgement on the second proceeding. Considering the fact that the Event occurred during the process of the clinical trial we conducted and therefore indeed "had a causal relationship" with the clinical trial, and considering the language in the Xiyuan Clinical Trial Contract, we adjusted the amount of such provision to approximately RMB1.5 million as of December 31, 2019 and 2020 and March 31, 2021.

Based on the foregoing, given that (i) the Event and the historical legal proceedings in relation thereto did not negatively affect the NMPA approval and the renewal of the NMPA registration certificate for AcoArt Lily™ & Rosmarin™; and (ii) the disputes in the ongoing legal proceeding are purely in relation to the appropriate allocation of the unsettled medical fees incurred by the trial subject between Xiyuan Hospital and us, and even assuming the worst case scenario from our perspective, our maximum contingent liability in relation to such ongoing legal proceeding would be no higher than the amount claimed by Xiyuan Hospital (being approximately RMB1.62 million), our Directors are of the view that the Event and the ongoing legal proceeding would not have a material adverse impact on our business operations, financial performance or prospects.

We have adopted stringent quality control measures during our research and development as well as manufacturing processes. For example, we require multiple function teams to formulate a detailed design planning report to ensure that the design and development of any new medical device follows our internal control principle and protocol. We require to keep proper documentation to record the details and progress of the development of our product candidates. We also have also established an internal monitoring system to control the key steps of the manufacturing processes and inspect the labels, manuals, packages and sterilizing status of our products. For more details, please refer to the paragraphs headed "— Quality Control" in this section. We believe that such measures are effective in ensuring the safety and quality of our products and in avoiding the recurrence of legal proceedings against us in relation to product liability.

For more information about the relevant risks we face in relation to the Event, and in relation to medical disputes and legal proceedings in general, please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Operations — 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.

Regulatory Compliance

Our PRC Legal Adviser confirmed that during the Track Record Period and up to the Latest Practicable Date, we had complied with applicable PRC laws and regulations in all material aspects. Our Directors confirmed that we were not involved in any material or systematic non-compliance incidents.

RISK MANAGEMENT

We are exposed to various risks for our operations so risk management is important for our business. For details of the various operational risks we face, please refer to the section headed "Risk Factors" in this prospectus. In addition, we are also exposed to various financial risks, such as credit, liquidity and foreign exchange risks that arise in the normal course of our business. For details, please refer to the paragraphs headed "Financial Information — Market Risk Disclosure" in this prospectus. In order to identify, assess and control the risks that may cause impediments to our business, we have designed and implemented various policies and procedures to help ensure effective risk management in our operations.

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 Board supervises the implementation of our risk management policies. Risks identified by senior management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Company and reported to our Board.

Our senior management implements the risk management policies, strategies and plans set by our Board. Each functional team monitors and evaluates the implementation of risk management and internal control policies and procedures on a day-to-day basis. In order to formalize risk management across our Company and set a common level of transparency and risk management performance, the relevant teams 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.

With respect to urgent matters which arise between scheduled Board meetings, the Board secretary may also seek Board approval via telephone conference call or written Board consent. Before each Board meeting, an agenda is prepared with input from Directors, as well as from senior management and other vice presidents. At Board meetings, depending on the agenda, different team heads will gather information relating to their functions and report to the Board on the relevant agenda items, as necessary. The Board secretary attends all Board meetings to ensure that there is no gap in communication between the two bodies. During Board meetings, the Board will on occasion further review and/or analyze particular issue and report their findings at the next Board meeting. Our Board believe that our corporate structure provides an appropriate system of checks and balances to improve our risk management procedures.

Our audit committee also reviews and approves our risk management policy to ensure that it is consistent with our corporate objectives, reviews and approves our corporate risk tolerance, monitors the most significant risks associated with our business operation and our management's handling of such risks, reviews our corporate risk in light of our corporate risk tolerance, and monitors and ensures the appropriate application of our risk management framework across our Company.

INTERNAL CONTROL OVER BUSINESS OPERATIONS

We have implemented various risk management policies and measures to identify, assess and manage risks arising from our operations. Details on risk categories identified by our management, internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies. For details of the potential risks associated with our business, please refer to the section entitled "Risk Factors" in this prospectus.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Global Offering, we have adopted or will adopt, among other things, the following risk management and internal control measures:

- the establishment of an audit committee responsible for overseeing our financial records, internal control procedures and risk management systems. Please refer to the paragraphs titled "Directors and Senior Management — Board Committees — Audit Committee" in this prospectus for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our audit committee;

- the appointment of Mr. LI Chen and Ms. LI Ching Yi as our joint company secretaries to ensure the compliance of our operation with relevant laws and regulations. For their biographical details, please refer to the section entitled "Directors and Senior Management" in this prospectus;

- the appointment of Orient Capital (Hong Kong) Limited (東方融資(香港)有限公司) as our compliance adviser upon the Listing to advise us on compliance with the Listing Rules;

- the engagement of external legal advisers to advise us on compliance with the Listing Rules and to ensure our compliance with relevant regulatory requirements and applicable laws, where necessary; and

- the adoption of various measures and procedures regarding each aspect of our business operation, such as related party transaction, risk management, patient data and privacy, environmental protection and occupational health and safety. For more information, please refer to the paragraphs "— Health, Safety, Social and Environmental Matters" in this section. We provide periodic training about these measures and procedures to our employees across different departments as part of our employee training program. Our audit department conducts audit field work to monitor the implementation of our internal control policies and the compliance status, reports the weakness identified to our management and audit committee and follows up on the rectification actions.

With respect to our transfer pricing arrangements between Beijing Acotec and Pine Medical, we have adopted the following measures to ensure ongoing compliance with the relevant transfer pricing laws and regulations in Hong Kong and the PRC:

- monitoring regulatory updates to ensure our compliance with applicable transfer pricing rules and regulations;

- documenting the relevant information properly to support the reasonableness and appropriateness of the transfer pricing arrangements; and

- frequently revisiting our transfer pricing arrangements, and promptly making changes if necessary.

We have also adopted internal control measures to ensure that we have complied, and will continue to comply, with the relevant regulations in relation to the "Two-Invoice System," including:

- providing trainings periodically to members of our management team as well as our sales and marketing team, to enhance their knowledge about the "Two-Invoice System" and other applicable laws and regulations;

- requiring our management team to continuously monitor the progress of the implementation of the "Two-Invoice System" in different provinces;

- requiring our sales and marketing team to promptly adjust the distribution plans for our products based on the latest implementation status of the "Two-Invoice System" in different provinces;

- strictly enforcing the terms of our agreements with our platform distributors and/or distributors (particularly, prohibiting our platform distributors from selling our products outside the geographical regions specifically designated to the platform distributors, and from selling our products to sub-distributors that are not designated by us, without our prior consent);

- conducting regular inventory checks through our inventory monitoring system, to ensure the inventories of ourselves and of our platform distributors are maintained at appropriate levels;

- frequently communicating with our platform distributors, the sub-distributors under the platform distributors, as well as the end customers using our products (i.e., hospitals and medical centers), and periodically conducting inspections, to ensure there is no unauthorized resale of our products to other sub-distributors and to ensure strict compliance with the "Two-Invoice System" by the relevant parties.

Finally, we have adopted or will adopt before the Global Offering, various internal regulations against corrupt and fraudulent activities, which include measures against receiving bribes and kickbacks, and misuse of company assets. Major measures and procedures to implement such regulations include:

- authorizing our audit and supervision department to assume responsibility for daily execution of our anti-corruption and anti-fraud measures, including handling complaints, ensuring protection for the whistle-blower and conducting internal investigations;

- providing anti-corruption compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations, and including relevant policies and express prohibitions against non-compliance in staff handbooks;

- undertaking rectification measures with respect to any identified corrupt or fraudulent activities, evaluating the identified corrupt or fraudulent activities and proposing and establishing preventative measures to avoid future non-compliance;

- requiring our employees, especially those involved in procurement, distribution and sales, and other business functions which are more susceptible to bribery and corruptions, to abide by our compliance requirements, and make necessary representations and warranties to our Company;

- communicating our anti-bribery and anti-corruption principles to our distributors as well as the CMOs and SMOs we engaged for our clinical trial and require them to comply with our anti-bribery and anti-corruption principles; and

- establishing a system of supervision that allows complaints and reports to be submitted to management regarding noncompliant behavior of our employees and external customers and suppliers.

Our Directors are of the view that such controls and measures are sufficient and effective to avoid the occurrence of corruption, bribery, or other improper conduct of our employees. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any government investigation or litigation with respect to claims or allegations of monetary and non-monetary bribery activities, and to the best knowledge of our Directors, none of our employees were involved in any bribery or kickback arrangements.

We have designated responsible personnel to monitor our ongoing compliance with relevant laws and regulations that govern our business operations, and to oversee the implementation of any necessary measures. Meanwhile, we plan to provide our Directors, senior management and relevant employees with continuing training programs and updates regarding the relevant laws and regulations on a regular basis, with a view to proactively identifying any concerns or issues relating to any potential non-compliance. We believe that we have established adequate internal procedures, systems and controls in relation to anti-corruption and anti-bribery law compliance.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report in Appendix I to this prospectus, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a leading innovative medical device company in China focusing on providing "leave nothing behind" treatment solutions for vascular diseases. We have developed a suite of interventional medical devices featuring world-leading technologies, notably in the fields of drug-coated balloons (DCB) and thrombus aspiration catheters. We developed and launched the first peripheral DCB product in China in 2016, over three years ahead of the closest runner-up, and had a dominating market share of approximately 86.9% in the peripheral DCB market in China in terms of revenue generated in 2020. Our second peripheral DCB product was designated as a "breakthrough device" by the FDA in 2019, and obtained the NMPA approval in December 2020, making it the world's first (and, as of the Latest Practicable Date, only) below-the-knee (BTK) DCB product receiving governmental approval based on clinical trial results. Our DCB products feature one of the most advanced drug-coating technologies among all the DCB products worldwide. We are also in the process of developing a comprehensive product pipeline, with 24 product candidates in various stages of development as of the Latest Practicable Date. We believe our first-mover advantages, our world-leading technologies, our dominating market share in China, and our comprehensive product pipeline, established high entry barriers difficult for our competitors to surpass. For details, please refer to the section headed "Business" in this prospectus.

We started to recognize revenue after the launch of our PTA balloon and DCB products. In 2019, 2020, and the three months ended March 31, 2020 and 2021, our revenue from sales of products amounted to RMB124.9 million, RMB194.0 million, RMB19.6 million and RMB53.3 million, respectively. During the Track Record Period, we incurred substantial amount of selling and distribution expenses, research and development expenses and administrative expenses, and as a result, we recorded profits of RMB23.1 million in 2019, and losses of RMB44.3 million, RMB3.1 million and RMB40.0 million in 2020 and the three months ended March 31, 2020 and 2021, respectively. We currently have four products on

market and 24 product candidates in various stages of development. We expect to incur an increased amount of operating expenses in the near term as we continue to develop and to launch our product candidates. Subsequent to the Listing, we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate from period to period due to the development status and the regulatory approval timeline of our product candidates.

BASIS OF PREPARATION

The historical financial information has been prepared based on the accounting policies set out in Note 4 of the Appendix I of this prospectus which confirm with IFRSs issued by IASB and conventions applicable for group reorganization. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of our Group which include the results, changes in equity and cash flows of the companies comprising our Group for the Track Record Periods have been prepared as if our Company had always been the holding company of the companies now comprising our Group and the current group structure had been in existence throughout the Track Record Periods, or since their respective dates of incorporation/establishment, where it is a shorter period. The consolidated statements of financial position of our Group as at December 31, 2019 present the assets and liabilities of the companies comprising our Group which had been incorporated/establishment on December 31, 2019 and as if the current group structure had been in existence as at December 31, 2019. As of the Latest Practicable Date, no audited financial statements have been prepared for our Company as it was incorporated in a jurisdiction where there is no statutory audit requirement.

As at March 31, 2021, our Group had net current liabilities of RMB120.1 million and net liabilities of RMB318.5 million. An intermediate holding company of our Group has agreed to provide adequate funds to our Group to meet in full its financial obligations as and when they become due and not to demand repayment of any amount owed by our Group until our Group are in a financial position to do so in next twelve months from the date of this report. In addition, after taking into account of our Group's cashflow projection and expected working capital requirements, our Directors are satisfied that our Group is able to meet in full its financial obligations as they fall due for a period of twelve months from the date of the report and it is appropriate to prepare the historical financial information on a going concern basis.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Growth and Competitive Landscape of the Vascular Intervention Procedure Medical Device Market in China

We believe that our financial performance and future growth are dependent on the overall growth of and our competitiveness in the interventional medical device market in China. According to Frost & Sullivan, the vascular intervention procedure medical device market in China is expected to maintain its high growth rate mainly due to favorable government policies

encouraging the innovation of medical devices in recent years, the unmet medical needs of Chinese patients suffering from vascular diseases, the cost-saving potential of interventional therapies as compared to traditional therapies, and potential indication expansion of DCB products. Particularly, with the escalating prevalence of vascular diseases, enhanced patient health awareness, increased patient affordability, and improved clinical practice of physicians, it is expected that interventional therapies targeting various vascular diseases will address the unmet medical needs of patients in China and achieve a strong growth in China in the upcoming years.

We believe our first-mover advantages, our world-leading technologies, our dominating market share in the peripheral DCB market in China, and our comprehensive product pipeline, established high entry barriers difficult for our competitors to surpass and we are well positioned to capture the significant growth potential in the vascular intervention procedure medical device market.

Our Ability to Successfully Develop and Commercialize our Product Candidates and Increase Sales Volume of our Core Products

Our business and results of operations depend on our ability to successfully develop our product candidates and commercialize our products. During the Track Record Period and up to the Latest Practicable Date, we had four commercialized products. We are currently expanding the indications of our Core Products to three therapeutic areas, and are developing 24 additional product candidates. Whether our product candidates can demonstrate favorable safety and efficacy clinical trial results, and whether we can obtain the requisite regulatory approvals for our product candidates in time, are crucial for our business and results of operations.

Our results of operations also depend on our ability to successfully commercialize our product candidates upon approval. The commercial success of our products depends upon the degree of market acceptance each of such products achieves, particularly among hospitals and physicians. Physicians' and hospitals' receptiveness to our products in turn depends on, among others, our ability to convince them as to the distinctive characteristics, advantages, safety and cost effectiveness of our products as compared to traditional surgical products and our competitors' products.

In addition, the sales volume of our commercialized Core Products will affect our results of operation in the next several years. Our revenue during the Track Record Period primarily comprised of the sales of Orchid® & Dhalia™, our Core Product, launched in China in 2016. In January 2021, we launched another Core Product, AcoArt Tulip™ & Litos™ in China. We expect that sales of our Core Products will continue to account for a substantial portion of our total revenue in the near term. We intend to increase sales of our Core Products to hospitals with which we have existing relationships and expand our sales network to cover more hospitals in China through our in-house sales and marketing team or through our distributors.

Government Healthcare Spending, Medical Insurance Coverage, Pricing Guidance and Governmental Policies

We expect that the market acceptance and sales volume of our products and product candidates (assuming that relevant regulatory approvals are obtained and such product candidates are successfully commercialized) will depend in part on the level of government spending on healthcare and the coverage of our products and product candidates under government medical insurance schemes. In line with the overall growth in the healthcare service industry in China, the PRC government has promulgated a series of policies in the last several years aimed at encouraging healthcare infrastructure development and improving patients' accessibility to healthcare services. For instance, the Health and Wellness Plan of the Thirteenth Five-Year Plan (《"十三五"衛生與健康規劃》) aims to implement an expanded national reimbursement list for innovative medical devices. Moreover, in December 2019, the NMPA issued the Guidelines on Conditional Approval for Medical Devices (《醫療器械附條件批准上市指導原則》) to address the urgent market needs for medical devices indicated for treating life-threatening diseases, which accelerated the reviewing process and allows conditional approval for such medical devices. These favorable government policies are expected to support further expansion of the interventional medical device market in China.

Additionally, growth in population coverage and funding for public medical insurance programs have significantly improved patients' ability to pay for medical treatment, resulting in considerable growth in both patient enrollment and average spending. The inclusion of our products and product candidates (upon commercialization) in the governmental insurance coverage would significantly increase the demand for such products, and would therefore have a positive impact on the sales volume of our products and our financial performance. However, there are uncertainties as to whether the government will continue to increase its healthcare spending, and whether our products can be included in the governmental insurance coverage, and different provinces may have different practices for the reimbursement of our products. PRC regulations and medical insurance plans also exert significant influence over the pricing of medical devices, for example, by imposing reimbursement caps, which could affect patients' access to our products as well as our profitability. Pricing guidance and other policies issued by the government from time to time may also affect our business and financial performance.

Research and Development Expenses and Selling and Distribution Expenses

The development of medical devices requires significant investment of resources over a prolonged period of time, and we intend to continue making sustained investments in this area. We have devoted significant resources on research and development activities and our pipeline of product candidates has been steadily advancing and expanding. In 2019, 2020, and the three months ended March 31, 2020 and 2021, our total research and development expenses amounted to RMB25.5 million, RMB83.5 million, RMB6.5 million and RMB36.1 million, respectively, and our research and development expenses directly attributable to the Core Products amounted to RMB20.7 million, RMB24.2 million, RMB4.7 million and RMB6.4 million, respectively. The increase of our R&D expenses not directly attributable to our Core Products from 2019 to 2020 was mainly resulting from (i) an increase in materials consumed

in relation to the continuous development of our other product candidates; (ii) an increase in consultancy fee incurred for third-party advisory services for the development of our product candidates, particularly our peripheral aspiration system; and (iii) an increase in employee benefits expenses mainly due to an increase in the number of research and development employees as a result of our acquisition of VascuPatent Medical, as well as an increase in their salaries. The increase of our R&D expenses not directly attributable to our Core Products from the three months ended March 31, 2020 to the three months ended March 31, 2021 was mainly resulting from (i) our payment of share-based compensation of RMB13.9 million to our research and development employees in the three months ended March 31, 2021; and (ii) an increase in employee benefits expenses of RMB5.3 million mainly due to an increase in the number of research and development employees as a result of our acquisition of VascuPatent Medical, as well as an increase in their salaries.

We intend to continue to advance the development of our product candidates, and as a result, our research and development expenses are expected to continue to be a major component of our operating expenses.

Particularly, we intend to continue to advance our clinical programs for our product candidates. In 2019, 2020 and the three months ended March 31, 2020 and 2021, our clinical test expense for research and development activities amounted to RMB4.7 million, RMB11.8 million, RMB0.5 million and RMB2.6 million, respectively. Clinical product development involves a lengthy and expensive process with an uncertain outcome. The amount of investment required for clinical product development depends on a variety of factors, including the location of the clinical trials, the complexity for the requirements on conducting clinical trials of the product candidates, the number of patients required for such clinical trials, and any additional requirements imposed by competent government authorities to our clinical trials, among others.

In addition to our significant research and development expenses, we also incurred costs in connection with the commercialization of our approved products as well as selling and distribution expenses. We use a combination of our in-house sales and marketing team, our connections with hospitals and a network of independent distributors to sell our products in China. In 2019, 2020, and the three months ended March 31, 2020 and 2021, our selling and distribution expenses amounted to RMB36.3 million, RMB32.6 million, RMB7.6 million and RMB17.0 million, respectively. In light of the cost and time needed for expanding our marketing and sales network, we expect to continue to devote resources to commercialize and market our approved products and any existing or future product candidates that may be approved.

Furthermore, with the continuing expansion of our business, the commercialization of our approved products, and the 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 and to continue with our research and development of product candidates will affect our cash flow and results of operation.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Significant Accounting Policies

Revenue from Contracts with Customers

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 and 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.

Variable consideration

For contracts that contain variable consideration, our Group estimates the amount of consideration to which it will be entitled using the expected value method.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, our Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

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 to exchange

For a sale of products with a right to exchange for dissimilar products, the Group recognizes 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 recognized for the products expected to be exchanged);

(b) a contract liability.

Share-based payments

Shares 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 our 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, 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 shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss and accumulated in share-based payment reserves. For shares granted from a parent company to the employees of a subsidiary of our Group, the relevant share-based payments would be recognized as an expenses of the Group and capital contribution from parent company.

Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization 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.

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 asset 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 asset;
- 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), on the same basis as intangible assets that are acquired separately.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of our Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment. A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the

end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

For the purposes of impairment testing, goodwill have been allocated to VascuPatent Medical. As at December 31, 2020, the management determines that there is no impairment on the carrying amount of the goodwill arising from VascuPatent Medical based on its recoverable amount. The recoverable amount was determined on the basis of value in use, which was derived from estimated cash generated from VascuPatent Medical. The calculation used cash flow projections based on financial budgets approved by the management covering a 5-year period and estimated terminal growth rates of 3.0% per annual thereafter, and at a pre-tax discount rate of 25.4% per annum. As at December 31, 2020, the recoverable amount of VascuPatent Medical exceeds the carrying amount by RMB2,115,000.

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 goodwill of our Group as at December 31, 2020.

	Recoverable amount that exceeds its carrying amount would decrease by December 31, 2020
	RMB'000
Possible changes of key assumptions	
Pre-tax discount rates increased by 1%	903
Terminal growth rates decreased by 3%	1,377

With regard to the impairment assessment, our management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amounts of VascuPatent Medical to be materially lower than its carrying amount.

In accordance with our Group's accounting policy, goodwill are tested for impairment on an annual basis at each year end. As at March 31, 2021, the management is not aware of any significant adverse changes on VascuPatent Medical, which indicates that the carrying amount of VascuPatent Medical exceeds its recoverable amount. Therefore, the management considers the recoverable amount of VascuPatient Medical exceeds the carrying amount of goodwill as at March 31, 2021.

For more details, please refer to Note 19 to the Accountants' Report set out in Appendix I to this prospectus.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of our Group's accounting policies, 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 judgments, 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 procedural medical product pipelines are capitalized and deferred only when our Group can demonstrate the technical feasibility of completing the intangible asset 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. Management assess the progress of each of the research and development projects and determine whether the criteria are met for capitalization. During the Track Record Period, all research and development costs are expensed when incurred.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of a similar nature. These estimates could change significantly as a result of changes

in customer preferences and competitor actions. Management reassesses these estimates at the end of each year. As at December 31, 2019 and 2020 and March 31, 2021, the allowance for inventory write-down amounted to RMB1,942,000, RMB4,293,000 and RMB4,028,000.

Fair value of preferred shares

Our Group has issued Series Crossover Preferred Shares and Series II Crossover Preferred Shares during the Track Record Period. Our Group recorded these financial instruments as financial liabilities at fair value through profit and loss for which no quoted prices in an active market exist. The fair value of the financial instruments as at March 31, 2021 is established by using valuation techniques, which include discounted cash flow and equity allocation based on the Black-Scholes model involving various parameters and inputs. Valuation techniques adopted by an independent qualified professional valuer 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 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 change, it may lead to a change in the fair value of the financial liabilities at fair value through profit and loss. The fair value of the preferred shares of our Group as at March 31, 2021 is RMB239,852,000. For details, please refer to Note 32 of the Accountants' Report set out in Appendix I to this prospectus.

Deferred tax asset

As at December 31, 2019 and 2020 and March 31, 2021, a deferred tax asset of RMB8,861,000, RMB4,926,000 and RMB4,985,000 in relation to unused tax losses and other deductible temporary differences for certain operating subsidiaries have been recognized in the consolidated statement of financial position. Our Group recognized the deferred tax asset to the extent that these entities will have sufficient taxable profit in the future. No deferred tax asset has been recognized on the tax losses of RMB127,231,000, RMB187,206,000 and RMB175,743,000 as of December 31, 2019 and 2020 and March 31, 2021, respectively, for certain subsidiaries due to the unpredictability of future profit streams and the expiry of certain unused tax losses. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

Sales with a right to exchange

Sales contracts with platform distributors allow platform distributors to exchange for unsold products with expiry date less than six months. Therefore, our Group has recognized a contract liability arising from sales with a right to exchange. Revenue for the products expected to be exchanged would not be recognized based on historical product exchange rate. Changing of the product exchange rate by platform distributors could materially affect the revenue amount.

At December 31, 2019 and 2020 and March 31, 2021, contract liabilities arising from sales with a right to exchange were nil, RMB2,476,000 and RMB2,643,000, respectively.

DESCRIPTION OF SELECTED COMPONENTS OF STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS

The following table sets forth selected components of our consolidated statements of profit or loss and other comprehensive income items for the years/periods indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Revenue	124,910	193,975	19,624	53,320
Cost of sales	(18,979)	(30,195)	(4,042)	(6,639)
Gross profits	105,931	163,780	15,582	46,681
Other income	2,964	4,645	55	2,319
Other gains and losses, net	894	1,177	498	(2,766)
Impairment losses under expected credit loss model, net of reversal	115	(1,130)	(377)	444
Selling and distribution expenses	(36,266)	(32,581)	(7,603)	(17,037)
Research and development expenses	(25,479)	(83,487)	(6,514)	(36,135)
Administrative expenses	(20,972)	(72,112)	(5,115)	(19,319)
Listing expenses	–	(10,317)	–	(11,236)
Finance costs	(479)	(1,422)	(223)	(1,045)
Profit/(loss) before tax	26,708	(31,447)	(3,697)	(38,094)
Income tax (expense)/credit	(3,603)	(12,845)	567	(1,922)
Profit/(loss) for the year/period	23,105	(44,292)	(3,130)	(40,016)
Attributable to:				
Owners of our Company	23,105	(43,842)	(3,130)	(40,016)
Non-controlling interest	–	(450)	–	–
	23,105	(44,292)	(3,130)	(40,016)

Revenue

During the Track Record Period, all of our revenue was generated from the sales of our two DCB products, i.e., AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™, and two PTA balloon products, i.e., AcoArt Iris™ & Jasmin™ and AcoArt Lily™ & Rosmarin™.

The following table sets forth a breakdown of our revenue for the years indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
DCB products	**122,761**	**190,279**	**19,141**	**52,835**
AcoArt Orchid® & Dhalia™	120,201	187,246	18,546	43,315
AcoArt Tulip™ & Litos™	2,560	3,033	595	9,520
PTA balloon products	**2,149**	**3,696**	**483**	**485**
AcoArt Iris™ & Jasmin™	1,621	2,729	368	330
AcoArt Lily™ & Rosmarin™	528	967	115	155
	124,910	193,975	19,624	53,320

The following table sets forth a breakdown of our revenue by regions for the years indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Mainland China	120,407	188,101	18,248	51,568
Europe	3,739	4,149	1,176	1,353
Others	764	1,725	200	399
	124,910	193,975	19,624	53,320

The following table sets forth the sales volume of our commercialized products sold in the China market for the periods indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
AcoArt Orchid® & Dhalia™				
Sales volume (units)	12,399	20,259	1,657	4,925
Retail price range (RMB)*	22,000-33,000	22,000-33,000	22,000-33,000	22,000-33,000
AcoArt Tulip™ & Litos™				
Sales volume (units)	–	–	–	1,073
Retail price range (RMB)*	N/A	N/A	N/A	24,750-36,000
AcoArt Iris™ & Jasmin™				
Sales volume (units)	2,163	3,865	507	839
Retail price range (RMB)	2,330-2,860	2,330-2,860	2,330-2,860	2,330-2,860
AcoArt Lily™ & Rosmarin™				
Sales volume (units)	603	1,225	180	315
Retail price range (RMB)	5,200-5,800	5,200-5,800	5,200-5,800	5,200-5,800

The following table sets forth the sales volume of our commercialized products sold in the overseas markets for the periods indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
AcoArt Orchid® & Dhalia™				
Sales volume (units)	1,408	2,434	683	639
Retail price range (Euro)*	200-450	200-450	200-450	200-450
AcoArt Tulip™ & Litos™				
Sales volume (units)	1,676	1,818	393	567
Retail price range (Euro)*	200-450	300-450	300-450	300-450

Note: During the Track Record Period, the overseas markets we tapped into were primarily European countries. According to Frost & Sullivan, in the European markets, there are much more players in the vascular interventional medical device industry, and the competition is typically much fiercer, as compared to the China and the U.S. markets; therefore, players in the vascular interventional medical device industry in the European markets often adopt more aggressive pricing strategies. In addition, the insurance and reimbursement coverages for interventional medical devices are also different between countries in the European Union, on the one hand, and many other countries such as China and the U.S., on the other hand, which differences also contributed to the significant variances in the retail selling prices of the medical devices. We designed our pricing strategies for the overseas markets based on a number of factors including our costs and expenses for manufacturing and distributing the relevant products, the prices of the competing products, the market shares of the different players, etc., and according to Frost & Sullivan, the pricing policies we adopted had been generally in line with those adopted by other major players in the industry.

Cost of Sales

During the Track Record Period, our cost of sales was primarily related to the sales of our commercialized products. The cost of sales primarily comprised of cost of goods sold, royalty fee and written-down of inventories.

The following table sets forth a breakdown of our cost of sales for the years indicated:

	Year Ended December 31,		Three Months Ended March 31	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Cost of goods sold	10,847	16,329	2,290	3,824
Royalty fees	6,484	10,021	1,012	2,745
Write-down of inventories	1,648	3,845	740	70
	18,979	30,195	4,042	6,639

Cost of goods sold primarily consisted of costs of raw materials and consumables used to manufacture our commercialized products. Royalty fee primarily consisted of the royalty payments we made to InnoRa GmbH for applying the paclitaxel drug-coating technology developed by InnoRa GmbH to our DCB products. Write-down of inventories primarily related to provision for impairment of soon-to-be expired inventories.

Gross Profit and Gross Profit Margin

During the Track Record Period, 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. Our gross profit amounted to RMB105.9 million, RMB163.8 million, RMB15.6 million and RMB46.7 million in 2019, 2020 and the three months ended March 31, 2020 and 2021, respectively, while our gross profit margin reached 84.8%, 84.4%, 79.4% and 87.5% during the same years.

Other Income

During the Track Record Period, our other income primarily consisted of government grants. Government grants mainly represented tax rebates granted to our Tianjin subsidiary pursuant to local preferential treatment policies, with no condition or contingencies attached. We are eligible for the rebates in 2020 and the three months ended March 31, 2021, but the settlement of the rebates in 2020 was slightly delayed due to the outbreak of COVID-19.

Other Gains and Losses, Net

During the Track Record Period, our net other gains and losses primarily consisted of gain on fair value change of financial assets measured at fair value through profit or loss, gain on fair value change of preferred shares, net exchange loss, gain/(loss) on disposal of property, plant and equipment, impairment loss recognized in respect of intangible assets, reverse of litigation provision and others.

The following table summarizes a breakdown of our net other gains and losses for the years indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gain on fair value change of financial assets measured at fair value through profit or loss	348	588	90	19
Gain/(loss) on fair value change of preferred shares	–	447	–	(2,559)
Net exchange (loss)/gain	(218)	133	405	(224)
(Loss)/gain on disposal of property, plant and equipment	(45)	3	3	(1)
Impairment loss recognized in respect of intangible assets	(71)	–	–	–
Reverse of litigation provision	871	–	–	–
Others	9	6	–	(1)
	894	1,177	498	(2,766)

Gain on fair value change of financial assets measured at fair value through profit or loss mainly included interests accrued from our purchased wealth management products from banks. Net exchange loss mainly related to foreign exchange losses primarily due to the depreciation of USD against RMB during the Track Record Period. Reverse of litigation provisions mainly related to the medical provisions we made in relation to the medical dispute proceedings with Xiyuan Hospital. Please refer to the paragraphs headed "— Discussion of Certain Selected Items From the Consolidated Statements of Financial Position — Provisions" below and the paragraphs headed "Business — Legal Proceedings and Regulatory Compliance" for more details.

Selling and Distribution Expenses

During the Track Record Period, our selling and distribution expenses mainly consisted of employee benefits expenses, share-based compensation, depreciation and amortization expenses, market development expenses, travelling and transportation expenses and others. The following table sets forth a breakdown of our selling and distribution expenses for the years indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Employee benefits expenses	13,803	18,317	3,972	5,381
Share-based compensation	–	–	–	8,305
Depreciation and amortization expenses	462	674	164	168
Market development expenses	12,367	5,508	2,009	1,459
Travelling and transportation expenses	4,741	3,769	960	1,090
Others	4,893	4,313	498	634
	36,266	32,581	7,603	17,037

Employee benefits expenses under selling and distributing expenses primarily represented staff costs excluding share-based compensation, which mainly included the salaries and welfare for our selling and distributions employees. Depreciation and amortization expenses mainly included depreciation of assets and right-of-use asset and amortization of intangible assets. Market development expenses mainly included expenses incurred in marketing our products, such as by sponsoring industry conventions and providing training to physicians and our distributors. Travelling and transportation expenses mainly included travelling and transportation expenses incurred by our sales and marketing employees and activities. Others mainly included hospitality expenses and other miscellaneous expenses.

Research and Development Expenses

During the Track Record Period, our research and development expenses consisted of employee benefits expenses, third-party contracting expenses, material consumed consultancy fee and others. The following table below sets forth a breakdown of our research and development expenses for the years indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Employee benefits expenses	9,551	16,190	2,559	7,843
Share-based compensation	–	5,751	–	13,914
Third-party contracting expenses	4,958	15,115	994	6,060
Depreciation and amortisation	420	1,809	119	1,033
Material consumed	6,428	27,783	1,893	5,393
Consultancy fee	1,182	10,592	289	129
Others	2,940	6,247	660	1,763
	25,479	83,487	6,514	36,135

Third-party contracting expenses mainly consisted of expenses incurred for conducting pre-clinical studies and clinical trials and primarily included payments to CROs and SMOs. Employee benefits expenses under research and development expenses primarily represented staff costs excluding share-based compensation, which mainly included the salaries and welfare for the research and development employees based in Beijing and Shenzhen. Material consumed used under the research and development expenses mainly consisted of materials and consumables used for developing our product candidates. Depreciation expenses under the research and development expenses mainly consisted of depreciation of equipment and renovation of our research and development facilities. Consultancy fee mainly consisted of expenses incurred for consulting services related to the development of our product candidates provided by third-party consultants. Such third-party consultants primarily included reputable international CROs, consulting companies and research institutions. For example, we had engaged Pacific Vascular Technologies, Inc., a large vascular testing service provider in the U.S., to provide technology consulting services for the development of our peripheral aspiration system. We delivered the prototypes of our peripheral aspiration system to Pacific Vascular Technologies, Inc., and they tested the effectiveness and efficiency of our peripheral aspiration system in removing thrombus in the laboratory they operated. We believe that it is much more efficient and cost-effective to cooperate with professional testing service providers to test our product candidates, than to purchase the highly sophisticated testing equipment and conduct the tests by ourselves. We also engaged certain U.S.-based consulting companies to advise us on the clinical trial we plan to conduct for AcoArt Tulip™ & Litos™ in the U.S. The

consulting services provided by these third-party consultants are typically task-based. We generally enter into an agreement with the third-party consultants detailing the service scope and our requirements, and make payments in an agreed period upon delivery of the services to our satisfaction. The service fees are generally determined case-by-case through an arm's length negotiation between the parties with reference to, among others, the prevailing market rates, the service scope and the credentials of the third-party consultants. To the knowledge of our Directors, other than the ordinary business relationship, there is no past or present relationship (including business, family, employment, financing or otherwise) between (a) each of our third-party consultants and (b) our Group, our shareholders, our Directors or senior management, or any of their respective associates during the Track Record Period and up to the Latest Practicable Date. Others mainly included registration fee and travelling and transportation expenses incurred by our research and development employees, as well as utilities and other general office expenses incurred for the research and development activities.

Administrative Expenses

During the Track Record Period, our administrative expenses consisted of employee benefits expenses, share-based compensation, depreciation and amortization expenses, professional service expenses, utilities and office expenses and others.

The following table sets forth a breakdown of our administrative expenses for the years indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Employee benefits expenses	9,786	13,337	2,522	4,312
Share-based compensation	–	46,205	–	11,137
Depreciation and amortization expenses	3,016	2,878	694	1,050
Professional service expenses	1,787	3,759	217	881
Utilities and office expenses	3,019	1,797	493	577
Others	3,364	4,136	1,189	1,362
	20,972	72,112	5,115	19,319

Employee benefits expenses under administrative expenses primarily represented staff costs excluding share-based compensation, which mainly included the salaries and welfare for our administrative employees. Depreciation and amortization expenses mainly included depreciation of our right-of-use of the office buildings, depreciation of other equipment for office use and amortization of intangible assets for office use. Professional service expenses mainly included consulting fees and auditing fees mainly related to the performance of regular audit on our CE markings, among others. Utilities and office expenses primarily included office rental fees, utilities and other general office expenses incurred by our administrative employees. Others mainly included travelling and transportation expenses, repair and maintenance expenses for office buildings and equipment for office use as well as hospitality expenses.

Listing Expenses

We incurred listing expenses in the amount of nil and RMB10.3 million in 2019 and 2020, and nil and RMB11.2 million for the three months ended March 31, 2020 and 2021, which were mainly in relation to our proposed Listing.

Finance Costs

During the Track Record Period, our finance costs consisted of interest expenses on lease liabilities and interest expenses on a bank borrowings. The table below sets forth a breakdown of our finance costs for the years indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest expenses on lease liabilities	479	1,022	223	264
Interest expenses on bank borrowings	–	400	–	781
	479	1,422	223	1,045

Interest expenses on lease liabilities mainly related to our adoption of IFRS 16 during the Track Record Period and the properties we leased for our office premises and manufacturing facilities. Interest expenses on bank borrowings mainly related to our borrowings from the bank.

Income Tax (Expense)/Credit

Our principal applicable taxes and tax rates are set forth as follows:

Mainland China

The provision for the mainland China current income tax is based on the statutory rate of 25% of the assessable profits of our Group as determined in accordance with the PRC Corporate Income Tax Law and its respective regulations.

Among our subsidiaries, Beijing Acotec was qualified as a "High and New Technology Enterprise" under the relevant PRC laws and regulations in August 2017 and December 2020 for a term of three years from 2017 to 2019 and from 2020 to 2022, respectively. Accordingly, during these periods, Beijing Acotec was entitled to a preferential income tax rate of 15% on its estimated assessable profits.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at 16.5% of the estimated assessable profits. No Hong Kong profit tax was provided for as there was no estimated assessable profit of our Group that was subject to Hong Kong profit tax during the Track Record Period.

During the Track Record Period, we recorded income tax expense of RMB3.6 million, RMB12.8 million and RMB1.9 million in 2019, 2020 and the three months ended March 31, 2021, respectively. We also recorded income tax credit of RMB0.6 million in the three months ended March 31, 2020.

Our Directors confirm that during the Track Record Period, we had made all the required tax filings and had paid all outstanding tax liabilities with the relevant tax authorities in the relevant jurisdictions and we are not aware of any outstanding or potential disputes with such tax authorities.

Profit/(Loss) for the Year/Period

In 2019, our profit for the year amounted to RMB23.1 million. In 2020 and the three months ended March 31, 2020 and 2021, we incurred loss of RMB44.3 million, RMB3.1 million and RMB40.0 million, respectively.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Three Months Ended March 31, 2021 Compared with Three Months Ended March 31, 2020

Revenue

Our revenue increased from RMB19.6 million for the three months ended March 31, 2020 to RMB53.3 million for the three months ended March 31, 2021, mainly due to an increase in the sales of our DCB products in both China and overseas markets as a result of our business expansion.

Cost of Sales

Our cost of sales increased from RMB4.0 million for the three months ended March 31, 2020 to RMB6.6 million for the three months ended March 31, 2021, which was generally in line with the increase in the sales of our commercialized products in the three months ended March 31, 2021.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased from RMB15.6 million for the three months ended March 31, 2020 to RMB46.7 million for the three months ended March 31, 2021, and our gross profit margin increased from 79.4% to 87.5% during the same periods.

Selling and Distribution Expenses

Our selling and distribution expenses increased from RMB7.6 million for the three months ended March 31, 2020 to RMB17.0 million for the three months ended March 31, 2021, primarily due to (i) our payment of share-based compensation of RMB8.3 million to our selling and marketing employees in the three months ended March 31, 2021; and (ii) an increase in employee benefits expenses of RMB1.4 million mainly due to an increase in the number of selling and marketing employees, as well as an increase in their salaries.

Research and Development Expenses

Our research and development expenses increased from RMB6.5 million for the three months ended March 31, 2020 to RMB36.1 million for the three months ended March 31, 2021, primarily due to (i) our payment of share-based compensation of RMB13.9 million to our research and development employees in the three months ended March 31, 2021; (ii) an increase in employee benefits expenses of RMB5.3 million mainly due to an increase in the number of research and development employees as a result of our acquisition of VascuPatent Medical, as well as an increase in their salaries; and (iii) an increase in third-party contracting expenses of RMB5.1 million incurred for conducting pre-clinical studies and clinical trials.

Administrative Expenses

Our administrative expenses increased from RMB5.1 million for the three months ended March 31, 2020 to RMB19.3 million for the three months ended March 31, 2021, primarily as we incurred shared-based compensation expenses of RMB11.1 million for our administrative employees in the three months ended March 31, 2021.

Other Income

Our other income increased from RMB55,000 for the three months ended March 31, 2020 to RMB2.3 million for the three months ended March 31, 2021, primarily due to an increase in government grants.

Other Gains and Losses, Net

We recorded net other gains of RMB0.5 million for the three months ended March 31, 2020, and recorded net other losses of RMB2.8 million for the three months ended March 31, 2021, primarily as we incurred losses on fair value change of preferred shares of RMB2.6 million in the three months ended March 31, 2021.

Listing Expenses

Our listing expenses increased from nil for the three months ended March 31, 2020 to RMB11.2 million for the three months ended March 31, 2021, primarily in relation to our proposed Listing.

Finance Costs

Our finance costs increased from RMB0.2 million for the three months ended March 31, 2020 to RMB1.0 million for the three months ended March 31, 2021, primarily because we incurred interest expenses on bank borrowings of RMB0.8 million in the three months ended March 31, 2021 as we made certain bank borrowings in the same period.

Income Tax (Expenses)/Credit

We recorded income tax credit of RMB0.6 million for the three months ended March 31, 2020, and recorded income tax expenses of RMB1.9 million for the three months ended March 31, 2021, primarily due to the increase of revenue as a result of our sales of DCB products.

2019 Compared with 2020

Revenue

Our revenue increased from RMB124.9 million in 2019 to RMB194.0 million in 2020, mainly due to (i) an increase in the sales of our PTA balloon products and DCB products in both China and overseas markets as a result of our business expansion and (ii) changes in the terms of our contracts with certain platform distributors. We previously recognized revenue for the sales to our platform distributors when their customers received our products, because our sales agreements with platform distributors contained unilateral termination right through which we had a discretion to request for returns of our products. In 2020, such unilateral termination rights were removed from our sales agreements with platform distributors and since then, we recognized revenue when platform distributors received our products. We originally included such unilateral termination right in the old contracts between our Company and the platform distributors to obtain slightly more control over the platform distributors. The platform distributors never wanted such clause, and we later noted that in practice, we do not need such unilateral termination right to maintain our control over the platform distributors. Therefore, after making arms' length discussions with each of the three platform distributors with which we had business relationship at the time, our Company and the relevant platform distributors mutually agreed to revise the terms of the contracts and to delete the clause. There was no change in our pricing arrangement with the platform distributors as a result of the adoption of the new contract terms. The underlying revenue recognition principle adopted by our Company (recognizing 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) had never changed during the Track Record Period. For details, please refer to Note 6 to the Accountants' Report set out in Appendix I to this prospectus.

Cost of Sales

Our cost of sales increased from RMB19.0 million in 2019 to RMB30.2 million in 2020, which was generally in line with the increase in the sales of our commercialized products in 2020.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased from RMB105.9 million in 2019 to RMB163.8 million in 2020, while our gross profit margin decreased slightly from 84.8% to 84.4% during the same periods.

Selling and Distribution Expenses

Our selling and distribution expenses decreased from RMB36.3 million in 2019 to RMB32.6 million in 2020, primarily as we cancelled many of our onsite industry conventions due to the impact of COVID-19.

Research and Development Expenses

Our research and development expenses increased from RMB25.5 million in 2019 to RMB83.5 million in 2020, primarily due to (i) an increase in third-party contracting expenses of RMB10.2 million incurred for conducting pre-clinical studies and clinical trials; (ii) an increase in material consumed of RMB21.4 million mainly due to the continuous development of our product candidates; (iii) an increase in consultancy fee of RMB9.4 million incurred for third-party advisory services for the development of our product candidates, which primarily consisted of the one-off technology service fees we paid to Pacific Vascular Technologies, Inc., a reputable vascular testing service provider in the U.S. in 2020 for the development of our peripheral aspiration system; and (iv) an increase in employee benefits expenses of RMB6.6 million mainly due to an increase in the number of research and development employees as a result of our acquisition of VascuPatent Medical, as well as an increase in their salaries.

Administrative Expenses

Our administrative expenses increased from RMB21.0 million in 2019 to RMB72.1 million in 2020, primarily as we incurred more shared-based compensation expenses for our employees in 2020, and our acquisition of VascuPatent Medical.

Other Income

Our other income increased from RMB3.0 million in 2019 to RMB4.6 million in 2020, primarily due to an increase in government grants of RMB1.7 million.

Other Gains, Net

We recorded net other gains of RMB0.9 million and RMB1.2 million in 2019 and 2020, respectively, primarily attributable to an increase in gain on fair value change of preferred shares of RMB0.4 million.

Listing Expenses

Our listing expenses increased from nil in 2019 to RMB10.3 million in 2020, primarily in relation to our proposed Listing.

Finance Costs

Our finance costs increased from RMB0.5 million in 2019 to RMB1.4 million in 2020, primarily attributable to (i) an increase in interest expenses on a bank borrowing of RMB0.4 million as we had bank borrowing in 2020, and (ii) an increase in interest expenses on lease liabilities of RMB0.5 million mainly related to our new leases for office premises and manufacturing facilities entered into in 2020 and acquisition of VascuPatent Medical.

Income Tax Expenses

Our income tax expenses increased significantly from RMB3.6 million in 2019 to RMB12.8 million in 2020, primarily due to the increase of revenue and reversal of deferred tax assets arised from unrealized profit recognized in prior year.

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

The following table sets forth selected information from our consolidated statements of financial position as at the dates indicated:

	As at December 31,		As at March 31,
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	39,010	54,700	56,081
Total current assets	73,229	218,241	86,690
Total assets	112,239	272,941	142,771
Total current liabilities	59,189	404,124	206,817
Total non-current liabilities	16,031	149,826	254,410
Net current assets (liabilities)	14,040	(185,883)	(120,127)
Total liabilities	75,220	553,950	461,227
Net assets (liabilities)	37,019	(281,009)	(318,456)

Our total assets increased from RMB112.2 million as at December 31, 2019 to RMB272.9 million as at December 31, 2020, primarily resulting from (i) an increase in our bank balances and cash from RMB31.5 million to RMB147.1 million, primarily as a result of an increase in revenue from the sales of our products and the proceeds received in relation to our issuance of preferred shares, (ii) an increase in our trade and bill receivables from RMB4.4 million to RMB29.5 million, primarily as a result of changes in the terms of our contracts with certain platform distributors as well as our business growth, and (iii) an increase in property, plant and equipment from RMB7.0 million to RMB22.7 million, primarily due to the addition of machineries for VascuPatent Medical after the acquisition.

Our total assets decreased from RMB272.9 million as at December 31, 2020 to RMB142.8 million as at March 31, 2021, primarily due to (i) a decrease in bank balances and cash from RMB147.1 million to RMB18.6 million, mainly resulting from our payment of dividend during the three months ended March 31, 2021, (ii) a decrease in trade and bill receivables from RMB29.5 million to RMB23.9 million, mainly as we settled bill receivables in the amount of RMB15.8 million during the three months ended March 31, 2021, and (iii) the settlement of amount due from a preferred shareholder of RMB3.3 million during the three months ended March 31, 2021.

Our total liabilities increased from RMB75.2 million as at December 31, 2019 to RMB554.0 million as at December 31, 2020, primarily because of (i) an increase in dividend payable from nil to RMB326.2 million, primarily as the dividends for the controlling shareholder of the Company recognized as distribution during the year, (ii) an increase in preferred shares from nil to RMB133.8 million, mainly as we entered into share purchase agreements and issued preferred shares in 2020, and (iii) an increase in our bank borrowing from nil to RMB20.0 million, primarily resulting from our unsecured bank borrowing denominated in RMB.

Our total liabilities decreased from RMB554.0 million as at December 31, 2020 to RMB461.2 million as at March 31, 2021, primarily due to a decrease of dividend payable from RMB326.2 million to nil as we paid the dividends declared to our Controlling Shareholder during the three months ended March 31, 2021, partially offset by an increase in bank borrowings from RMB20.0 million to RMB144.9 million, which primarily resulted from short-term bank borrowings dominated in USD we raised during the three months ended March 31, 2021.

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

	As at December 31, 2019	As at December 31, 2020	As at March 31, 2021	As at June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)
Current assets				
Inventories	32,842	28,538	30,782	30,906
Trade and bill receivables	4,437	29,518	23,907	41,346
Prepayments, deposits and other receivables	4,409	9,599	13,190	17,252
Amount due from a fellow subsidiary	17	–	–	–
Amounts due from a shareholder	–	227	227	–
Amount due from a preferred shareholder	–	3,262	–	–
Bank balances and cash	31,524	147,097	18,584	20,706
Pledged bank deposits	–	–	–	1,750
Total current assets	73,229	218,241	86,690	111,960
Current liabilities				
Trade and other payables	19,062	35,746	40,003	45,104
Dividend payable	–	326,245	–	–
Refund liabilities	22,896	–	–	–
Contract liabilities	7,530	8,432	9,120	10,724
Tax payable	4,272	6,511	5,506	6,804
Provisions	1,511	1,511	1,511	1,511
Lease liabilities	3,918	5,679	5,822	6,508
Bank borrowings	–	20,000	144,855	142,742
Total current liabilities	59,189	404,124	206,817	213,393
Net current assets (liabilities)	14,040	(185,883)	(120,127)	(101,433)

We had net current liabilities of RMB185.9 million, RMB120.1 million and RMB101.4 million as at December 31, 2020, March 31, 2021 and June 30, 2021, respectively, and net liabilities of RMB281.0 million and RMB318.5 million as at December 31, 2020 and March 31, 2021. Our net current liabilities and net liabilities positions were primarily attributable to the declaration of a special dividend amounting to US$50.0 million to one of our Controlling Shareholders in December 2020 and the payment of the dividend in January 2021. For more details of the special dividend, please refer to the paragraphs headed "— Dividend" in this section and "History, Development and Corporate Structure — Corporate Development — 4. Investments by Our Management into CA Medtech" in this prospectus. We plan to improve our net current liabilities position through maintaining sufficient cash inflow from operating activities and replacing our short-term borrowings with long-term bank borrowings in the future.

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of machineries, motor vehicles, furniture, equipment and tools, leasehold improvements during the Track Record Period. Our property, plant and equipment increased from RMB7.0 million as at December 31, 2019 to RMB22.7 million as at December 31, 2020, primarily due to the addition of machineries for VascuPatent Medical after the acquisition. Our property, plant and equipment increased from RMB22.7 million as at December 31, 2020 to RMB23.4 million as at March 31, 2021, mainly as we purchased more equipment during the three months ended March 31, 2021 for use in our research and development activities.

Right-of-Use Assets

Our right-of-use assets are primarily related to our leased properties used in our operations during the Track Record Period. Our right-of-use assets increased from RMB19.5 million as at December 31, 2019 to RMB19.9 million as at December 31, 2020, as we acquired right-of-use assets through acquisition of VascuPatent Medical. Our right-of-use assets decreased from RMB19.9 million as at December 31, 2020 to RMB18.4 million as at March 31, 2021 mainly due to the depreciation of the relevant leased properties during the three months ended March 31, 2021.

Intangible Assets

Our intangible assets included patents and software related to our business operations and research and development activities during the Track Record Period. The carrying values of our intangible assets increased from RMB0.7 million as at December 31, 2019 to RMB2.0 million as at December 31, 2020, mainly as a result of the intangible assets we acquired through acquisition of VascuPatent Medical. Our intangible assets increased from RMB2.0 million as at December 31, 2020 to RMB2.2 million as at March 31, 2021 mainly due to our purchases of software during the three months ended March 31, 2021.

Rental Deposits

Our rental deposits mainly represented the deposits we paid for leasing our office premises and manufacturing facilities during the Track Record Period. Our rental deposits increased from RMB1.4 million as at December 31, 2019 to RMB1.8 million as at December 31, 2020, and further to RMB2.0 million as at March 31, 2021, mainly as a result of our new leases and started in May 2021.

Deposits Paid for Acquisition of Property, Plant and Equipment

Our deposits paid for acquiring property, plant and equipment included deposits we paid for procuring equipment for the use of in research and development activities during the Track Record Period. Our deposits paid for acquiring property, plant and equipment increased from RMB1.5 million as at December 31, 2019 to RMB2.2 million as at December 31, 2020, and further to RMB4.0 million as at March 31, 2021, mainly due to our acquisition of additional research and development equipment.

Deferred Tax Assets

Our deferred tax assets included deferred tax assets and deferred tax liabilities during the Track Record Period. Our deferred tax assets decreased from RMB8.9 million as at December 31, 2019 to RMB4.9 million as at December 31, 2020, mainly in relation to unrealized profits on inventory arising from intra-group transactions, which eliminated when the inventory sold out and tax losses. Our deferred tax assets remained relatively stable at RMB5.0 million as at March 31, 2021. The following table sets forth our deferred tax assets as at the dates indicated:

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	8,861	4,926	4,985
Deferred tax liabilities	–	(330)	(321)
	8,861	4,596	4,664

Inventories

Our inventories were primarily consisted of raw materials, work in progress and finished goods during the Track Record Period. We regularly monitor our inventories to reduce the risk of overstocking. We physically count all of our raw materials, work in progress and finished goods on a half-year basis to identify products that are damaged, expired or soon-to-be expired. Our Directors confirm that our inventory control system and policies have been effective and we did not experience any material shortage in supply or overstock of inventories during the Track Record Period and up to the Latest Practicable Date. For more details, please refer to the paragraphs headed "Business — Inventory Management" in this prospectus.

The following table sets forth our inventories as at the dates indicated:

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	21,249	20,389	21,933
Work in progress	1,001	1,255	1,014
Finished goods	10,592	6,894	7,835
	32,842	28,538	30,782

As of June 30, 2021, inventories of RMB11.0 million, representing approximately 35.6% of our inventories as of March 31, 2021, were subsequently utilized.

The following table sets forth an aging analysis of our inventories as at the dates indicated:

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Within 180 days	11,559	16,391	19,542
180 – 365 days	3,829	2,247	2,054
Over 365 days	17,454	9,900	9,186
	32,842	28,538	30,782

As at December 31, 2019 and 2020 and March 31, 2021, our inventories aged over one year primarily consisted of raw materials without expiry date. In order to mitigate the impact of fluctuations in the market prices of our raw materials, we would increase our purchase of raw materials from time to time based on the outlook of market conditions. There was no material recoverability issue for our inventories aged over one year during the Track Record Period, primarily because our raw materials do not have expiry date and will be used in due course during the research and development and the manufacturing of our products.

Trade and Bill Receivables

Our trade and bill receivables primarily represented the balances due from certain customers during the Track Record Period. While we generally allow for a credit period of two to six months for our distributors, 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. For details, see "Business — Sales, Distribution and Marketing — Our Sales and Distribution Arrangements."

The table below sets forth our trade receivables as at the dates indicated:

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables from contracts with customers	4,446	14,849	24,602
Less: Impairment losses under expected credit loss (ECL) model	(9)	(1,139)	(695)
Bill receivables	–	15,808	–
	4,437	29,518	23,907

Our trade and bill receivables increased from RMB4.4 million as at December 31, 2019 to RMB29.5 million as at December 31, 2020, which primarily reflected the increase of the sales of our commercialized products and changes in the terms of our contracts with certain platform distributors. Our trade and bill receivables decreased from RMB29.5 million as at December 31, 2020 to RMB23.9 million as at March 31, 2021, mainly as we settled bill receivables in the amount of RMB15.8 million during the three months ended March 31, 2021. We do not hold any collateral or other credit enhancements over our trade receivables balance and such receivables are non-interest bearing. As of June 30, 2021, we had settled trade and bill receivables of RMB16.6 million, representing approximately 67.6% of our trade and bill receivables outstanding as of March 31, 2021.

As of December 31, 2019, we had no trade receivables past due but not impaired. As of December 31, 2020 and March 31, 2021, we had trade receivables past due over 90 days or more, amounting to RMB0.3 million which had been fully impaired under ECL model, respectively. In determining impairment of trade receivables, we conduct regular reviews of aging analysis and evaluate individually, taking into account of the historical loss rates and adjust for forward looking macroeconomic data in calculating the lossing rate. We did not record material provision for impairment of trade and bill receivables during the Track Record Period.

The table below sets forth our trade receivables turnover days for the periods indicated:

	Year Ended December 31,	
	2019	**2020**
Trade receivables turnover days*	18	18

Note:

* The trade receivables turnover days are equal to average trade receivables (trade receivables at the beginning of the period plus trade receivables at the end of the period divided by two) divided by total revenue for the period and multiplied by 360 for the relevant period.

Our trade receivables turnover days remained stable during the Track Record Period.

The following table sets forth an aging analysis of trade receivables, and net of impairment losses under ECL model, based on the revenue recognition date as at the dates indicated:

	As at December 31,		As at March 31,
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Within 90 days	4,121	9,026	16,800
91 — 180 days	140	2,343	3,416
181 — 365 days	176	2,341	3,691
	4,437	13,710	23,907

As of the Latest Practicable Date, we had not identified any recoverability issue for trade receivables aged over 180 days as these trade receivables were primarily related to a public hospital customer that had never committed any credit defaults in the past and was assessed by our management to be financially trustworthy.

Prepayments, Deposits and Other Receivables

Prepayments, deposits and other receivables mainly included prepayment for selling and distribution expenses, deferred issue cost, advances to suppliers, advances to employees, advances on royalty fees, other tax recoverable and others during the Track Record Period. The following tables set forth the breakdown of prepayments, deposits and other receivables as at the dates indicated:

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Prepayment for selling and distribution expenses	1,295	23	134
Deferred issue cost	–	3,248	5,333
Advances to suppliers	2,194	3,353	4,791
Advances to employees	304	483	695
Advances on royalty fees	73	–	–
Other tax recoverable	248	2,231	1,860
Others	295	261	377
	4,409	9,599	13,190

Prepayment for selling and distribution expenses mainly related to prepayments we made for joining annual industry conventions such as LINC. We typically made such prepayments at the end of the year prior to the conventions, and therefore the balances as at December 31, 2020 were significantly lower than those as at December 31, 2019. Deferred issue cost mainly related to prepayments to the financial and legal advisors for our proposed Listing. Advances to suppliers mainly related to prepayments made to our suppliers for clinical testing and procurement of raw materials and equipment. Advances to employees mainly related to advances to employees for their business trips. Advances on royalty fees mainly related to the royalty payments we made to InnoRa GmbH. Other tax recoverable mainly included value-added tax recoverable, which represented our value-added tax (VAT) input tax credit resulting from the difference between our VAT input tax (arising from our purchase of goods including raw materials, consumables, and other inventories) and our VAT output tax (arising from our sales of products).

Our prepayments, deposits and other receivables increased from RMB4.4 million as at December 31, 2019 to RMB9.6 million as at December 31, 2020, and further increased to RMB13.2 million as at March 31, 2021, mainly due to (i) the increase of the advances to suppliers as a result of an increase in our procurement of raw materials, which are in line with our business growth, and (ii) the increase of the deferred issue cost mainly as a result of our proposed Listing.

Bank Balances and Cash

Our bank balances and cash during the Track Record Period primarily consisted of cash on hand and bank balances denominated in RMB, HKD, USD, EUR and Swiss Franc. The following table sets forth the breakdown of our bank balances and cash as at the dates indicated:

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand	23	20	32
Bank balances	31,501	147,077	18,552
	31,524	147,097	18,584

The following table sets forth the breakdown of our bank balances and cash denominated in RMB, HKD, USD, EUR and Swiss Franc as at the dates indicated:

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
RMB	28,770	13,780	11,644
HKD	387	73	63
USD	2,096	133,081	6,163
EUR	269	161	712
Swiss Franc	2	2	2
	31,524	147,097	18,584

Our bank balances and cash increased from RMB31.5 million as at December 31, 2019 to RMB147.1 million as at December 31, 2020, mainly as a result of an increase in revenue from the sales of our product and the proceeds received in relation to our issuance of preferred shares. Our bank balances and cash decreased from RMB147.1 million as at December 31, 2020 to RMB18.6 million as at March 31, 2021, mainly resulting from our payment of dividend during the three months ended March 31, 2021.

Trade and Other Payables

Our trade and other payables during the Track Record Period mainly consisted of trade payables and accrued expenses relating to research and development expenses selling and distribution expenses, legal and professional fees, salaries and bonus, other tax payable and others. Our trade and other payables are non-interest-bearing and are normally settled on terms within 90 days. The following table sets forth a breakdown of trade and other payables as at the dates indicated:

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	203	3,194	3,885
Interest payable	–	–	503
Accrued expenses			
— research and development expenses	3,184	2,681	1,918
— selling and distribution expenses	1,182	568	200
— legal and professional fees	455	2,101	2,049
— listing expenses	–	6,793	12,539
— issue costs	–	2,136	3,220
— salaries and bonus	8,101	12,029	7,476
— other tax payable	5,097	4,415	6,115
— others	840	1,829	2,098
	19,062	35,746	40,003

Trade payables mainly included payables in connection with purchase of raw materials and consumables. Research and development expenses under accrued expenses mainly represented the services we purchased related to the clinical development of our product candidates. Selling and distribution expenses under accrued expenses mainly represented the marketing and distribution expenses related to commercialization our products. Legal and professional fees under accrued expenses mainly represented legal adviser fees incurred in connection with our legal proceedings. Listing expenses and issue cost mainly represented financial and legal adviser and accountant fees incurred in connection with our proposed Listing. Salaries and bonus under accrued expenses mainly represented salaries to be paid to and welfare benefits to be paid to or on behalf of our employees. Other tax payable under accrued expenses mainly related to our obligations to withhold individual income tax arising from the granting of share-based compensation.

Our trade and other payables increased from RMB19.1 million as at December 31, 2019 to RMB35.7 million as at December 31, 2020, mainly as (i) we accrued listing expenses of RMB6.8 million and issue costs of RMB2.1 million in 2020, which were payable to third party advisers in relation to our proposed Listing, and (ii) we incurred more bonus payable to employees for 2020. Our trade and other payables increased from RMB35.7 million as at December 31, 2020 to RMB40.0 million as at March 31, 2021, mainly due to the increases in our listing expenses and issue costs, which were payable to third party advisers in relation to our proposed Listing. As of June 30, 2021, we had settled trade payables of RMB3.7 million, representing 96.3% of our trade payables outstanding as of March 31, 2021.

The table below sets forth our trade payables turnover days for the periods indicated:

	Year Ended December 31,	
	2019	**2020**
Trade payables turnover days*	6	20

Note:

* The trade payables turnover days are equal to average trade payables (trade payables at the beginning of the period plus trade payables at the end of the period divided by two) divided by total cost of sales for the period and multiplied by 360 for the relevant period.

Our trade payable turnover days increased from 6 in 2019 to 20 in 2020 primarily due to the significant increase in our trade payables in 2020 as we purchased more raw materials and consumables for the sales of our commercialized products.

The following table sets forth an aging analysis of our trade payables based on the invoice date as at the dates indicated:

	As at December 31,		As at March 31,
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Within 90 days	203	3,151	3,829
91 to 180 days	–	43	56
	203	3,194	3,885

Refund Liabilities

Our refund liabilities during the Track Record Period mainly included the refund liabilities arising from purchase deposits, which were related to the deposits made by platform distributors for purchase of products under sales contracts. The deposits are refundable to the platform distributors when we exercise the right to terminate the contracts with the platform distributors. We normally requires platform distributors to pay the deposits upfront for purchase of goods. The following table sets forth a breakdown of refund liabilities as at the dates indicated:

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Refund liabilities arising from purchase deposits	22,896	–	–

Our refund liabilities decreased from RMB22.9 million as at December 31, 2019 to nil as at December 31, 2020 and March 31, 2021, respectively, mainly as we entered into new sales contracts with platform distributors without the unilateral right to terminate the sales contracts by us in 2020.

Contract Liabilities

Our contract liabilities during the Track Record Period mainly included contract liabilities arising from sales of goods, contract liabilities arising from incentive programme offered to our distributors and contract liabilities arising from sales with a right to exchange offered to our platform distributors. Our contract liabilities increased from RMB7.5 million as at December 31, 2019 to RMB8.4 million as at December 31, 2020, and further increased to RMB9.1 million as at March 31, 2021, which is in line with our business growth.

Tax Payable

Our tax payable mainly included income tax payable during the Track Record Period. Our tax payable increased from RMB4.3 million as at December 31, 2019 to RMB6.5 million as at December 31, 2020, mainly as a result of an increase in revenue from the sales of our products. Our tax payable decreased from RMB6.5 million as at December 31, 2020 to RMB5.5 million as at March 31, 2021 mainly due to tax settlement during the three months ended March 31, 2021.

Provisions

Our provisions during the Track Record Period were made in connection with the medical dispute proceedings in relation to the medical dispute proceedings with Xiyuan Hospital. For more details, please refer to the paragraphs headed "Business — Legal Proceedings and Regulatory Compliance" and Note 28 of Appendix I to this prospectus. The following table sets forth the movements of our provisions between January 1, 2019 and March 31, 2021:

	Provisions
	RMB'000
As at January 1, 2019	2,700
Settled during the year	(318)
Reversed during the year	(871)
As at December 31, 2019	1,511
As at December 31, 2020	1,511
As at March 31, 2021	1,511

As at December 31, 2019 and 2020 and March 31, 2021, we made a provision in an amount of RMB1.5 million based on a conservative estimate made by our Directors on our contingent liabilities in relation to the relevant legal proceedings, taking into account the claims made by Xiyuan Hospital against us and the judgment issued by the trial court in relation to the relevant legal proceedings.

KEY FINANCIAL RATIOS

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

	As at December 31,		**As at March 31,**
	2019	**2020**	**2021**
Current ratio[(1)]	1.2	0.5	0.4
Quick ratio[(2)]	0.7	0.5	0.3

Notes:

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

(2) Quick ratio represents current assets less inventories and divided by current liabilities as at the same date.

Our current ratio decreased from 1.2 as at December 31, 2019 to 0.5 as at December 31, 2020, while our quick ratio decreased from 0.7 as at December 31, 2019 to 0.5 as at December 31, 2020 mainly attributable to (i) an increase in dividend payable of RMB326.2 million, and (ii) an increase in trade and other payables of RMB16.7 million.

Our current ratio decreased from 0.5 as at December 31, 2020 to 0.4 as at March 31, 2021, while our quick ratio decreased from 0.5 as at December 31, 2020 to 0.3 as at March 31, 2021, mainly attributable to (i) a decrease in bank balances and cash of RMB128.5 million, and (ii) an increase in bank borrowings of RMB124.9 million.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund the development of our product candidates, our clinical trials, our payment for the purchase of plant and equipment, administrative expenses and other recurring expenses. During the Track Record Period and up to the Latest Practicable Date, we mainly relied on capital contributions by our shareholders as well as the revenues generated from the sales of our commercialized products as the major sources of liquidity. Our management closely monitors uses of bank balances and cash and strives to maintain a healthy liquidity for our operations. Our net cash inflow from operating activities amounted to RMB19.9 million and RMB6.0 million in 2019 and the three months ended March 31, 2021, respectively, primarily due to the revenue from the sales of our commercialized products. Our net cash outflow from operating activities amounting to RMB8.8 million in 2020, primarily due to the research and development expenses and administrative expenses incurred. As our business develops and expands, we expect to generate more net cash inflow from our operating activities, through increasing sales revenue of the existing commercialized products and by launching new products. Going forward, we believe our liquidity requirements will be satisfied by a combination of net proceeds from the Global Offering and the sales revenue. As at March 31, 2021, we had cash and cash equivalents represented by bank balances and cash of RMB18.6 million.

Cash Flows

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

	Year Ended December 31,		Three Months Ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Cash inflow from operating activities before movements in working capital	32,337	30,625	(1,487)	2,793
Changes in working capital	(10,952)	(32,699)	3,533	6,214
Income taxes paid	(1,529)	(6,691)	(3,672)	(2,995)
Net cash from (used in) operating activities	19,856	(8,765)	(1,626)	6,012
Net cash used in investing activities	(2,317)	(17,735)	(21,616)	(4,161)
Net cash (used in) from financing activities	(3,190)	142,520	(1,156)	(127,204)
Net increase in cash and cash equivalents	14,349	116,020	(24,398)	(125,353)
Cash and cash equivalents at beginning of the year	17,175	31,524	31,524	147,097
Effect of foreign exchange rate changes	–	(447)	–	(3,160)
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	31,524	147,097	7,126	18,584

Net Cash Inflow and Outflow from Operating Activities

For the three months ended March 31, 2021, our net cash inflow from operating activities was RMB6.0 million, which was primarily attributable to our loss before tax of RMB38.1 million, adjusted for non-cash and non-operating items. Positive adjustments primarily included share-based payment cost of RMB33.4 million. The amount was also adjusted downward by changes in working capital, primarily including an increase in inventories of RMB1.7 million and an increase in prepayments, deposits and other receivables of RMB1.5 million, partially offset by a decrease in trade and bill receivables of RMB6.1 million.

In 2020, our net cash outflow from operating activities was RMB8.8 million, which was primarily attributable to our loss before tax of RMB31.4 million, adjusted for non-cash and non-operating items. Positive adjustments primarily included share-based payment cost of RMB52.0 million. The amount was also adjusted downward by changes in working capital, primarily including an increase in trade and bill receivables of RMB26.2 million and a decrease in refund liabilities of RMB22.9 million, partially offset by an increase in trade and other payables of RMB13.9 million.

In 2019, our net cash inflow from operating activities was RMB19.9 million, which was primarily attributable to our profit before tax of RMB26.7 million, adjusted for non-cash and non-operating items. Positive adjustments primarily included (i) depreciation of property, plant and equipment of RMB2.0 million, and (ii) write-down of inventories of RMB1.6 million. The amount was also adjusted downward by changes in working capital, primarily including a decrease in refund liabilities of RMB15.1 million and a decrease in trade and other payables of RMB6.1 million, partially offset by an increase in contract liabilities of RMB6.7 million.

Net Cash Outflow from Investing Activities

For the three months ended March 31, 2021, our net cash outflow from investing activities was RMB4.2 million, which was primarily attributable to the purchase of financial assets at fair value through profit or loss of RMB29.0 million, and the purchases of property, plant and equipment of RMB3.7 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB29.0 million.

In 2020, our net cash outflow from investing activities was RMB17.7 million, which was primarily attributable to the purchase of financial assets at fair value through profit or loss of RMB97.0 million, and the purchases of property, plant and equipment of RMB18.5 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB97.6 million.

In 2019, our net cash outflow from investing activities was RMB2.3 million, which was primarily attributable to the purchase of financial assets at fair value through profit or loss of RMB51.0 million and the purchase of property, plant and equipment of RMB2.3 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB51.3 million.

Net Cash Inflow and Outflow from Financing Activities

For the three months ended March 31, 2021, our net cash outflow from financing activities was RMB127.2 million, which was primarily attributable to dividend paid of RMB323.1 million, partially offset by new bank borrowings of RMB122.8 million and proceeds from issuance of shares under our employee incentive platform of RMB72.7 million.

In 2020, our net cash inflow from financing activities was RMB142.5 million, which was primarily attributable to proceeds from issuance of preferred shares of RMB130.9 million, partially offset by repayments of lease liabilities of RMB4.4 million and interest paid of RMB1.4 million.

In 2019, our net cash outflow from financing activities was RMB3.2 million, which was primarily attributable to repayments of amounts due to former shareholders of RMB2.9 million, repayments of lease liabilities of RMB1.8 million, partially offset by advance from immediate holding company of RMB2.0 million.

CASH OPERATING COSTS

The following table sets forth our cash operating costs for the years/periods indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
R&D costs for our Core Products				
— Clinical trial expenses	7,851	5,626	549	4,029
— Staff costs	4,577	5,379	1,240	1,006
— Raw material costs	1,213	9,216	1,515	867
— Others	584	4,807	649	188
R&D costs for our other product candidates				
— Clinical trial expenses	816	8,757	245	854
— Staff costs	4,974	10,855	676	5,082
— Raw material costs	1,790	15,858	324	3,989
— Others	1,037	20,588	807	2,798
Workforce employment costs	30,375	38,173	13,144	18,301
Product marketing costs	16,252	13,919	3,610	3,318
Direct production costs	2,698	2,972	599	797
Royalty	5,976	8,081	2,422	1,671
Others-purchase fee	12,186	14,629	6,746	19,267
Others-administrative expense	7,537	11,930	2,479	9,066
	97,866	170,790	35,005	71,236

Note:

(1) Workforce employment costs represent total staff costs mainly including salaries and benefits.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account (i) the financial resources currently available to us, including our cash and cash equivalents of RMB20.7 million as of June 30, 2021; (ii) the available bank facilities; (iii) the estimated future operating cash inflows, particularly in light of the estimated increase in sales volume of our commercialized products, and (iv) the estimated net proceeds from the Global Offering, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, production costs, sales and marketing expenses, administrative expenses, and finance costs for at least the next 12 months from the date of this prospectus.

INDEBTEDNESS

Borrowings and Preferred Shares

The following table sets forth the breakdown of our borrowings and preferred shares as at the dates indicated:

	As at December 31,		As at March 31,	As at June 30,
	2019	2020	2021	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)
Bank borrowings	–	20,000	144,855	142,742
Preferred shares (unsecured and unguaranteed)	–	133,760	239,852	237,561
	–	153,760	384,707	380,303

As at December 31, 2019 and 2020, March 31, 2021 and June 30, 2021, the outstanding balance of our borrowings was nil, RMB20 million, RMB144.9 million and RMB142.7 million, respectively. The bank borrowings as at March 31, 2021 include (i) a loan in an amount of RMB20.0 million, which is denominated in RMB and is unsecured and unguaranteed and repayable in April 2021 with a fixed interest rate at 5.66% per annum, and (ii) the Loan we borrowed from Silicon Valley Bank in an amount of US$19.0 million in January 2021, which is unsecured and guaranteed by our intermediate holding company, CPE Funds III Limited, and is repayable in January 2022 with a variable interest rate at 2.10% per annum. The bank borrowings as at June 30, 2021 include a loan in an amount of RMB20.0 million, which is denominated in RMB and is unsecured and unguaranteed and repayable in April 2022 with a fixed interest rate at 5.66% per annum, and the Loan we borrowed from Silicon Valley Bank in January 2021. For details, please refer to the paragraphs headed "Summary — Recent Development and No Material Adverse Change" and "Future Plans and Use of Proceeds — Use of Proceeds". As of the Latest Practicable Date, we had no unutilized banking facilities.

Lease Liabilities

The following table sets forth our lease liabilities as at the dates indicated:

	As at December 31,		As at March 31,	As at June 30,
	2019	2020	2021	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)
Current portion	3,918	5,679	5,822	6,508
Non-current portion	16,031	15,736	14,237	13,914
	19,949	21,415	20,059	20,422

Our total lease liabilities amounted to RMB19.9 million, RMB21.4 million, RMB20.1 million and RMB20.4 million as at December 31, 2019, December 31, 2020, March 31, 2021 and June 30, 2021, respectively, which are secured by rental deposit and unguaranteed.

Our Directors confirm that there have been no material defaults in our payment of trade or non-trade payables or borrowings, or breaches of covenants of our indebtedness during the Track Record Period and up to the date of this prospectus.

Except as otherwise disclosed in this prospectus, we did not have any 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 at June 30, 2021. Since June 30, 2021 and up to the Latest Practicable Date, there had not been any material adverse change to our indebtedness.

CAPITAL EXPENDITURES

We regularly incur capital expenditures to expand our operations, upgrade our facilities and increase our operating efficiency. Our capital expenditures primarily consisted of payment for purchase of property, plant and equipment and payment for purchase of intangible assets during the Track Record Period. The following table sets forth our capital expenditures for the periods indicated:

	Year Ended December 31,		Three Months Ended March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Payment for purchases of property, plant and equipment	2,301	18,506	3,742
Payment for purchases of intangible assets	396	121	281
	2,697	18,627	4,023

CONTRACTUAL OBLIGATIONS

Capital Commitments

As at December 31, 2019 and 2020 and March 31, 2021, we had capital commitments contracted for but not yet provided of RMB1.0 million, RMB1.9 million and RMB3.7 million, primarily in connection with acquisition of property, plant and equipment mainly related to the equipment for the use in our research and development activities. The following table sets forth our capital commitments as at the date indicated:

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Acquisition of property, plant and equipment	1,018	1,926	3,666

CONTINGENT LIABILITIES

As at December 31, 2019 and 2020 and March 31, 2021, we did not have any contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had the following transactions with our related parties that had material transaction amounts or balances with us:

(1) Transaction with Related Parties

	Year Ended December 31,		Three Months Ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Royalty fees to a related party*	6,091	7,459	977	2,713
Clinical service provided by a related party*	–	691	–	–
Expenses paid on behalf of a fellow subsidiary	17	–	–	–
	6,108	8,150	977	2,713

Note:

* The related party is a company controlled by the chief technology officer of our Group.

(2) Remuneration of Key Management Personnel

	Year Ended December 31,		Three Months Ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Short-term employee benefits	7,876	10,906	1,926	2,522
Post-employment benefits	228	89	38	61
Share-based payments	–	49,835	–	8,393
	8,104	60,830	1,964	10,976

The remuneration of key management personnel is determined based on their duties and responsibilities of the relevant individuals within our Group and our Group's performance.

MARKET RISK DISCLOSURE

We are exposed to a variety of financial risks, including price risk, currency risk, interest rate risk, credit risk and impairment assessment and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our Group's financial performance. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks.

Price risk

We are exposed to price risk at December 31, 2020 and March 31, 2021 arising from Preferred Shares 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 our Group had been 5% higher/lower, our post-tax loss for 2020 would increase by approximately RMB6,688,000 / decrease by approximately RMB6,688,000, and our post-tax loss for the three months ended March 31, 2021 would increase by approximately RMB11,993,000 / decrease by approximately RMB11,993,000.

Currency Risk

Currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Certain subsidiaries of our Group undertake certain operating transactions in foreign currencies other than functional currencies, which expose our Group to foreign currency risk. The management manages of our Company its currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise. Our Group's foreign currency risk is concentrated on the fluctuation of RMB against USD and EUR. For further details, see Note 39(b) to the Appendix I to this prospectus.

Interest Rate Risk

Our Group is exposed to cash flow interest rate risk in relation to bank balances with variable interest rate and also exposed to fair value interest rate risk in relation to fixed rate lease liabilities and fixed rate bank borrowing. Our Group's cash flow interest rate risk is mainly exposured from variable-rate bank balances. No sensitivity analysis is presented as the risk is limited as assessed by management. See Note 39(b) to the Appendix I to this prospectus.

Credit Risk and Impairment Assessment

Credit risk refers to the risk that our Group's counterparties default on their contractual obligations resulting in financial losses to our Group. Our Group's credit risk exposures are primarily attributable to trade receivables, other receivables, rental deposits amount due from a fellow subsidiary and bank balances. Our Group does not hold any collateral or other credit enhancements to cover the credit risks associated with its financial assets.

In order to minimize the credit risk, the management of our 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, our Group grants a credit period up to 180 days. Our Group may request deposits and/or advances from new or certain customers upon signing sales agreements or placing orders to minimize the credit risks. Our Group only accepts bills issued or guaranteed by reputable PRC banks if trade receivables are settled by bills and therefore the management of the Group considers the credit risk arising from the bill receivables is insignificant. For trade receivables, our Group has applied the simplified approach of IFRS 9 to measure the loss allowance at lifetime ECL. In additions, our Group performs impairment assessment under ECL model on trade receivables individually. The management of our Group also makes periodic individual assessment on the recoverability of other receivables, amount due from a fellow subsidiary, a shareholder and a shareholder of preferred shares and rental 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. For further details, see Note 39(b) to the Appendix I to this prospectus.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, our policy is to regularly monitor our liquidity risk and to maintain adequate cash and cash equivalents to meet our liquidity requirements. For further details, see Note 39(b) to the Appendix I to this prospectus.

DIVIDEND

On December 29, 2020, we declared a dividend (the "**CA Medtech Dividend**") in an amount of US$50.0 million (equivalent to approximately RMB327.3 million as of December 29, 2020) to be paid to CA Medtech, one of our Controlling Shareholders as of the Latest Practicable Date. In January 2021, we paid such dividend to CA Medtech, using a combination of (i) our existing cash at hand at the time, and (ii) proceeds from a term loan we borrowed from Silicon Valley Bank in an amount of US$19.0 million in January 2021.

We currently expect to retain all future earnings for use in the operation and expansion of our business, and do not have any dividend policy to declare or pay any dividends in the near 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 Islands legal adviser, under the Cayman Islands law 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 our Company being unable to pay its debts as they fall due in the ordinary course of business. Pursuant to Section 34(1) of the Companies Act, where a Cayman Islands 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 the share premium account. Where shares are issued for non-cash consideration, the directors of the company need to first consider the market value of the non-cash consideration when calculating the amount to be transferred to the company's share premium account. Where the company is issuing shares to acquire a controlling interest in another company, the Companies Act then permits the company to transfer none or any part of the value of the premium to the share premium account, as may be determined by its directors. We may 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. Prior to declaring the CA Medtech Dividend on December 29, 2020, our Directors considered, among other things, (i) the foregoing requirements under the Companies Act, and (ii) the market value of the non-cash consideration (i.e., the entire share capital of Pine Medical Limited) we received during the process of the Pine Medical Share Exchange. Please refer to the paragraphs headed "History, Development and Corporate Structure — Reorganization" for more information about the Pine Medical Share Exchange. After taking into consideration the foregoing factors, our Directors determined that (a) we had

sufficient distributable amount out of our share premium account for the distribution of the CA Medtech Dividend, and (b) immediately after the distribution of the CA Medtech Dividend, we were able to pay our debts as they fall due in the ordinary course of our business. There is no assurance that dividends of any amount will be declared to be distributed in any year. We may need dividends and other distributions on equity from our subsidiaries to satisfy our liquidity requirements, including those incorporated in the PRC. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their distributable profits. Distributable profits are our PRC subsidiaries' after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that our PRC subsidiaries are required to make. In addition, our PRC subsidiaries are required to set aside at least 10% of their respective after-tax profits each year to fund statutory reserve until the total amount set aside reaches 50% of their respective registered capital. Where the aggregate balance of statutory reserve is insufficient to cover loss in the previous financial year, the current financial year's profits shall first be used to cover the loss before any statutory reserve is set aside.

Our PRC subsidiaries may also allocate a portion of their after-tax profits to discretional reserve where our PRC subsidiaries have set aside statutory reserve from their after-tax profits, subject to a resolution of the shareholders. These reserves are not distributable as cash dividends. Furthermore, if our PRC subsidiaries incur debt on their own behalf, the instruments governing such debt may restrict their ability to pay dividends or make other payments to us.

DISTRIBUTABLE RESERVES

As at March 31, 2021, we did not have any distributable reserves.

LISTING EXPENSE

We estimate that listing expenses of approximately RMB87.2 million (HK$105.0 million) (including underwriting commissions of approximately RMB39.5 million (HK$47.5 million), and non-underwriting related expenses of approximately RMB47.8 million (HK$57.5 million) which consist of financial and legal adviser fees and expenses of approximately RMB26.4 million (HK$31.8 million) and other fees and expenses of approximately RMB21.3 million (HK$25.6 million), assuming the Over-allotment Option is not exercised and based on the Offer Price of HK$23.00 per Offer Share, being the mid-point of the indicative Offer Price range of HK$22.20 to HK$23.80), or 6.65% of the gross proceeds estimated to be received by us from the Global Offering, will be incurred by our Company, approximately RMB38.8 million (HK$46.7 million) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB48.4 million (HK$58.2 million) of which is expected to be capitalized. During the Track Record Period, we recorded listing expenses in the amount of RMB21.5 million, and deferred issue cost in the amount of RMB5.3 million. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group attributable to owners of our Company prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the proposed listing on the audited consolidated net tangible liabilities of our Group attributable to owner of our Company as at March 31, 2021 as if the proposed listing had taken place on such date.

This unaudited pro forma statement of adjusted consolidated net tangible assets of our Group attributable to owners of our Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group attributable to owner of our Company as at March 31, 2021 or any future dates following the proposed listing.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group is prepared based on the audited consolidated net tangible liabilities of our Group attributable to the owner of our Company as at March 31, 2021 as shown in the Appendix I to this prospectus, and adjusted as follows:

	Audited consolidated net tangible liabilities of our Group attributable to owners of our Company as at March 31, 2021[(1)]	**Estimated net proceeds from the Global Offering[(2)]**	**Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as at March 31, 2021**	**Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as at March 31, 2021 per share**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB[(3)]*	*HK$[(4)]*
Based on an offer price of HK$22.20 per Share	(321,794)	1,202,095	880,301	3.06	3.68
Based on an offer price of HK$23.80 per Share	(321,794)	1,290,149	968,355	3.37	4.05

Notes:

1. The audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at March 31, 2021 is arrived at after deducting intangible assets of RMB2,188,000 and goodwill of RMB1,150,000 from the audited consolidated net liabilities of RMB318,456,000 attributable to owners of the Company as at March 31, 2021, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

2. The estimated net proceeds from the issuance of the new shares pursuant to the Global Offering are based on 68,633,000 shares to be issued at the lower limit and upper limit of HK$22.20 and HK$23.80 per offer share, respectively, after deduction of the estimated underwriting fees and commissions and other related expenses expected to be incurred by the Group subsequent to March 31, 2021. It does not take into account any share (i) which may be allotted and issued upon the exercise of the Over-allotment Option (as defined in this prospectus), or (ii) which have been/may be issued under the Restricted Share Unit Scheme as referred in section headed "Appendix IV Statutory and General Information — D. 1. Restricted Share Unit Scheme", or (iii) which may be allotted and issued or repurchased by our Company under the general mandate granted to the directors of our Company.

   For the purpose of the estimated net proceeds from the Global Offering, the amount denominated in HK$ has been converted into RMB at the rate of HK$1 to RMB0.8310, which was the exchange rate prevailing on August 3, 2021 with reference to the rate published by the People's Bank of China. No representation is made that the HK$ 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 the Company per share is arrived at on the basis that of a total of 287,482,629 shares in issue, which includes 231,078,069 existing outstanding ordinary shares as of March 31, 2021 less 12,228,440 ordinary shares held by Sino Fame Ventures Limited, a nominee shareholder on trust for the Restricted Share Unit Scheme, and 68,633,000 shares to be issued assuming the Global Offering had all been completed on March 31, 2021. It does not take into account any shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option, or (ii) which have been/may be issued under the Restricted Share Unit Scheme, or (iii) which may be allotted and issued or repurchased by our Company under the general mandate granted to the directors of our Company; or (iv) conversion of preferred shares.

4. For the purpose of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of our Company per share, the amount denominated in HK$ has been converted into RMB at the rate of HK$1 to RMB0.8310, which was the exchange rate prevailing on August 3, 2021 with reference to the rate published by the People's Bank of China. No representation is made that the HK$ 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.

5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company to reflect any trading results or other transactions of the Group entered into subsequent to March 31, 2021.

   In particular, the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as shown on II-2 have not been adjusted to illustrate the effect of the conversion of preferred shares into ordinary shares of our Company. The conversion of outstanding preferred shares as at March 31, 2021 upon completion of the Global Offering would have reclassified preferred shares amounting to RMB239,852,000 to equity. The conversion of such preferred shares would have increased the total share in issue by 13,678,102 shares to a total of 301,160,731 shares in issue.

   The adjustment to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of our Company after the conversion of preferred shares would be RMB3.72 (equivalent to HK$4.48) and RMB4.01 (equivalent to HK$4.83), assuming the indicative offer prices of HK$22.20 per share and HK$23.80 per share respectively, and assuming the amounts denominated in RMB could have been converted into HK$ at the rate of RMB0.8310 to HK$1, which was the exchange rate prevailing on August 3, 2021 with reference to the rate published by the People's Bank of China.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, save as disclosed in the paragraphs headed "Summary — Recent Developments and No Material Adverse Change" in this prospectus, there has been no material adverse change in our financial, operational or trading position or prospects since March 31, 2021 and up to the date of this prospectus and there is no event since March 31, 2021 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this prospectus.

IMPACT OF THE COVID-19 OUTBREAK

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

Our Directors currently expect that the outbreak of COVID-19 had, and will have, the following impact on our business, financial condition and results of operations:

- Clinical trials: We experienced slight delays in the patient enrollment, data collection and data analyses processes for certain of our clinical trials. Specifically, we experienced approximately three-month delays in the patient enrollment process for our RCTs for AcoArt Orchid® & Dhalia™ indicated for treating AVF stenosis and VAO stenosis in China. With respect to our clinical trials in the Germany, We initiated a post-market clinical trial for AcoArt Orchid® in June 2020 in Germany, and experienced approximately six-month delays in the patient enrollment process. Having said that, the outbreak of COVID-19 did not cause any early termination of our clinical trials or necessitated removal of any patients enrolled in our clinical trials. We have employed various measures to mitigate the negative impact the COVID-19 outbreak may have on our ongoing clinical trials in China, including providing alternative methods for safety and efficacy assessment, continuing patient follow-ups through remote access, and engaging in necessary communications with the principal investigators for the clinical trials to identify and address any issues that may arise.

  We had resumed the normal patient enrollment and data analyses for our clinical trials in China since April 2020. In addition, we worked with the CROs to engage and design a protocol deviation plan, to further mitigate the possible negative impact of future pandemic outbreak. Based on the foregoing, we currently do not expect the COVID-19 outbreak will have any material long-term impact on our clinical trials or our overall clinical development plans.

- Operations: In China, to protect our employees, we required all of our employees to work remotely since January 2020, and had resumed our normal operations since May 2020 in accordance with applicable laws and regulations, and had adopted a thorough disease prevention scheme to protect our employees. Since the outbreak of the pandemic and up to the Latest Practicable Date, we had no suspected or confirmed COVID-19 cases on our premises or among our employees.

- Product sales: The sales of our DCB products in China for 2020 have been significantly affected by the COVID-19 pandemic. The sales amount of AcoArt Orchid® & Dhalia™ decreased by 70.7% from the fourth quarter of 2019 to the first quarter of 2020, mainly because in the first quarter of 2020, many hospitals in China primarily allocated their medical resources to the diagnosis and treatment of COVID-19 patients, and many patients avoided visiting hospitals for non-critical procedures such as DCB procedures, which resulted in temporary decreases in the use of DCB products by the hospitals. Our sales amount of AcoArt Orchid® & Dhalia™ gradually bounced back since April 2020, and significantly increased by 208.1% from the first quarter of 2020 to the second quarter of 2020.

- Supply chain: We did not experience any shortage of raw materials from our suppliers in the U.S., as before the outbreak of COVID-19, we had stored enough balloons to avoid any shortage in supply caused by the potential trade wars between China and the U.S. We currently do not expect our supply chain will be materially and negatively impacted by COVID-19. Our major domestic suppliers had all resumed normal operations, and none of our overseas suppliers had reported any material disruption to their business operations as a result of COVID-19, as of the Latest Practicable Date. We have not experienced any material difficulties in procuring our major raw materials and have not experienced significant fluctuations in the prices of our supplies.

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

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), our Company will be held as to approximately 50.61% by CA Medtech, which is wholly-owned by CA Medtech II, and in turn wholly-owned by CA Medtech III, a subsidiary owned as to approximately 85.61% by CPEChina Fund III, an exempted limited partnership registered in the Cayman Islands, whose general partner is CPE Funds III, and as to approximately 14.39% by CPE Global Opportunities Fund, an exempted limited partnership registered in the Cayman Islands, whose general partner is CPE GOF.

As CPE Funds III and CPE GOF could jointly control the exercise of the voting power held by CA Medtech, accordingly, CA Medtech, CA Medtech II, CA Medtech III, CPEChina Fund III, CPE Funds III, CPE Global Opportunities Fund and CPE GOF are considered as our Controlling Shareholders upon Listing.

DELINEATION OF BUSINESS

Each of CA Medtech, CA Medtech II, CA Medtech III, CPEChina Fund III and CPE Global Opportunities Fund is an investment holding entity principally engaged in private equity investment while each of CPE Funds III and CPE GOF is an asset manager.

We are an interventional medical device company in China focusing on providing treatment solutions for vascular diseases. While CPEChina Fund III is a China-focused private equity manager with a diverse investment portfolio of companies in, among others, the healthcare and medical devices sectors, none of the Controlling Shareholders hold 10% or more equity interests in any company whose products are the same as the Core Products of our Company, or whose business competes or is likely to compete, directly or indirectly, with our business, that requires disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after the Listing.

Management Independence

Our business is managed and conducted by our Board and senior management. Our Board comprises two executive Directors, two non-executive Directors and three independent non-executive Directors. For more information, please refer to the section headed "Directors and Senior Management".

As of the Latest Practicable Date, other than Mr. Ke TANG (唐柯) who is a non-executive Director of our Company and a director of CA Medtech, there is no overlapping of directors between our Company and our Controlling Shareholders. Mr. Tang holds directorship of our Company as a representative of the Controlling Shareholders and is responsible for supervising the management of our Board, but is not involved in the day-to-day management or operations of our business. Therefore, his roles in the Controlling Shareholders will not affect his abilities to discharge his duties as our non-executive Director.

Save as disclosed above, none of the remaining members of our Board and senior management holds any position in our Controlling Shareholders.

Despite the aforementioned overlapping Directors, our Directors (except Mr. Tang) consider that our Board and senior management will function independently of our Controlling Shareholders for the following reasons:

(a) each of our Directors is aware of his or her fiduciary duties as a Director which require, among others, that he or she must act for the benefit of and in the best interests of our Company and not allow any conflict between his or her duties as a Director and his or her personal interests;

(b) our daily management and operations are carried out by our executive Directors and an independent senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;

(c) none of our executive Directors and senior management team holds any directorships or management positions in, or represents interests of, our Controlling Shareholders;

(d) we have three independent non-executive Directors which (i) account for more than one-third of the Board; (ii) do not and will not hold any directorships or management positions in our Controlling Shareholders and (iii) possess requisite industry knowledge and experience and are qualified to provide independent, sound and professional advice to our Company;

(e) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions; and

(f) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. Please see "– Corporate Governance Measures" in this section for further details.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team is able to perform the managerial role in our Group independently.

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in us after Listing, we have full rights to make all decisions on, and to carry out, our own business operations independently. Our Company, through our subsidiaries, holds the licenses and qualifications necessary to carry on our current business, and has sufficient capital, facilities, technology and employees to operate the business independently from our Controlling Shareholders. We have access to third parties independently from and not connected to our Controlling Shareholders for sources of suppliers and customers.

Based on the above, our Directors are satisfied that we will be able to function and operate independently from our Controlling Shareholders and their close associates.

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control functions of our Company, independent from our Controlling Shareholders. We can make financial decisions independently and our Controlling Shareholders do not intervene with our use of funds. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system. We have also established an Audit Committee comprising our three independent non-executive Directors in compliance with Rule 3.13 of the Listing Rules. In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective associates. During the Track Record Period and as of the Latest Practicable Date, there were no loans, advances and balances due to and from the Controlling Shareholders.

As of the Latest Practicable Date, CPEChina Fund III provided guarantee to our Company in respect of a loan of US$19,000,000 (the "**Guaranteed Loan**"). Notwithstanding the Guaranteed Loan which has been fully drawn, the Directors believe that our Group will not be financially dependent on our Controlling Shareholders upon the Listing as we intend to utilize approximately 6% of the net proceeds from the Global Offering and cash generated from sales of our commercialized products to fully repay the Guaranteed Loan and release the guarantee by CPEChina Fund III after the Listing. For details of our proposed use of net proceeds from the Global Offering, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on our Controlling Shareholders and their close associates after the Listing.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(a) under the Articles of Association, where a Shareholders' meeting is to be held for considering proposed transactions in which any of our Controlling Shareholder or any of their associates has a material interest, the Controlling Shareholders or their associates will not vote on the relevant resolutions;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

(c) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholder (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) our Controlling Shareholder will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;

(e) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;

(f) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(g) we have appointed Orient Capital (Hong Kong) Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.

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 prior to and immediately following the completion of the Global Offering:

Authorized share capital		**Aggregate par value**
		(US$)
10,000,000,000	Shares of par value of US$0.00001 each as of the Latest Practicable Date	100,000
Issued and to be issued, fully paid or credited as fully paid immediately upon completion of the Global Offering		
244,756,171	Shares in issue as at the date of this prospectus (assuming all preferred shares are converted into ordinary Shares on a 1:1 basis)	2,447.56171
68,633,000	Shares to be issued under the Global Offering assuming no exercise of the Over-allotment Option	686.33000
313,389,171	Total	3,133.89171

ASSUMPTION

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above table does not take into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Offer Shares are ordinary shares in the share capital of our Company and will rank equally in all respects with all Shares in issue or to be issued as set forth in the above table, and will qualify and rank in full for all dividends or other distributions declared, made or paid after the date of this prospectus.

SHARE INCENTIVE SCHEME

We have conditionally adopted the Restricted Share Unit Scheme. The principal terms of the Restricted Share Unit Scheme are summarized in the section headed " D. Share Incentive Scheme" in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Our Company will have only one class of Shares upon completion of the Global Offering, namely ordinary shares, and each ranks pari passu with the other Shares. Pursuant to the Companies Act and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) divide its shares into several classes; (iv) subdivide its shares into shares of smaller amount; and (v) cancel any shares which have not been taken. In addition, our Company may subject to the provisions of the Companies Act reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. For details, please refer to the section headed "Summary of the Constitution of Our Company and Cayman Islands Company Law" in Appendix III to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with at any time 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, shall not exceed the sum of:

(a) 20% of the aggregate nominal value of the share capital of the Company in issue immediately following completion of the Global Offering; and

(b) the nominal amount of our share capital repurchased by the Company (if any) pursuant to the repurchase mandate (as mentioned below).

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or scrip dividend scheme or similar arrangements or a specific authority granted by our Shareholders or upon the exercise of the Over-allotment Option.

This mandate to issue Shares will remain in effect until:

(i) at the conclusion of our next annual general meeting; or

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting,

whichever is the earliest.

For further details of this general mandate, please see the paragraph headed "A. Further Information about Our Group — 4. Resolutions of the Shareholders of the Company Passed on June 23, 2021" in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of our share capital in issue immediately following the Global Offering (excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option).

This mandate relates to repurchases made on the Stock Exchange, or on any other stock exchange which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and regulations and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed "A. Further Information about Our Group — 5. Restrictions on Repurchase" in Appendix IV to this prospectus.

This general mandate to repurchase Shares will remain in effect until:

(a) at the conclusion of our next annual general meeting; or

(b) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(c) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting, whichever is the earliest.

For further details of this general mandate, please see the paragraph headed "A. Further Information about Our Group — 4. Resolutions of the Shareholders of the Company Passed on June 23, 2021" in Appendix IV to this prospectus.

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 such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) that may be purchased for an aggregate amount of US$105 million (or approximately HK$815.63 million) (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$22.20, 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 36,735,000 Offer Shares, representing approximately 53.53% of the Offer Shares pursuant to the Global Offering and approximately 11.72% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK$23.00, 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 Investors would be 35,454,000 Offer Shares, representing approximately 51.66% of the Offer Shares pursuant to the Global Offering and approximately 11.31% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK$23.80, being the high-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 34,259,000 Offer Shares, representing approximately 49.92% of the Offer Shares pursuant to the Global Offering and approximately 10.93% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

CPE Investment Wu Limited is held as to 85.61% by CPEChina Fund III and 14.39% by CPE Global Opportunities Fund and is subscribing the Offer Shares for the benefit of CPEChina Fund III and CPE Global Opportunities Fund. PRIMEONE LUCK LIMITED is owned by Greenwoods Bloom Fund III, L.P. as to 94.55% and by WORLDTOP ELITE LIMITED as to 5.45%. CPEChina Fund III, CPE Global Opportunities Fund and PRIMEONE LUCK LIMITED are existing Shareholders our Company. Each of them have been permitted to participate in the Cornerstone Placing pursuant to paragraph 5.2 of Stock Exchange Guidance Letter HKEX-GL92-18.

Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience, in particular in the life sciences and healthcare sectors, the Cornerstone Placing will help raise the profile of our Company and to signify that such investors have confidence in our business and prospect. Other than those Cornerstone Investors which are our existing Shareholders or their close associates as described above, our Company became acquainted with each of the Cornerstone Investors through introduction by the Joint Global Coordinators in the Global Offering.

The Cornerstone Placing will form part of the International Offering and the Cornerstone Investors will not subscribe for 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 not count towards the public float of our Company under Rule 18A.07 of the Listing Rules. Save as disclosed in this section, immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a substantial shareholder of our Company, the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders.

Save as (a) CPE Investment Wu (as defined below) is a subsidiary of our Controlling Shareholder and (b) PRIMEONE LUCK LIMITED is an existing Shareholder, to the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party; (ii) none of the Cornerstone Investors is accustomed to take instructions from our Company, its subsidiaries, the Directors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders (other than the Cornerstone Investors which are existing Shareholders of our Company or their close associates as described above) or their respective close associates in relation to the acquisition, disposal, voting, or other disposition of Shares registered in its name or otherwise held by it; and (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, the Directors, chief executives, Controlling Shareholders, substantial Shareholders, existing Shareholders (other than the Cornerstone Investors which are existing Shareholders of our Company or their close associates as described above) or any of its subsidiaries or their respective close associates. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant cornerstone investment as each of them has general authority to invest.

As confirmed by each of the Cornerstone Investors, their subscription under the Cornerstone Placing would be financed by their own internal resources. There are no side arrangements or agreements between our 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, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price.

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 — The Hong Kong Public Offering — Reallocation".

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around August 6, 2021.

Other than Perseverance Asset Management (as defined below), each of the other Cornerstone Investors has agreed that the Joint Global Coordinators may defer the delivery of all or any part of the Offer Shares it has subscribed for to a date later than the Listing Date. The delay delivery arrangement was in place to facilitate the over-allocation in the International Offering. Each Cornerstone Investor has agreed that it shall pay the relevant Offer Shares on or before the Listing Date. There will be no delayed settlement of payment. There will be no delayed delivery if there is no over-allocation in the International Offering. For details of the Over- allotment Option and the stabilization action by the Stabilizing Manager, please refer to the sections headed "Structure of the Global Offering — The International Offering — Over-allotment Option" and "Structure of the Global Offering — Stabilization" in this prospectus, respectively.

THE CORNERSTONE INVESTORS

The tables below sets forth details of the Cornerstone Placing:

Based on the Offer Price of HK$22.20 (being the low-end of the indicative Offer Price range)

			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
Cornerstone Investor	Total investment Amount (US$ in million)	Number of Offer Shares to be acquired[(1)]	Approximate % of the Offer Shares	Approximate % of ownership	Approximate % of the Offer Shares	Approximate % of ownership
CUAM (as defined below)	20	6,998,000	10.20	2.23	8.87	2.16
CPE Investment Wu (as defined below)	10	3,499,000	5.10	1.12	4.43	1.08
CICCL (as defined below)	10	3,499,000	5.10	1.12	4.43	1.08
Valliance Fund (as defined below)	10	3,499,000	5.10	1.12	4.43	1.08
Perseverance Asset Management (as defined below)	10	3,499,000	5.10	1.12	4.43	1.08
Daguan International (as defined below)	10	3,499,000	5.10	1.12	4.43	1.08
Athos Capital (as defined below)	5	1,749,000	2.55	0.56	2.22	0.54
Panjing Fund (as defined below)	5	1,749,000	2.55	0.56	2.22	0.54
Dymon Asia (as defined below)	5	1,749,000	2.55	0.56	2.22	0.54
Pinpoint (as defined below)	5	1,749,000	2.55	0.56	2.22	0.54
PRIMEONE LUCK LIMITED	5	1,749,000	2.55	0.56	2.22	0.54
E Fund (as defined below)	5	1,749,000	2.55	0.56	2.22	0.54
New Journey Group (as defined below)	5	1,749,000	2.55	0.56	2.22	0.54

Based on the Offer Price of HK$23.00 (being the mid-point of the indicative Offer Price range)

			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
Cornerstone Investor	Total investment Amount (US$ in million)	Number of Offer Shares to be acquired[(1)]	Approximate % of the Offer Shares	Approximate % of ownership	Approximate % of the Offer Shares	Approximate % of ownership
CUAM (as defined below)	20	6,754,000	9.84	2.16	8.56	2.09
CPE Investment Wu (as defined below)	10	3,377,000	4.92	1.08	4.28	1.04
CICCL (as defined below)	10	3,377,000	4.92	1.08	4.28	1.04
Valliance Fund (as defined below)	10	3,377,000	4.92	1.08	4.28	1.04
Perseverance Asset Management (as defined below)	10	3,377,000	4.92	1.08	4.28	1.04
Daguan International (as defined below)	10	3,377,000	4.92	1.08	4.28	1.04
Athos Capital (as defined below)	5	1,688,000	2.46	0.54	2.14	0.52
Panjing Fund (as defined below)	5	1,688,000	2.46	0.54	2.14	0.52
Dymon Asia (as defined below)	5	1,688,000	2.46	0.54	2.14	0.52
Pinpoint (as defined below)	5	1,688,000	2.46	0.54	2.14	0.52
PRIMEONE LUCK LIMITED	5	1,688,000	2.46	0.54	2.14	0.52
E Fund (as defined below)	5	1,688,000	2.46	0.54	2.14	0.52
New Journey Group (as defined below)	5	1,688,000	2.46	0.54	2.14	0.52

Based on the Offer Price of HK$23.80 (being the high-end of the indicative Offer Price range)

			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
Cornerstone Investor	Total investment Amount (US$ in million)	Number of Offer Shares to be acquired[(1)]	Approximate % of the Offer Shares	Approximate % of ownership	Approximate % of the Offer Shares	Approximate % of ownership
CUAM (as defined below)	20	6,527,000	9.51	2.07	8.27	2.02
CPE Investment Wu (as defined below)	10	3,263,000	4.75	1.04	4.13	1.01
CICCL (as defined below)	10	3,263,000	4.75	1.04	4.13	1.01
Valliance Fund (as defined below)	10	3,263,000	4.75	1.04	4.13	1.01

Cornerstone Investor	Total investment Amount (US$ in million)	Number of Offer Shares to be acquired[(1)]	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
			Approximate % of the Offer Shares	Approximate % of ownership	Approximate % of the Offer Shares	Approximate % of ownership
Perseverance Asset Management (as defined below)	10	3,263,000	4.75	1.04	4.13	1.01
Daguan International (as defined below)	10	3,263,000	4.75	1.04	4.13	1.01
Althos Capital (as defined below)	5	1,631,000	2.38	0.52	2.07	0.50
Panjing Fund (as defined below)	5	1,631,000	2.38	0.52	2.07	0.50
Dymon Asia (as defined below)	5	1,631,000	2.38	0.52	2.07	0.50
Pinpoint (as defined below)	5	1,631,000	2.38	0.52	2.07	0.50
PRIMEONE LUCK LIMITED	5	1,631,000	2.38	0.52	2.07	0.50
E Fund (as defined below)	5	1,631,000	2.38	0.52	2.07	0.50
New Journey Group (as defined below)	5	1,631,000	2.38	0.52	2.07	0.50

Note:

(1) Subject to rounding down to the nearest whole board lot of 1,000 Shares.

The information about our Cornerstone Investors set forth below has been provided by our Cornerstone Investors in connection with the Cornerstone Placing.

China Universal Asset Management Limited Liability Company

China Universal Asset Management Limited Liability Company (匯添富基金管理股份有限公司) ("**CUAM**") is a joint stock company established in the PRC with limited liability on 3 February 2005 and is principally engaged in the business of fund and asset management covering areas such as mutual funds, segregated accounts, international business and pension funds. CUAM possess all the licenses required to engage in fund management business in the securities industry in the PRC. As at 31 December 2020, the asset under management of CUAM exceeded US$170 billion. CUAM has won various awards, which were widely recognized in the financial industry, including among others, the Gold Bull-Collective Asset Management Securities Firm (金牛券商集合資產管理人獎) issued by China Securities Journal (中國證券報), Star Fund Management Company (明星基金管理公司獎) issued by Securities Times (證券時報) and Golden Fund Award (金基金獎) issued by Asset Management Association of China (中國證券投資基金業協會). CUAM is owned by Orient Securities Co., Ltd (東方證券股份有限公司) ("**OSC**"), Shanghai Jingjujin Investment Management Partnership (上海菁聚金投資管理合夥企業) ("**Shanghai Jingjujin**"), Shanghai United Media Asset Management Co., Ltd (上海上報資產管理有限公司) ("**Shanghai United**") and CES Finance Holding Co., Ltd (東航金控有限責任公司) ("**CES**") as to 35.412%, 24.656%, 19.966% and 19.966%, respectively.

OSC is a public company dually listed on the Shanghai Stock Exchange (stock code: 600958) and the Stock Exchange (stock code: 3958) and is a professional and integrated financial service provider. To the best of our Directors' knowledge, information and belief after making reasonable enquires and as confirmed by OSC, it does not require any approval from the Shanghai Stock Exchange or the Stock Exchange, nor its shareholders, to indirectly invest in our Company.

Shanghai Jingjujin is an employee shareholding platform of CUAM. Shanghai Jingjujin is a limited partnership enterprise established in the PRC and is principally engaged in the business of investment management.

Shanghai United is a limited liability company established in the PRC and is a professional investment platform focusing on the investment in property and financial equity areas. Shanghai United is ultimately controlled by the Publicity Department of Shanghai Municipal Committee (上海市委員會宣傳部).

CES is a limited liability company established in the PRC and is an investment holding vehicle of China Eastern Airline Holding Company (中國東方航空集團有限公司) ("**CEAHC**") focusing on the financial assets management and investment. CES is a wholly-owned subsidiary of CEAHC, which is in turn ultimately controlled by State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會), and is one of the three largest airline transportation service.

CPE INVESTMENT WU LIMITED

CPE Investment Wu Limited ("**CPE Investment Wu**") is held as to 85.61% by CPEChina Fund III and 14.39% by CPE Global Opportunities Fund and is subscribing the Offer Shares for the benefit of CPEChina Fund III and CPE Global Opportunities Fund. Both CPEChina Fund III and CPE Global Opportunities Fund are exempted limited partnerships registered under the laws of the Cayman Islands and are our Controlling Shareholders. For detailed information of CPEChina Fund III and CPE Global Opportunities Fund, see "Our Corporate Structure" in "History, Development and Corporate Structure" section and "Substantial Shareholders" section. CPEChina Fund III and CPE Global Opportunities Fund are principally engaged in private equity investments. The investors of CPEChina Fund III and CPE Global Opportunities Fund include sovereign wealth funds, pensions, financial institutions and other global institutional investors across North America, Europe, Asia and the Middle East.

China International Capital Corporation Limited

China International Capital Corporation Limited (the "**CICCL**"), which is a qualified domestic institutional investor under PRC law, is acting as the discretionary manager of CICC Qirong No. 1 QDII Single Asset Management Scheme (the "**CICC Qirong No. 1 QDII**"). The beneficial owner of CICC Qirong No. 1 QDII is CICC Grandeur (Xiamen) Equity Investment Fund Partnership (L.P.) (中金啟融(廈門)股權投資基金合夥企業(有限合夥)) ("**CICC Grandeur Fund**"). CICCL is the placee of this cornerstone investment and is subscribing the Offering Shares through CICC Qirong No. 1 QDII, which is an asset management scheme under the PRC laws and focuses on investments in primary market and secondary market securities in Hong Kong and US capital markets.

CICCL, a company listed on the main board of the Hong Kong Stock Exchange (stock code: 3908) is China's first joint-venture investment bank and a pioneer of adopting the best international practices in China. CICC Grandeur Fund is a private investment fund registered under the regulations of asset management association of China whose beneficial owners are Independent Third Parties. With total committed capital of RMB30 billion, CICC Grandeur Fund invests in leading China-based companies across a wide range of sectors, including, but not limited to consumer, information technology, healthcare and advanced manufacturing.

The Valliance Fund

The Valliance Fund ("**Valliance Fund**") is an exempted company established under the laws of the Cayman Islands. Valliance Asset Management Limited ("**Valliance**"), an asset management firm licensed by the SFC, serves as the investment manager of the Valliance Fund. As of the Latest Practicable Date, the AUM of Valliance Fund is over US$500 million. Valliance employs a deep value and bottom up investment approach, combining detailed research with a highly disciplined investment process to choose portfolio investments on behalf of a wide range of institutional clients globally across multiple funds and vehicles. Mr. Lin Li (李琳) is the founder and ultimate beneficial owner of Valliance and its Chief Investment Officer since inception and he has been an active investor in the Asian capital markets for nearly the past two decades. The limited partners of the Valliance Fund are leading global institutional investors, Hong Kong family office, high net-worth individuals and employees of Valliance.

Perseverance Asset Management International (Singapore) Pte. Ltd.

Perseverance Asset Management International (Singapore) Pte. Ltd. ("**Perseverance Asset Management**") is a private limited company incorporated in Singapore on 1 October 2018, and holds a Capital Markets Services License for fund management with Monetary Authority of Singapore. Perseverance Asset Management is entering the cornerstone investment agreement with the Company in its capacity as an investment advisor or investment manager and on behalf of certain investment fund(s).

Daguan International Limited

Daguan International Limited (達觀國際有限公司) ("**Daguan International**"), a company incorporated in the British Virgin Islands, is mainly engaged in standardized asset investment, private equity investment, and asset management. Daguan International's private equity investment focuses on mid-to-long-term investment in companies with long-term potentials in healthcare, alternative energy, new materials, and consumer goods. Daguan International is a professional global investment platform owned by Bosera Capital Management Co., Ltd. (博時資本管理有限公司, "Bosera Capital") as to 99% and by Dr. Zhang Bo (張博) ("Dr. Zhang") as to 1%. Bosera Capital subscribed for its shareholding interests in Daguan International through its QDIE (namely Qualified Domestic Investment Enterprise) program, and holds the interests of Daguan International for Hainan Tianshi Investment Fund Management Co., Ltd. (海南天實投資基金管理有限公司) ("**Hainan Tianshi**").

Hainan Tianshi is owned by Beijing Huitong Yongxin Investment Co., Ltd. (北京匯通永鑫投資有限責任公司) ("**Beijing Huitong Yongxin**") as to 80% and by Hainan Youde Technology Co., Ltd (海南酉德科技有限公司), whose actual controller Gao Xiaoke is related to Dr. Zhang, as to 20%. Beijing Huitong Yongxin is owned by Liang Yongzi (梁永梓), Yi Yongling (億永玲), Liang Hong (梁洪), Liang Bo (梁博), Liang Peng (梁鵬) and Liang Kun (梁坤) as to 60%, 20%, 5%, 5%, 5% and 5%, respectively. Dr. Zhang is the chairman and chief executive officer of Hainan Tianshi, and was the former Chairman of the Executive Committee of China Tonghai International Financial Limited, a company listed on the Stock Exchange (stock code: 0952).

Athos Asia Event Driven Master Fund

Athos Asia Event Driven Master Fund ("**Athos**") is an exempted company incorporated with limited liability in the Cayman islands. Athos Capital Limited ("**Athos Capital**") serves as the sole investment manager of Athos. Athos Capital manages assets on behalf of a global institutional client base, including sovereign wealth funds, university endowments, foundations and family offices. Founded in 2011, Athos Capital pursues a variety of investment strategies with a view to providing superior and sustainable long term returns for its clients. As of June 2021, the asset under management of Athos Capital was in excess of US$1 billion. Athos Capital is wholly-owned by Mr. Matthew Love Moskey and Mr. Friedrich Bela Schulte-Hillen (together, the "**Principals**"), who also serve as the two responsible officers of Athos Capital.

Panjing Harbourview Investment Fund

Panjing Harbourview Investment Fund ("**Panjing Fund**") is an exempt company incorporated with limited liability in the Cayman Islands under the Cayman Islands Companies Act. Panjing Fund is a long-short fund that focuses mainly on investing in enterprises with a strong Chinese and/or Asian element. Panjing Fund primarily invests in a portfolio comprising equity securities of companies listed on the Hong Kong Stock Exchange, A-shares listed on the recognized stock exchanges in China and/or equity securities of companies listed on other stock exchanges which source and derive a substantial portion of its income from China.

The investment manager, Harbourview Investment Pte. Ltd. ("**Harbourview Investment**"), is a multi-family office based and incorporated in Singapore. Harbourview Investment provides asset management and wealth management solutions to high net worth clients in the Asia-Pacific region. Harbourview Investment holds a Capital Market Services License (Licence no. CMS101089) issued by the Monetary Authority of Singapore. As at the Latest Practicable Date, Harbourview Investment is currently managing USD170 million worth of assets.

Dymon Asia Capital (Singapore) Pte. Ltd.

Dymon Asia Capital (Singapore) Pte. Ltd. ("**Dymon Asia**"), co-founded in 2008 by Danny Yong and Keith Tan, is a leading Asia-focused alternative investment management firm. The firm is headquartered in Singapore with an affiliate in Hong Kong that is regulated by the Hong Kong Securities and Futures Commission. Dymon Asia is licensed by the Monetary Authority of Singapore and has a Capital Markets Services Licence. It is also registered with the United States Commodity and Futures Trading Commission as a commodity pool operator, and is an exempt reporting adviser with the Securities and Exchange Commission.

The flagship product is the Dymon Asia Multi-Strategy Investment Master Fund ("**MSIMF**"), an investment fund established in the Cayman Islands. The investors in MSIMF are Dymon Asia Multi-Strategy Investment Fund and Dymon Asia Multi-Strategy Investment (US) Fund. MSIMF is a multi-manager, multi-asset class fund which seeks to generate absolute consistent uncorrelated returns with minimal volatility. Asset classes traded are: FX, Fixed Income/Rates, Equities, Credit and Commodities. As of June 30, 2021, MSIMF has an AUM of approximately US$2.3 billion.

Dymon Asia, which is majority-owned by partners, is led by an experienced management team who have been investing in Asia since the mid-1990s. Dymon Asia is controlled by Dymon Asia Capital Ltd and Danny Yong and Keith Tan each holds more than 10% interests. Dymon Asia's objective is to achieve superior risk-adjusted returns for its clients.

Pinpoint Asset Management Limited

Pinpoint Asset Management Limited ("**PinPoint**") is the investment manager of the funds under management including Pinpoint China Fund, Pinpoint Multi-Strategy Master Fund and Pinpoint Plus Master Fund, all are Cayman Island exempted companies. Pinpoint is a limited liability company incorporated in Hong Kong on June 4, 2010. It is an independent investment research and management company that provides active asset management services to institutional investors, pension funds, private banking, fund of funds, family offices and high net worth individuals. It is licensed to conduct asset management business (type 9 regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)) by the Securities and Futures Commission of Hong Kong. The total AUM of Pinpoint was USD5.3 billion as at May 31, 2021. Pinpoint serves over 200 investors and the largest investor holds not more than 30% interest among all funds.

PRIMEONE LUCK LIMITED

PRIMEONE LUCK LIMITED is a limited liability company incorporated under the laws of BVI and an existing Shareholder of the Company. It is owned by Greenwoods Bloom Fund III, L.P. as to 94.55%, and by WORLDTOP ELITE LIMITED as to 5.45%. Greenwoods Bloom Fund III, L.P. is limited partnership registered in the Cayman Islands the general partner of which is Greenwoods Bloom III Ltd., and its 31 limited partners are Independent Third Parties with no single limited partner interested in more than 30%. Greenwoods Bloom Fund III, L.P. primarily focuses on making equity or equity-related investments in growth and expansion and mature stage companies in consumer & service, healthcare, technology, media and telecommunications sectors with a view to generating income and capital appreciation. WORLDTOP ELITE LIMITED is a limited liability company incorporated under the laws of BVI and is wholly-owned by Mr. Yuan Chun (袁春), who is an Independent Third Party.

E Fund Global Healthcare Sector Sponsored Hybrid Fund

E Fund Management Co., Ltd. (易方達基金管理有限公司) ("**E Fund Manager**"), in its capacity as the discretionary fund manager of E Fund Global Healthcare Sector Sponsored Hybrid Fund (易方達全球醫藥行業混合型發起式證券投資基金) (the "**E Fund**"), on behalf of the E Fund, has agreed for the E Fund to participate in potential investment in the Company as a cornerstone investor. As of June 30, 2021, E Fund had over RMB1.8 billion under management. E Fund Manager, the fund manager of the E Fund, is a leading comprehensive asset management company in the PRC. As of June 30, 2021, E Fund Manager had over RMB2.5 trillion (USD385 billion) under management, and E Fund is a QDII approved by the relevant PRC authority and targets at companies with competitive edge over its competitors in the global healthcare sector.

New Journey Hospital Group Ltd

New Journey Hospital Group Ltd (新里程醫院集團有限公司) ("**New Journey Group**") is a company incorporated in the Cayman Islands with limited liability and is owned by CJ Healthcare Investment Limited and Chuangke Fortune Investment Company Limited as to 37.24%. Both CJ Healthcare Investment Limited and Chuangke Fortune Investment Company Limited are beneficially owned by CAS Health Industry (Beijing) Company Ltd. (中科健康產業(北京)有限公司). New Journey Group is a leading large-scale integrated hospital group in mainland China. New Journey Group implemented "Hospital +" strategy and its business scope covers hospital, elder caring, medical technology and other areas. New Journey Group currently controls more than 130 medical institutions in Shandong, Henan, Shanxi, Fujian and Chongqing provinces, and the total numbers of beds has exceeded 20,000.

CLOSING CONDITIONS

The obligation of each of the Cornerstone Investors to acquire the Offer Shares under the 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 Listing Committee having granted the approval for 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 which prohibits the consummation of the transactions contemplated in Hong Kong Public Offering, the International 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 the Cornerstone Investor under the Cornerstone Investment Agreements are and will be (as of the closing of the Cornerstone Investment Agreements) accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTOR

Each of the Cornerstone Investors 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 the relevant 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.

So far as our Directors are aware, immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company:

Name	Capacity/nature of interest[1]	Number of Shares held as of the Latest Practicable Date	Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date	Number of Shares held immediately following completion of the Global Offering	Approximate percentage of shareholding in the total issued share capital of our Company immediately following completion of the Global Offering
CA Medtech[2]	Beneficial owner	158,614,642	64.81%	158,614,642	50.61%
CA Medtech II[2]	Interest in controlled corporation	158,614,642	64.81%	158,614,642	50.61%
CA Medtech III[2]	Interest in controlled corporation	158,614,642	64.81%	158,614,642	50.61%
CPEChina Fund III[2]	Interest in controlled corporation	158,614,642	64.81%	161,991,642[4]	51.69%
CPE Funds III[2]	Interest in controlled corporation; interest jointly held with another person	158,614,642	64.81%	161,991,642[4]	51.69%
CPE Holdings Limited[2]	Interest in controlled corporation	158,614,642	64.81%	161,991,642[4]	51.69%
CPE Holdings International Limited[2]	Interest in controlled corporation	158,614,642	64.81%	161,991,642[4]	51.69%
CPE Global Opportunities Fund[2]	Interest in controlled corporation	158,614,642	64.81%	161,991,642[4]	51.69%

Name	Capacity/nature of interest[1]	Number of Shares held as of the Latest Practicable Date	Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date	Number of Shares held immediately following completion of the Global Offering	Approximate percentage of shareholding in the total issued share capital of our Company immediately following completion of the Global Offering
CPE GOF[2]	Interest in controlled corporation; interest jointly held with another person	158,614,642	64.81%	161,991,642[4]	51.69%
Cosmic Elite[3]	Beneficial owner	42,720,647	17.45%	42,720,647	13.63%
Nexus Partners Group Limited[3]	Interest in controlled corporation	42,720,647	17.45%	42,720,647	13.63%
Vistra Trust (Singapore) Pte. Limited[3]	Trustee	42,720,647	17.45%	42,720,647	13.63%
Ms. Jing LI[3]	Interest in controlled corporation	54,949,087	22.45%	54,949,087	17.53%

Notes:

1. All interests stated are long positions.

2. CA Medtech is wholly-owned by CA Medtech II and CA Medtech III, a subsidiary owned as to approximately 85.61% by CPEChina Fund III, an exempted limited partnership registered in the Cayman Islands, whose general partner is CPE Funds III, and as to approximately 14.39% by CPE Global Opportunities Fund, an exempted limited partnership registered in the Cayman Islands, whose general partner is CPE GOF. CPE Funds III and CPE GOF could jointly control the exercise of the voting power held by CA Medtech. CPE Funds III is a wholly-owned subsidiary of CPE Holdings Limited, which is in turn wholly owned by CPE Holdings International Limited. CPE Holdings International Limited is owned by a number of shareholders that are natural persons, each holding less than 10% in CPE Holdings International Limited.

3. Cosmic Elite is a subsidiary owned as to 95.31% by Nexus Partners Group Limited. Nexus Partners Group Limited is wholly owned by Vistra Trust (Singapore) Pte. Limited (as the trustee of Joy Avenue Family Trust). The voting rights attached to the Shares held by Sino Fame are vested with Ms. Li. Therefore, Ms. Li is deemed to be interested in the 42,720,647 Shares held by Cosmic Elite and 12,228,440 Shares held by Sino Fame under the SFO.

4. Include Shares subscribed by CPE Investment Wu Limited as a cornerstone investor, assuming the Offer Price of HK$23.00 per Share, being the mid point of the indicative Offer Price range of HK$22.20 to HK$23.80.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised, and each Preferred Share will be automatically converted to one Share upon the Global Offering becoming unconditional), have any interest 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 are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

BOARD OF DIRECTORS

Our Board consists of seven Directors, of whom two are executive Directors, two are non-executive Directors and three are independent non-executive Directors. Our Board is responsible and has general powers for the management and conduct of our business. The table below sets out certain information in respect of the members of the Board.

Name	Position	Age	Date of appointment as Director	Date of joining our Group	Role and responsibility	Relationship with other Directors and senior management
Jing LI (李靜)	Chairperson of the Board, Executive Director and chief executive officer	49	December 3, 2020	March 1, 2008	Overall strategic planning, business direction and operational management	None
Silvio Rudolf SCHAFFNER	Executive Director and chief operating officer	50	December 3, 2020	September 9, 2011	Overall strategic planning, business direction and operational management	None
Ke TANG (唐柯)	Non-executive Director	40	December 3, 2020	September 28, 2018	Oversee Board affairs and provide strategic advice and guidance on the Group's affairs	None
Chen CHEN (陳琛)	Non-executive Director	37	December 3, 2020	September 28, 2018	Oversee Board affairs and provide strategic advice and guidance on the Group's affairs	None

Name	Position	Age	Date of appointment as Director	Date of joining our Group	Role and responsibility	Relationship with other Directors and senior management
Yuqi WANG (王玉琦)	Independent non-executive Director	73	January 29, 2021 (effective from the Listing Date)	Listing Date	Provide independent advice and judgment to our Board	None
Hong NI (倪虹)	Independent non-executive Director	48	January 29, 2021 (effective from the Listing Date)	Listing Date	Provide independent advice and judgment to our Board	None
Kin Yee POON (潘建而)	Independent non-executive Director	48	January 29, 2021 (effective from the Listing Date)	Listing Date	Provide independent advice and judgment to our Board	None

DIRECTORS

Executive Directors

Ms. Jing LI (李靜), aged 49, is our executive Director, chairperson of the Board and the chief executive officer. She was appointed as a Director on December 3, 2020 and appointed as the chairperson of the Board and re-designated as an executive Director on January 29, 2021. She is in charge of the overall strategic planning, business direction and operational management of the Group and holds the following positions in the subsidiaries of our Group:

Name of subsidiary	Position	Period
Beijing Acotec	Chairperson of the board of directors	April 17, 2017 to December 24, 2018 August 25, 2020 to present

Name of subsidiary	Position	Period
	Director	January 28, 2008 to December 24, 2018 August 25, 2020 to present
	General manager	January 28, 2008 to December 5, 2014 December 24, 2018 to present
	Chief executive officer	March 10, 2017 to present
Pine Medical	Director	November 22, 2011 to September 28, 2018 August 15, 2020 to present

Ms. Li has over 27 years of experience in the medical devices industry. From April 2006 to March 2008, she served as head of China in Invatec, a company which develops and manufactures cardiac, peripheral and neuro interventional devices and was subsequently acquired by Medtronic plc, a medical device company listed on the New York Stock Exchange (ticker symbol: MDT). Before joining Invatec, Ms. Li worked in sales of cardiovascular products for 10 years since 1994.

Ms. Li obtained her bachelor's degree in Safety and Environmental Protection Engineering from Jiangsu Institute of Technology (江蘇工學院) (currently known as Jiangsu University (江蘇大學)) in Jiangsu, PRC in July 1993.

Mr. Silvio Rudolf SCHAFFNER, aged 50, is our executive Director and the chief operating officer. He was appointed as a Director on December 3, 2020 and re-designated as an executive Director on January 29, 2021. He has been the chief operating officer of Beijing Acotec since March 10, 2017. Mr. Schaffner is in charge of the overall strategic planning, business direction and operational management of the Group.

Mr. Schaffner has over 28 years of experience in the medical devices industry. From December 2004 to June 2009, Mr. Schaffner served as the managing director and the legal representative of Invatec. From June 2009 to August 2010, he served as the president of management and the legal representative of Invatec. Mr. Schaffner holds various patents in orthopedic implantation and vascular intervention fields. As of the Latest Practicable Date, no intellectual property rights that are material to our Group (including those relating to the Core Products) was filed and/or owned by Mr. Schaffner. For our material patents, please refer to the paragraphs headed "Business — Intellectual Property Right" in this prospectus. Before joining Invatec, Mr. Schaffner successively served as the Head of Polymer Research at Sulzer Orthopedics Ltd. and then head of R&D at Jomed NV (acquired by Abbott in 2003) from 1993 to 2003.

Mr. Schaffner obtained his diploma in mechanical engineering from Höhere Technische Lehranstalt Brugg-Windisch in November 1993 and his master's degree in business administration from University of St. Gallen in Switzerland in October 1997.

Non-executive Directors

Mr. Ke TANG (唐柯), aged 40, was appointed as a Director on December 3, 2020 and re-designated as a non-executive Director on January 29, 2021. Mr. Tang is responsible for overseeing Board affairs and providing strategic advice and guidance on the Group's affairs and holds the following positions in the subsidiaries of our Group:

Name of subsidiary	Position	Period
Beijing Acotec	Chairperson of the board of directors	December 24, 2018 to August 25, 2020
	Director	December 24, 2018 to present
Pine Medical	Director	September 28, 2018 to present

Mr. Tang has over 12 years of experience in the investment and investment banking industry. From July 1, 2013 to December 31, 2018, Mr. Tang served at Shanghai Panxin Equity Investment Management Limited (上海磐信股權投資管理有限公司) where he held various positions, including senior investment manager, vice president and director. From January 1, 2019, Mr. Tang served as a director of Beijing Panmao Investment Management Co., Ltd.(北京磐茂投資管理有限公司), and now serves as managing director and head of a healthcare investment team. Mr. Tang was an associate and executive director at the investment banking division of Goldman Sachs Gao Hua from 2008 to 2011 and later served as an investment manager at the principal investment department of Goldman Sachs Group from 2012 to 2013.

Mr. Tang currently serves as a non-executive director of 3SBio Inc., a biotechnology company listed on the Stock Exchange (stock code: 1530). Mr. Tang also serves as the chairman of the board of directors of Spectrum Dynamics Medical Group Limited and Beijing EverLife Healthcare Hospital Management Company Limited (北京長生衆康醫院管理有限公司). Mr. Tang was also a director of Bluesail Medical Co., Ltd. (藍帆醫療股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002382) from August 2018 to May 2020, BeiGene, Ltd. (a listed company on NASDAQ at the time when he was a director which has been dually listed on NASDAQ (Trading Symbol: BGNE) and the Stock Exchange (stock code: 6160) since 2018) from 2014 to 2017 and Biosensors International Group, Ltd. (a company formerly listed on Singapore Exchange Securities Trading Limited which was subsequently delisted in 2016) from 2016 to 2018.

Mr. Tang obtained his Bachelor of Arts degree from Southeast University in Nanjing in June 2001 and his master's degree in business administration from Kellogg School of Management at Northwestern University in Illinois in July 2008.

Mr. Chen CHEN (陳琛), aged 37, was appointed as a Director on December 3, 2020 and re-designated as a non-executive Director on January 29, 2021. Mr. Chen is responsible for overseeing Board affairs and providing strategic advice and guidance on the Group's affairs and holds the following positions in the subsidiaries of our Group:

Name of subsidiary	Position	Period
Beijing Acotec	Director	December 24, 2018 to present
Tianjin Acotec	Supervisor	December 24, 2018 to present
VascuPatent Medical	Chairperson of the board of directors	June 5, 2020 to present

Mr. Chen has 10 years of experience in the business consulting and investment management industry. From July 2015 to December 2018, he worked in Shanghai Panxin Equity Investment Management Limited (上海磐信股權投資管理有限公司) where he held various positions, including investment manager, senior investment manager and vice president. From January 2019 to August 2020, he served at Tianjin Panmao Enterprise Management Limited Liability Partnership (天津磐茂企業管理合夥企業（有限合夥）) as a principal. Since September 2020, he serves at Beijing Panmao Investment Management Co., Ltd. (北京磐茂投資管理有限公司) as a principal. Prior to joining the investment management industry, Mr. Chen was a consultant at the Shanghai branch of Bain & Company from October 2009 to August 2013.

Mr. Chen currently also serves as a director of several other companies, including Shanghai MicroPort MedBot (Group) Co., Ltd.（上海微創醫療機器人（集團）股份有限公司） since September 2020, Shanghai Hanyu Medical Technology Co., Ltd. (上海捍宇醫療科技股份有限公司) since August 2019 and Spectrum Dynamics Medical Group Limited since March 2018.

Mr. Chen obtained his bachelor's degree in Electronic Engineering and his master's degree in Industrial Economics (產業經濟學) from Shanghai Jiaotong University in July 2005 and January 2009, respectively, and his Master of Business Administration degree from University of Chicago in June 2015.

Independent Non-executive Directors

Dr. Yuqi WANG (王玉琦), aged 73, was appointed as an independent non-executive Director on January 29, 2021 (effective from the Listing Date) and is responsible for providing independent advice and judgment to our Board.

Dr. Wang has around 40 years of experience in practising medicine. Dr. Wang is currently a professor in vascular surgery and doctoral supervisor in Fudan University, the former president of Zhongshan Hospital Affiliated to Shanghai Medical College (復旦大學附屬中山醫院) and the director of Vascular Surgery Institute (血管外科研究所) of Fudan University. Dr. Wang was recognized as an honorary professor of Zhongshan Hospital Affiliated to Shanghai Medical College in November 2018. He also serves in various distinguished organizations and associations in the industry, including serving as the deputy chief of Vascular Surgery Group, Surgery Division of Chinese Medical Association (中華醫學會外科分會血管外科學組), the standing director of Shanghai Association of Surgery (上海外科學會), the standing director of Specialized Committee of Hospital Economic Management (中國醫院管理學會醫院經濟管理專業委員會), a committee member of China Hospital Management Society (上海醫院管理學會), and a member of International Society for Cardiovascular Surgery (國際心血管外科學會), International College of Angiology (國際脈管學會) and International Endovascular Treatment Specialists (國際血管腔內治療專家).

Dr. Wang obtained his bachelor's degree in medicine from Peking Union Medical College (北京協和醫學院) in the PRC in August 1970 and a master's degree in medicine from Shanghai First Medical College (上海第一醫學院) (currently known as Shanghai Medical College of Fudan University (復旦大學上海醫學院)) in the PRC in August 1982. He is a registered medical officer in the PRC since August 2002.

Ms. Hong NI (倪虹), aged 48, was appointed as an independent non-executive Director on January 29, 2021 (effective from the Listing Date) and is responsible for providing independent advice and judgment to our Board.

Ms. Ni has more than 20 years of experience in corporate finance and capital market activities. Ms. Ni served as an executive director and the chief investment officer of Cogobuy Group, a company listed on the Stock Exchange (stock code: 400) from March 2015 to June 2020, and has been re-designated as its non-executive director since June 2020. Ms. Ni has been an independent director of Ucloudlink Group, Inc., a company listed on Nasdaq (ticker symbol: UCL) since June 2020, an independent non-executive director of Digital China Holdings Limited, a company listed on the Stock Exchange (stock code: 861) since September 2010, and an independent director and audit committee chairman of ATA Creativity Global, a company listed on Nasdaq (ticker symbol: ATAI) since January 2008. Ms. Ni served as an independent director of JA Solar Holdings, Co. Ltd., a company listed on Nasdaq (ticker symbol: JASO) from August 2009 to July 2018, an independent director of KongZhong Corporation, a company formerly listed on Nasdaq from January 2007 to March 2017, and a director of ATA Online (Beijing) Education Technology Co., Limited, a company formerly listed on NEEQ (stock code: 835079), from July 2015 to August 2018. Ms. Ni was the chief financial officer and director of Viewtran Group, Inc. from August 2004 to January 2008 and subsequently served as its vice chairman until early 2009. Prior to joining Viewtran Group, Inc., Ms. Ni spent six years serving as a practicing attorney at Skadden, Arps, Slate, Meagher & Flom LLP in New York and Hong Kong, specializing in corporate finance. Prior to that, Ms. Ni worked at Merrill Lynch's investment banking division in New York.

Ms. Ni obtained her bachelor's degree in applied economics from Cornell University in the United States in May 1994 and her Juris Doctor degree from the University of Pennsylvania in the United States in May 1998. Ms. Ni was admitted to the New York bar in 1999.

Ms. Kin Yee POON (潘建而), aged 48, was appointed as an independent non-executive Director on January 29, 2021 (effective from the Listing Date) and is responsible for providing independent advice and judgment to our Board.

Ms. Poon has over 20 years of experience in accounting, auditing and corporate finance services. Ms. Poon currently serves as the executive director – corporate finance of BaoQiao Partners Capital Limited (寶橋融資有限公司), a subsidiary of Fullshare Holdings Limited, a company listed on the Stock Exchange (stock code: 607). Prior to joining BaoQiao Partners Capital Limited, Ms. Poon was employed by Ares Asia Limited, where she was the chief accounting officer and company secretary of Ares Asia Limited, a company listed on the Stock Exchange (stock code: 645) from September 2011 to October 2013 and March 2013 to March 2014, respectively. Ms. Poon worked at Ernst & Young from September 1995 to January 1998.

Ms. Poon obtained her bachelor's degree in finance from the Hong Kong University of Science and Technology in November 1995. She has been a member of the American Institute of Certified Public Accountants since August 2000 and is licensed as a responsible officer by the Securities and Futures Commission for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO.

Other Disclosure Pursuant to Rule 13.51(2) of the Listing Rules

Save as disclosed above and in this prospectus, each of our Directors confirms with respect to himself or herself that he or she (1) did not hold other long positions or short positions in the Shares, underlying Shares, debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) as of the Latest Practicable Date; (2) had no other relationship with any Directors, senior management or substantial shareholders of our Company as of the Latest Practicable Date; (3) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas; and (4) there are no other matters concerning his or her appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

COMPETITION

Each of our Directors confirms that as at 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 not 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 these Directors may hold directorships from time to time.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below sets out certain information in respect of the senior management of the Group.

Name	Position	Age	Date of appointment	Date of joining our Group	Role and responsibility	Relationship with other Directors and senior management
Jing LI (李靜)	Chief executive officer	49	March 10, 2017	March 1, 2008	Overall strategic planning, business direction and operational management	None
Ulrich Reinhold SPECK	Chief technology officer	80	October 3, 2020	October 3, 2020	Direct and oversee experimental and clinical research and technology development of our Group	None
Silvio Rudolf SCHAFFNER	Chief operating officer	50	March 10, 2017	September 9, 2011	Overall operation planning and operational management	None
Hui ZHANG (張慧)	Vice-president of marketing and sales	44	March 10, 2017	September 16, 2015	Oversee sales and marketing functions of the Group	None
Weijia LI (李維佳)	Vice-president of clinical and regulations	43	March 10, 2017	December 13, 2010	Oversee compliance with government regulations, policies and procedures	None

Ms. Jing LI (李靜), see the paragraph headed "— Directors" in this section for details.

Dr. Ulrich Reinhold SPECK, aged 80, is appointed as the chief technology officer of our Company on January 29, 2021 and has been the chief technology officer of our Group since October 3, 2020 and is responsible for directing and overseeing experimental and clinical research and technology development of the Group.

Dr. Speck has over 50 years of experience in academic and clinical research in biochemistry, physiology, and drugs. He worked as a lecturer in Biology in The Free University of Berlin in 1972. From 1978 to 1999, Dr. Speck worked in various positions in Schering AG Berlin, a German pharmaceutical company, including as the head of the department pharmacokinetics and contrast media pharmacology, the managing director in research in Institute for Diagnostics Research (a research lab owned by Schering AG Berlin in The Free University of Berlin), and the head of contrast media pharmacology. Dr. Speck returned to the academia in 2000 as a professor in experimental radiology at the Charité, the university hospital affiliated with Humboldt University and The Free University of Berlin. In 2001, Dr. Speck co-founded InnoRa GmbH, a company that organizes and funds complex research projects which require interdisciplinary cooperation involving companies, universities, hospitals and research organizations. Dr. Speck was managing director and independent legal representative of InnoRa GmbH from January 14, 2002 to January 18, 2017.

Dr. Speck obtained his Ph.D. in Biology (Chemistry, Physics) from The Free University of Berlin in Germany in July 1967. Dr. Speck has contributed to a large volume of research articles on research areas such as contrast media, laser light tumor ablation and restenosis inhibition and holds around a dozen of patents in relation to drug-coated balloon catheter and sirolimus coated balloon since 2000. As of the Latest Practicable Date, no intellectual property rights that are material to our Group (including those relating to the Core Products) was filed and/or owned by Mr. Speck. For our material patents, please refer to the paragraphs headed "Business — Intellectual Property Right" in this prospectus.

Mr. Silvio Rudolf SCHAFFNER, see the paragraph headed "— Directors" in this section for details.

Ms. Hui ZHANG (張慧), aged 44, is appointed as the vice-president of marketing and sales of our Company on January 29, 2021 and has been the vice-president of marketing and sales of Beijing Acotec since March 2017. She was the director in overall marketing and sales of the Group from September 2015 to March 2017.

Ms. Zhang has 14 years of experience in the medical devices industry. Prior to joining the Group, she was the national sales manager of peripheral vascular business unit of Medtronic plc, a medical device company listed on the New York Stock Exchange (ticker symbol: MDT) from April 2009 to August 2014 and the marketing director of Cardiac Rhythm Management business unit of Boston Scientific Corporation, a medical devices manufacturer listed on the New York Stock Exchange (ticker symbol: BSX) from February 2015 to September 2015.

Ms. Zhang obtained her bachelor's degree in clinical medicine from the Tongji Medical College of Huazhong University of Science and Technology (華中科技大學同濟醫學院) in Wuhan, the PRC in June 1999, her post-doctorate degree in cardiovascular science in Baylor College of Medicine in Texas, the United States in July 2007 and her master's degree in business administration from China Europe International Business School in Shanghai, the PRC in April 2009.

Ms. Weijia LI (李維佳), aged 43, is appointed as the vice-president of clinical and regulations of our Company on January 29, 2021 and has been the vice-president of clinical and regulations of Beijing Acotec since March 2017.

Ms. Li has over 18 years of experience in the medical devices industry. Ms. Li was a director and manager in the Group from December 2010 to March 2018, before she was promoted as vice-president of clinical and regulations. Prior to joining the Group, she worked in Invatec (a company which develops and manufactures cardiac, peripheral and neuro interventional devices and was subsequently acquired by Medtronic plc, a medical device company listed on the New York Stock Exchange (ticker symbol: MDT)) from August 2008 to December 2010.

Ms. Li obtained her bachelor's degree in bio-pharmacy and her master's degree in microbiology and pharmacy from Jilin University in Changchun in the PRC in July 2000 and June 2002, respectively.

JOINT COMPANY SECRETARIES

Mr. Chen LI (李晨), aged 31, has been appointed as our joint company secretary on January 29, 2021. He first joined the Group in 2016 as a product specialist, and was promoted as a product manager in January 2017, as business development manager in March 2018 and has been the business development director since October 2019. Mr. Li obtained his bachelor's degree in telecommunication engineering from The University of New South Wales in Australia in August 2014 and his master's degree from Macquarie University in Australia in January 2016.

Ms. Ching Yi LI (李菁怡), has been appointed as our joint company secretary with effect from the Listing Date. Ms. Ching Yi LI is a senior manager of the Listing Corporate Services Department of Trident Corporate Services (Asia) Ltd., a global professional services firm. She has around 10 years of professional experience in company secretarial field. She is currently a joint company secretary of Yidu Tech Inc. (stock code: 2158) and Pop Mart International Group Limited (stock code: 9992), and the company secretary of China Fortune Financial Group Limited (stock code: 290), all of which are listed on the Hong Kong Stock Exchange. Ms. Ching Yi LI is an associate member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom and The Hong Kong Institute of Chartered Secretaries. She obtained a bachelor's degree in social sciences in October 2011 from Lingnan University in Hong Kong and a master degree in professional accounting and corporate governance in July 2015 from City University of Hong Kong.

COMPLIANCE ADVISER

We have appointed Orient Capital (Hong Kong) Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any announcements, circulars or financial reports required by regulatory authorities or applicable laws;
- where a transaction, which might be a notifiable or connected transaction under Chapters 14 and 14A of the Listing Rules is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules.

The terms of the appointment shall commence on the Listing Date and end on the date which we distribute our annual report of our financial results for first full the financial year commencing after the Listing Date.

BOARD COMMITTEES

We have established the following Board committees: the Audit Committee, the Remuneration Committee and the Nomination Committee. The committees operate in accordance with the terms of reference established by our Board.

Audit Committee

Our Company has established an audit committee (effective from the Listing Date) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 and paragraph D.3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**"). The audit committee consists of Ms. Kin Yee POON, Dr. Yuqi WANG and Mr. Chen CHEN. The chairperson of the audit committee is Ms. Kin Yee POON. Ms. Kin Yee POON 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 are to assist our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by our Board.

Remuneration Committee

Our Company has established a remuneration committee (effective from the Listing Date) with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the Corporate Governance Code. The remuneration committee consists of Dr. Yuqi WANG, Ms. Hong NI and Ms. Jing LI. The chairman of the remuneration committee is Dr. Yuqi WANG. The primary duties of the remuneration committee include, but are not limited to, the following: (i) making recommendations to our 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 policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time.

Nomination Committee

Our Company has established a nomination committee (effective from the Listing Date) with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code. The nomination committee consists of Dr. Yuqi WANG, Ms. Hong NI and Ms. Jing LI. The chairman of the Nomination Committee is Dr. Yuqi WANG. The primary functions of the nomination committee include, without limitation, reviewing the structure, size and composition of our Board, assessing the independence of independent non-executive Directors and making recommendations to our Board on matters relating to the appointment of Directors.

DEVIATION FROM THE CORPORATE GOVERNANCE CODE

Ms. Jing LI is our chairperson of the Board and chief executive officer, such practice deviates from Code Provision A.2.1 of the Corporate Governance Code. With extensive experience in the medical devices industry, Ms. Li has served in our Company for more than 12 years and is in charge of the overall strategic planning, business direction and operational management of our Group. Our Board considers that vesting the roles of the chairperson of the Board and the chief executive officer in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of our Board, which comprises experienced and diverse individuals. Our Board currently comprises two executive Directors (including Ms. Li), two non-executive Directors and three independent non-executive Directors, and therefore has a strong independent element in its composition.

Save as disclosed above, our Company intends to comply with all the applicable code provisions under the Corporate Governance Code after the Listing.

Board Diversity

In order to enhance the effectiveness of the Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out our objectives and approach to achieve and maintain diversity of the Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to the Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board.

Our Directors have a balanced mix of gender, knowledge, skills, perspectives and experience, including overall management and strategic development, business, science, clinical research, finance, investment, accounting and consulting. They obtained professional and academic qualifications including medicine, engineering, business administration, information technology, finance and law. Furthermore, the Board possesses members spanning a wide range of ages, from 37 years old to 73 years old. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of the Board satisfies our board diversity policy, and the Board and the nomination committee of our Company will assess the Board composition regularly.

Our nomination committee is responsible for reviewing the diversity of the Board. After Listing, our nomination committee will continue to monitor and evaluate the implementation of 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, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives on an annual basis. We will also continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at the Board and senior management levels.

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into (i) an employment contract and (ii) a confidentiality, intellectual property and non-competition agreement with our senior management members and other key personnel (other than Directors). Below sets forth the key terms of these contracts we normally enter into with our senior management and other key personnel.

Confidentiality

- *Confidentiality obligations*. The employee shall, during the course of employment with our Group and thereafter, keep in confidence all technical or trade secrets belonging to our Group or other third parties to whom our Group owes confidentiality obligations. Without our Group's written consent, the employee shall not leak, disclose, publish, announce, issue, teach, transfer or otherwise make available to any third party (including employees who are not privy to such trade secrets) any trade secrets belonging to our Group or other third parties to whom our Group owes confidentiality obligations in any manner and shall not utilize such trade secret beyond his or her scope of work.

Ownership of intellectual work products

- *Acknowledgement:* The employee acknowledges and agrees that our Group shall own all intellectual work products he or she produces, including but not limited to those produced (i) during the course of employment with our Group; (ii) within one year after his or her departure from our Group provided that the work products relate to any task assigned to the employee or are otherwise within the employee's scope of work; or (iii) mainly using the resources or information of our Group.

Non-competition

- *Non-competition obligation during employment term*. During the term of his/her employment with our Group, unless with our Group's written consent, the employee shall not (i) be engaged by any third party or our Group's clients which are in competition with or in partnership with our Group, (ii) directly or indirectly recommend or introduce our business to other companies, (iii) invest in businesses identical to, similar to or in competition with that of our Group, (iv) conduct our Group's business on his/her own account or (v) engage in any business that competes with our Group's in the name of persons other than our Group.

- *Non-competition obligation following termination of employment relationship*. Within two years after termination of the employment relationship between the employee and our Group, the employee shall not serve in any capacity at any company engaged in a business identical to that of our Group. Upon termination of the employment relationship, our Group and the employee shall agree on and sign a list of such restricted businesses.

Compensation for breach of covenants

- If the employee breaches the obligations under the confidentiality, intellectual property and non-competition agreement, our Group shall be entitled to recover from the employee any losses incurred and any profits earned as a result of breaches by the employee.

COMPENSATION OF DIRECTORS AND MANAGEMENT

Our Directors receive compensation in the form of fees, salaries, bonuses, other allowances and benefits in kind, including our Company's contribution to the pension scheme on their behalf. We determine the salaries of our Directors based on each Director's responsibilities, qualification, position and seniority.

The aggregate amount of remuneration to our Directors for the two years ended December 31, 2019 and 2020 and the three months ended March 31, 2021 were approximately RMB3.8 million, RMB56.1 million and RMB1.1 million, respectively.

It is estimated that remuneration and benefits in kind (excluding any possible payment of discretionary bonus) equivalent to approximately RMB4.58 million in aggregate will be paid and granted to our Directors by us in respect of the financial year ending December 31, 2021 under arrangements in force at the date of this prospectus.

The aggregate amount of remuneration to our five highest paid individuals (including Director and chief executive) for the two years ended December 31, 2019 and 2020 and the three months ended March 31, 2021 were approximately RMB9.242 million, RMB62.714 million and RMB25.556 million, respectively.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group; (ii) no compensation was paid to, or receivable by, our Directors, past Directors or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group; and (iii) none of our Directors waived any emoluments.

Our Directors' remuneration is determined with reference to the relevant Director's experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to Note 12 of the Accountants' Report set out in Appendix I to this prospectus.

SHARE INCENTIVE SCHEME

We have adopted Restricted Share Unit Scheme, the principal terms of which are summarized in the paragraph headed "D. Share Incentive Scheme" in Appendix IV to this prospectus.

FUTURE PLANS AND PROSPECTS

For a detailed description of our future plans, please refer to the paragraphs headed "Business — Our Strategies" in this prospectus.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,473.6 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, and assuming the Over-Allotment Option being not exercised and an Offer Price of HK$23.00 per Share, which is the mid-point of the indicative Offer Price range stated in this prospectus. If the Offer Price is set at HK$23.80 per Share, which is the high end of the indicative Offer Price range, the net proceeds from the Global Offering will increase by approximately HK$52.98 million. If the Offer Price is set at HK$22.20 per Share, which is the low end of the indicative Offer Price range, the net proceeds from the Global Offering will decrease by approximately HK$53.0 million.

Assuming an Offer Price at the mid-point of the indicative Offer Price range, we currently intend to apply these net proceeds for the following purposes:

- 32%, or approximately HK$471.6 million, will be allocated to our Core Products, namely AcoArt Tulip™ & Litos™ and AcoArt Orchid® & Dhalia™, including:

  - 16% of the net proceeds, or approximately HK$235.8 million, will be used for the ongoing research and development activities, clinical trials and product registration of our Core Products in China, the European Union, the U.S. and other emerging markets:

    - For AcoArt Orchid® & Dhalia™:

      (i) 5% of the net proceeds, or approximately HK$73.7 million, will be used to conduct clinical trials required by the competent authorities to expand the indications of the product, specifically:

      (a) 1% of the net proceeds, or approximately HK$14.7 million, will be used to conduct clinical trials required by the NMPA for purposes of expanding the indication of AcoArt Orchid® & Dhalia™ to the treatment of AVF stenosis (including the RCT we initiated in May 2018 that enrolled 244 trial subjects in 13 hospitals in China, which we currently plan to complete before the end of 2021);

(b) 2% of the net proceeds, or approximately HK$29.5 million, will be used to conduct clinical trials required by the NMPA for purposes of expanding the indication of AcoArt Orchid® & Dhalia™ to the treatment of VAO stenosis (including the RCT we initiated in January 2021 that will enroll 180 trial subjects in seven hospitals in China, which we currently plan to complete in the second half of 2022); and

(c) 2% of the net proceeds, or approximately HK$29.5 million, will be used to complete the single-center pilot study we initiated for the product, and to conduct other clinical trials required by the NMPA for purposes of expanding the indication of AcoArt Orchid® & Dhalia™ to the treatment of vasculogenic ED. We plan to initiate the RCT required by the NMPA for the indication expansion, and to complete the trial subject enrollment, before the end of 2021;

(ii) 2% of the net proceeds, or approximately HK$29.5 million, will be used to launch AcoArt Orchid® in overseas markets. Specifically:

(a) 1% of the net proceeds, or approximately HK$14.7 million, will be used to complete the all-comers, prospective, multi-center, single-arm, non-interventional post-market follow-up clinical study we initiated in June 2020 in Germany. Although this clinical study is not absolutely necessary in order for us to launch AcoArt Orchid® in other countries, we believe that such clinical study and our continuing research will enable us to better understand physicians' preference and patients' characteristics in overseas markets, and to convince the regulators, physicians and patients in other countries of the long-term safety and efficacy profiles of AcoArt Orchid®, which would assist us in launching the product in new regulated markets. We currently expect to complete the subject enrollment in the first quarter of 2022 and to complete this post-market clinical study in 2027; and

(b) 1% of the net proceeds, or approximately HK$14.7 million, will be used for product registration of AcoArt Orchid® in other emerging markets. We are currently seeking the approval for AcoArt Orchid® in Brazil, and expect to receive such approval before the end of 2022. We also plan to seek the approvals for AcoArt Orchid® in other emerging markets such as countries in the European Union, Asia and South America;

- For AcoArt Tulip™ & Litos™:

  (i) 6% of the net proceeds, or approximately HK$88.4 million, will be used to launch AcoArt Tulip™ & Litos™ in overseas markets. Specifically:

    (a) 5% of the net proceeds, or approximately HK$73.7 million, will be used to conduct clinical trials required by the FDA for purposes of launching AcoArt Litos™ in the U.S. We are currently selecting business partners for conducting such clinical trials in the U.S., and plan to initiate the relevant clinical trials once we obtain the IDE approval from the FDA in November 2021;

    (b) 1% of the net proceeds, or approximately HK$14.7 million, will be used for product registration of AcoArt Tulip™ & Litos™ in other emerging markets. We are currently seeking the approval for AcoArt Tulip™ & Litos™ in Brazil and India, and expect to receive such approvals before the end of 2022. We also plan to seek the approvals for AcoArt Tulip™ & Litos™ in other emerging markets such as countries in the European Union, Asia and South America; and

  (ii) 3% of the net proceeds, or approximately HK$44.2 million, will be used to complete the single-center pilot study we initiated in order to preliminarily test the safety and efficacy of AcoArt Tulip™ & Litos™ in the treatment of vasculogenic ED, and to conduct other clinical trials required by the NMPA for purposes of expanding the indication of AcoArt Tulip™ & Litos™ to the treatment of vasculogenic ED. We plan to initiate the RCT required by the NMPA for the indication expansion, and to complete the trial subject enrollment, before the end of 2021;

o 16% of the net proceeds, or approximately HK$235.8 million, will be used for the ongoing sales and marketing activities of AcoArt Tulip™ & Litos™ and AcoArt Orchid® & Dhalia™ in China and overseas. We plan to primarily focus on the sales and marketing of our Core Products in the China market in the short term, and then gradually enlarge our overseas sales and marketing team over the next few years. Specifically,

- 9% of the net proceeds, or approximately HK$132.6 million, will be used to enlarge and incentivize our in-house sales and marketing team based in China. We currently expect to recruit approximately 50, 70, 80, 90 and 100 additional sales and marketing employees in China in each of 2021, 2022, 2023, 2024 and 2025 to expand our coverage nationwide and increase the penetration rate of our Core Products;

- 2% of the net proceeds, or approximately HK$29.5 million, will be used to expand our sales channels in China primarily by engaging more distributors to expand into more provinces and to sell our products to more hospitals and medical institutions in China and overseas, including Europe, South America, Africa and other Asian countries and regions; and

- 5% of the net proceeds, or approximately HK$73.7 million, will be used to continue our academic promotion efforts and to conduct physician and patient education in China and overseas. Such promotion efforts include, among others, sponsoring industry conferences and conducting post-market clinical studies of our Core Products in small scales;

- 23%, or approximately HK$338.9 million, will be allocated to the remaining 24 products in our current product pipeline including:

  - o 15%, or approximately HK$221.0 million, will be used to fund the ongoing and planned research and development and clinical trials of nine of our product candidates. Particularly, as of the Latest Practicable Date, we had initiated clinical trials in China for four of our product candidates, namely our radiofrequency ablation system, our coronary sirolimus DCB, AcoArt Camellia™ and AcoArt Daisy™. We plan to complete the relevant clinical trials by the end of 2022 or early 2023;

  - o 3%, or approximately HK$44.2 million, will be used to fund the ongoing and planned research and development of the remaining 15 product candidates, which are all exempt from clinical trial requirements in China in accordance with applicable laws and regulations, such as our peripheral aspiration system and our peripheral rotational atherectomy device; and

  - o 5%, or approximately HK$73.7 million, will be used to fund the planned registration and commercialization activities for our 24 product candidates after receiving the relevant regulatory approvals;

- 7%, or approximately HK$103.2 million will be used to expand our production capacity and strengthen our manufacturing capabilities. We plan to either lease or purchase a property covering an area of approximately 20,000 sq.m. to expand our manufacturing facility;

- 24%, or approximately HK$353.7 million, will be allocated to fund the expansion of our product portfolio through in-house research and development, collaboration, mergers and acquisitions, in-licensing or equity investments, among others, including:

  - 6%, or approximately HK$88.4 million will be used to strengthen our in-house research and development capabilities, which primarily includes recruiting high-caliber talents for our in-house research and development team, especially engineers with a broad range of design and development skills and experience;

  - 18%, or approximately HK$265.2 million will be used to expand our product portfolio or intellectual property portfolio through potential strategic acquisitions, investments, partnerships and licensing opportunities; We intend to target global enablers, including medical device companies and research institutes, which focus on the development and research of interventional non-implantation or minimal invasive therapies. In evaluating a new target, we would take into account factors such as the target's research and development capabilities, local regulatory environment and competitive landscape. As of the Latest Practicable Date, we had no specific plans nor had identified any specific targets;

- 8%, or approximately HK$117.9 million, will be used for our working capital and general corporate purposes; and

- 6%, or approximately HK$88.4 million, will be used to repay the Loan we borrowed from Silicon Valley Bank in January 2021, which bears a floating interest rate calculated as the Wall Street Journal Prime Rate minus 1.15% per annum, and matures in January 2022. As of the Latest Practicable Date, the outstanding principal amount of the Loan was US$19 million.

The above allocation of the net proceeds from the Global Offering will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range stated in this prospectus. If the Over-allotment Option is exercised in full, the net proceeds that we will receive will be approximately HK$1,702.1 million, assuming an Offer Price of HK$23.00 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 intent to apply the additional net proceeds to the above purposes in the proportions stated above.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, so long as it is deemed to be in the best interests of the Company, we may hold such funds in short-term demand deposits with licensed banks or authorized financial institutions in Hong Kong.

HONG KONG UNDERWRITERS

Morgan Stanley Asia Limited

China International Capital Corporation Hong Kong Securities Limited

China Merchants Securities (HK) Co., Limited

Valuable Capital Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 6,864,000 Hong Kong Offer Shares and the International Offering of initially 61,769,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus as well as to the Over-allotment Option.

UNDERWRITING ARRANGEMENTS

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering Hong Kong Offer Shares for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (i) the Listing Committee granting listing of, and permission to deal in, the Shares to be offered as mentioned in this prospectus pursuant to the Global Offering (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement being satisfied (or, as the case may be, waived), 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 now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among others, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

If any of the events set out below occur at any time prior to 8:00 a.m. on the Listing Date, the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by written notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect:

(a) there develops, occurs, exists or comes into effect:

(i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, epidemic, pandemic, escalation, mutation, aggravation or large scale outbreaks of diseases (including, without limitation, SARS, swine or avian flu, H5N1, H1N1, H7N9, contagious coronavirus (COVID-19) and such related/mutated forms), accident or interruption or delay in transportation, economic sanctions, paralysis in government operations, strikes, labour disputes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or affecting Hong Kong, the PRC, the Cayman Islands, the BVI, the United States, the United Kingdom or the European Union (or any member thereof) (collectively, the "**Relevant Jurisdictions**");

(ii) any change or development involving a prospective change in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;

(iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange;

(iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at the U.S. Federal or New York State level or by any other competent authority), London, the PRC, the European Union (or any member thereof), or any of the other Relevant Jurisdictions (declared by the relevant authorities) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions;

(v) any new law or regulation or any change or any development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or any governmental authority in or affecting any of the Relevant Jurisdictions;

(vi) the imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions in respect of any jurisdiction relevant to the business operations of any member of the Group;

(vii) any change or development involving a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or RMB against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the USD), or the implementation of any exchange control, in any of the Relevant Jurisdictions or adversely affecting an investment in the Offer Shares;

(viii) a valid demand by any creditor for repayment or payment of any material indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity;

(ix) a materialization of, any of the risks set out in the section headed "Risk Factors" of this prospectus;

(x) any litigation, dispute, legal action or claim of any third party or regulatory, administrative investigation or action, including from an authority or a political body or organization in any Relevant Jurisdiction, being threatened, instigated or announced against any member of the Group, any Director or any Controlling Shareholder;

(xi) any contravention by the Company or any member of the Group of any applicable laws and regulations including the Listing Rules;

(xii) any non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws and regulations;

(xiii) 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 Stock Exchange and/or the SFC;

(xiv) the chairman, chief executive officer, any executive Director or members of senior management of the Company is vacating her/his office; or

(xv) there is any 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 Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), (1) has or will or is likely to have a material adverse effect on the assets, liabilities, general affairs, business, management, prospects, shareholders' equity, profit, losses, results of operations, performance, position or condition, financial or otherwise, of the Group as a whole; (2) has or will have or is likely to have a material adverse effect on the success or marketability of the Global Offering or the level of applications or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering; (3) makes or will make or is likely to make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by this prospectus; or (4) has or will or is likely to have the effect of making any material 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 Global Coordinators that:

(i) any statement contained in this prospectus, the application form, formal notice, preliminary offering circular, the post-hearing information pack, among others, and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering and the Global Offering (including any supplement or amendment thereto (the "**Offer-Related Documents**") but excluding information relating to the Underwriters) was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete in any material respects or misleading or deceptive, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents is not fair and honest and based on reasonable grounds or reasonable assumptions;

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from, or misstatement in, any of the Offer-Related Documents;

(iii) there is a material breach of any of the obligations imposed upon the Company or the Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement or any of the Cornerstone Investment Agreements, as applicable;

(iv) there is an event, act or omission which gives or is likely to give rise to any material liability of the Company or the Controlling Shareholders pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;

(v) there is any material adverse change or development involving any prospective material adverse change in the assets, liabilities, general affairs, business, management, prospects, shareholders' equity, profits, losses, results of operations, performance, position or condition, financial or otherwise, of the Group as a whole;

(vi) there is a breach of, or any event or circumstance rendering untrue, incorrect, incomplete or misleading in any respect, any of the warranties given by the Company and the Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;

(vii) the approval of the Listing Committee of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Global Offering (including the additional Shares which may be issued upon the exercise of the Over-allotment Option) is refused or not granted, other than subject to customary conditions, on or before the date of the Listing, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld;

(viii) any person (other than the Joint Sponsors) has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;

(ix) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;

(x) that a material portion of the orders placed or confirmed in the bookbuilding process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled;

(xi) there is a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including any additional Shares to be issued pursuant to the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xii) any executive Director or member of senior management of the Company is being charged with an indictable offence or is prohibited by operation of law or otherwise disqualified from taking part in the management of a company.

Undertakings to the Stock Exchange pursuant to the Listing Rules

By Our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (the "**First Six-Month Period**") (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing), except pursuant to the Global Offering, the Over-allotment Option or any of the circumstances prescribed by Rule 10.08 of the Listing Rules.

By Our Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange that, except pursuant to the Global Offering and the Over-allotment Option, it shall not and shall procure that the relevant registered holder(s) of the Shares will not:

(a) in the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the expiration date of the First Six-Month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares or securities of our Company in respect of which it is shown by this prospectus to be the beneficial owner; and

(b) in the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be our controlling shareholder (as defined in the Listing Rules).

Each of our Controlling Shareholders has also undertaken to the Stock Exchange and us that, within the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

(a) when it pledges or charges any Shares or other securities of our Company beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and

(b) when it receives any indications, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such Shares or securities will be disposed of, immediately inform us in writing of any such indications.

We will inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of the Controlling Shareholders and disclose such matters by way of an announcement published in accordance with Rule 2.07C of the Listing Rules as soon as possible after being so informed by any of the Controlling Shareholders.

Undertakings to the Hong Kong Underwriters

Pursuant to the Hong Kong Underwriting Agreement, our Company and our Controlling Shareholders have undertaken as follows.

Undertakings by Our Company

Except for the issue, offer or sale of the Offer Shares by our Company pursuant to the Global Offering (including pursuant to the Over-allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date of the expiry of the First Six-Month Period, we have undertaken to each of the Hong Kong Underwriters, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Joint Sponsors not to, and to procure each other member of the Group not to, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract to allot, issue or sell, contract or agree to allot, issue or sell, assign, grant or sell any option, warrant, right or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or otherwise transfer or dispose of or create any mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party claim, right, interest or preference or any other encumbrance of any kind ("**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any Shares or other equity securities of our Company, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of our Company), or deposit any Shares or other equity securities of our Company, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any Shares or other equity securities of our Company, or any interest therein (including, without limitation, any securities of which are convertible into or exchangeable or exercisable for, or 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) or (b) above; or

(d) offer to or contract to or agree to announce, or publicly disclose that our Company will or may enter into any transaction described in paragraphs (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraphs (a), (b) or (c) above is to be settled by delivery of Shares or other equity securities of our Company, as applicable, in cash or otherwise (whether or not the issue of such Shares or other equity securities will be completed within the First Six-month Period). During the period of Second Six-Month Period, in the event that our Company enters into any of the transactions specified in paragraphs (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the equity securities of our Company. Each of the Controlling Shareholders has undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters not to vote in favour of any resolutions of the Board or the meeting of the shareholders of our Company that will have an effect as described in paragraph (a).

Undertakings by Our Controlling Shareholders

Each of our Controlling Shareholders has undertaken to each of our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Joint Sponsors that, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) during the First Six-Month Period, none of our Controlling Shareholders will, and will procure each of the other Controlling Shareholders will not:

(i) offer, pledge, charge, sell, contract or agree to sell, mortgage, charge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant, or purchase any option, warrant, contract or right to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest in any of the foregoing (including, but not limited to, any securities that are 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 our Company) beneficially owned by him/it/her as of the Listing Date (the "**Locked-up Securities**");

(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 Locked-up Securities;

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (a)(i) or (ii) above; or

(iv) offer to or contract to or agree to or publicly disclose that it will or may enter into any transaction described in paragraphs (a)(i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (a)(i), (ii) or (iii) above is to be settled by delivery of such Shares or other securities of our Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the First Six-Month Period);

(b) it will not, and will procure that the relevant shareholders and limited partners (as the case may be) (the "**relevant registered holder(s)**") will not, during the Second Six-Month Period, enter into any transaction described in paragraphs (a)(i), (ii) or (iii) above in respect of any Locked-up Securities or offer to or agree to or contract to or publicly announce any intention to enter into any such transaction if, immediately following such transaction or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it would cease to be a "controlling shareholder" (as defined under the Listing Rules) of our Company;

(c) until the expiry of the Second Six-Month Period, in the event that our Controlling Shareholders or the relevant registered holder(s) enter into any such transactions specified in paragraphs (a)(i), (ii) or (iii) above or offers to or agrees to or contracts to, or publicly announces an intention to enter into any such transactions, it will take all reasonable steps to ensure that it will use its commercially reasonable effort to avoid creating a disorderly or false market in the securities of our Company; and

(d) at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling 12 months after the Listing Date, it will (i) if and when it or the relevant registered holder(s) pledges or charges any Shares or other securities of our Company beneficially owned by it, immediately inform us in writing of such pledge or charge together with the number of Shares or other securities of our Company so pledged or charged; and (ii) if and when it or the relevant registered holder(s) receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities of our Company will be disposed of, immediately inform us in writing of such indications. Our Company

shall, as soon as receiving such information from our Controlling Shareholder and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of an announcement as soon as possible.

For the avoidance of doubt, any Share(s) that may be acquired by any of our Controlling Shareholders from the secondary market after Listing shall not fall within the remit of paragraphs (a) to (d).

Hong Kong Underwriters' Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set out therein, it is expected that the International Underwriters would, severally and not jointly, agree to procure purchasers for, or to purchase, Offer Shares being offered pursuant to the International Offering (excluding, for the avoidance of doubt, the Offer Shares which are subject to the Over-allotment Option). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 10,294,000 Shares, representing no more than 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering.

Commissions and Expenses

The Underwriters will receive a commission of 3.5% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commissions. Our Company may also in our sole discretion pay an incentive fee of up to 1% of the aggregate Offer Price of all the Offer Shares.

For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay the underwriting commission attributable to such reallocated Hong Kong Offer Shares to the Joint Global Coordinators and the relevant International Underwriters (but not the Hong Kong Underwriters). The underwriting commission was determined between our Company and the Underwriters after arm's length negotiations with reference to current market conditions.

The aggregate commissions and fees, together with Hong Kong Stock Exchange listing fees, SFC transaction levy and Hong Kong Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are estimated to amount in aggregate to approximately HK$105.0 million (assuming (i) an Offer Price of HK$23.00 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus), (ii) the full payment of the discretionary incentive fee, and (iii) the Over-allotment Option is not exercised at all), are payable and borne by our Company.

Joint Sponsors' Fee

An amount of US$500,000 is payable by the Company as sponsor fees to each of the Joint Sponsors, totalling an amount of US1,000,000.

Other Services Provided by the Underwriters

The Joint Global Coordinators and the Underwriters may in their ordinary course of business provide financing to investors subscribing for the Offer Shares offered by this prospectus. Such Joint Global Coordinators and Underwriters may enter into hedges and/or dispose of such Offer Shares in relation to the financing which may have a negative impact on the trading price of the Shares.

Indemnity

We have agreed to indemnify, among others, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement as the case may be.

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, 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 activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the 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 Hong Kong Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilizing Manager or 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, such as the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

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:

(1) the Hong Kong Public Offering of initially 6,864,000 Shares in Hong Kong as described below in the paragraph headed "Structure of the Global Offering — The Hong Kong Public Offering" in this prospectus; and

(2) the International Offering of an aggregate of initially 61,769,000 Shares to be offered (i) in the United States to QIBs in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act in reliance on Rule 144A or another available exemption thereunder; or (ii) outside the United States to investors in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur. At any time from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications in the Hong Kong Public Offering, the Joint Global Coordinators, as representatives of the International Underwriters, have an option to require the Company to issue and allot up to an aggregate of 10,294,000 additional Offer Shares, representing approximately 15% of the initial number of Offer Shares to be offered in the Global Offering, at the Offer Price to cover over-allocation in the International Offering, if any.

Investors may 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 21.9% of the enlarged issued share capital of our Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 24.4% of the enlarged issued share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in the paragraph headed "Structure of the Global Offering — The International Offering — Over-allotment Option" in this prospectus.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the paragraph headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation" in this prospectus.

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

Our Company is initially offering 6,864,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. The Hong Kong Offer Shares, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 2.19% of our Company's 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 as set out in the paragraph headed "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus.

Allocation

Allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications to be 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 the Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly.

For the purpose of the immediately preceding 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 3,432,000 Hong Kong Offer Shares are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached on the following basis:

- If the number of the Shares validly applied for in the Hong Kong Public Offering represents 15 times or more but less than 50 times of the number of the Shares initially available under the Hong Kong Public Offering, then the number of Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Shares available under the Hong Kong Public Offering will be 20,590,000 Shares, representing approximately 30% of the Shares initially available under the Global Offering.

- If the number of the Shares validly applied for in the Hong Kong Public Offering represents 50 times or more but less than 100 times of the number of the Shares initially available under the Hong Kong Public Offering, then the number of Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Shares available under the Hong Kong Public Offering will be 27,454,000 Shares, representing approximately 40% of the Shares initially available under the Global Offering.

- If the number of the Shares validly applied for in the Hong Kong Public Offering represents 100 times or more of the number of the Shares initially available under the Hong Kong Public Offering, then the number of Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Shares available under the Hong Kong Public Offering will be 34,318,000 Shares, representing approximately 50% of the Shares initially available under the Global Offering.

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 Global Coordinators deem appropriate.

In addition, the Joint Global Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of Shares initially available for subscription under the Hong Kong Public Offering, the Joint Global Coordinators have the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that the total number of Offer Shares available under the Hong Kong Public Offering following such reallocation shall be not more than 13,728,000 Offer Shares (representing approximately 20% of the total number of Offer Shares initially available under the Global Offering), and the final Offer Price should be fixed at the bottom end of the indicative Offer Price range (i.e. HK$22.20 per Offer Share) stated in this prospectus.

If the Hong Kong Public Offering is not fully subscribed for, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate.

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/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or he/she/it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$23.80 per Hong Kong Offer Share in addition to any brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each Hong Kong Offer Share. If the Offer Price, as finally determined in the manner described in the section headed "Structure of the Global Offering – Pricing of the Global Offering" below, is less than the maximum price of HK$23.80 per Hong Kong Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For details, please refer to the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to reallocation as described above, the International Offering will consist of an initial offering of 61,769,000 International Offer Shares representing approximately 90% of the Offer Shares under the Global Offering and approximately 19.71% of our Company's enlarged share capital immediately after the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of the International Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such International Offer Shares. 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 the International Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "Structure of the Global Offering — Pricing of the Global Offering" in this prospectus 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 the Offer Shares, after the listing of the Offer 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 to the benefit of our Company and our Shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered the International 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 Global Coordinators so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that he/she/it is excluded from any application of the Hong Kong Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback mechanism described in the paragraph headed "The Hong Kong Public Offering — Reallocation" in this section, the exercise of the Over-allotment Option in whole or in part and/or any reallocation or unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, we expect to grant an Over-allotment Option to the International Underwriters exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Joint Global Coordinators have the right, exercisable at any time from the Listing Date until 30 days after the last day for the lodging of applications in the Hong Kong Public Offering, to require our Company to issue and allot up to an aggregate of 10,294,000 additional Offer Shares, representing approximately 15% of the initial number of Offer Shares to be offered in the Global Offering, at Offer Price to cover over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.18% of our Company's enlarged 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 many markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager or its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Short sales involve the sale by the Stabilizing Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional Shares or purchasing Shares in the open market. In determining the source of the Shares to close out the covered short position, the Stabilizing Manager will consider, among others, the price of Shares in the open market as compared to the price at which they may purchase additional Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases to be made for the purpose of preventing or retarding a decline in the market price of the Shares while the Global Offering is in progress. Any market purchases of the Shares may be effected on any stock exchange, including the Hong Kong Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or its affiliates or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done

at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering.

The number of the Shares that may be over-allocated will not exceed the number of the Shares that may be sold under the Over-allotment Option, namely, 10,294,000 Shares, which is approximately 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocation for the purpose of preventing or minimizing any reduction in the market price;

(b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any deduction in the market price;

(c) subscribing, or agreeing to subscribe, for the Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, the Shares for the sole purpose of preventing or minimizing any reduction in the market price;

(e) selling the Shares to liquidate a long position held as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager, or its affiliates or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the Shares, the Stabilizing Manager, or its affiliates or any person acting for it, may maintain a long position in the Shares. The size of the long position, and the period for which the Stabilizing Manager, or its affiliates or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Stabilizing action by the Stabilizing Manager, or its affiliates or any person acting for it, is not permitted to support the price of the Shares for longer than the stabilizing period, which begins on the day on which trading of the Shares commences on the Hong Kong Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. As a result, demand for the Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the Shares. As a result, the price of the Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager, or its affiliates or any person acting for it, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the Shares by the Stabilizing Manager, or its affiliates or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the Shares by applicants. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, Morgan Stanley & Co. International plc (or its affiliate(s)) may choose to borrow up to 10,294,000 Shares (being the maximum number of Shares which may be issued upon exercise of the Over-allotment Option) from Cosmic Elite pursuant to the Stock Borrowing Agreement. The stock borrowing arrangements under the Stock Borrowing Agreement will comply with the requirements set out in Listing Rules 10.07(3).

PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring the International Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of the International 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 of 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 about Tuesday, August 17, 2021, and, in any event, no later than Monday, August 23, 2021, by agreement between the Joint Global Coordinators (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 will not be more than HK$23.80 per Offer Share and is expected to be not less than HK$22.20 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$23.80 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.**

The Joint Global Coordinators, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with these consent of the Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price stated below 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 day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be posted on the website of the Hong Kong Stock Exchange **(www.hkexnews.hk)** and on the website of the Company **(www.acotec.cn)** notices of the reduction. As soon as practicable of such reduction of the number of Offer Shares and/or the indicative Offer Price range, the Company will also issue a supplemental prospectus updating investors of such reduction together with an update of all financial and other information in connection with such change and, where appropriate, extend the period under which the Hong Kong Public Offering was open for acceptance, and give potential investors who had applied for the Offer Shares the right to withdraw their applications. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators, on behalf of the Underwriters, and the Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this Prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with the Company and the Joint Global Coordinators, will under no circumstances be set outside the Offer Price range as stated in this Prospectus.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Joint Global Coordinators may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of the initial Hong Kong Offer Shares shall not be less than 10% of the total number of Offer Shares in the Global Offering. The International Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators.

The net proceeds of the Global Offering accruing to the Company (after deduction of underwriting commissions and other expenses in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK$1,473.6 million, assuming an Offer Price of HK$23.00, being the mid-point of the indicative Offer Price range, (or if the Over-allotment Option is exercised in full, approximately HK$1,702.1 million, assuming an Offer Price of HK$23.00, being the mid-point of the indicative offer Offer Price range). The Offer Price under the Global Offering is expected to be announced on Monday, August 23, 2021. The indications of interest in the Global Offering, the results of applications and the basis of allotment of the Hong Kong Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Monday, August 23, 2021 on the website of the Hong Kong Stock Exchange **(www.hkexnews.hk)** and on the website of the Company **(www.acotec.cn)**.

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 and is conditional upon the International Underwriting Agreement being signed and becoming unconditional. Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around Tuesday, August 17, 2021.

These underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed "Underwriting" in this prospectus.

ADMISSION OF THE SHARE INTO CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies 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 on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong 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.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Hong Kong Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

(a) the Listing Committee granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment) and such listing permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Hong Kong Stock Exchange;

(b) the Offer Price having been fixed on or around the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or around Tuesday, August 17, 2021; and

(d) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Company on or before Monday, August 23, 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 its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of our Company **(www.acotec.cn)** on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Monday, August 23, 2021 but will only become valid certificates of title at 8:00 a.m. on Tuesday, August 24, 2021 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the paragraph headed "Underwriting — Underwriting Arrangements — Hong Kong Public Offering — Grounds for Termination" in this prospectus has not been exercised.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, August 24, 2021, it is expected that dealings in the Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Tuesday, August 24, 2021. Our Shares will be traded in board lots of 1,000 Shares each and the stock code of our Shares will be 6669.

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.acotec.cn**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

The contents of the electronic version of the prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

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

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 and **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited, at +852 2862 8690 on the following dates:

Thursday, August 12, 2021 – 9:00 a.m. to 9:00 p.m.
Friday, August 13, 2021 – 9:00 a.m. to 9:00 p.m.
Saturday, August 14, 2021 – 9:00 a.m. to 6:00 p.m.
Sunday, August 15, 2021 – 9:00 a.m. to 6:00 p.m.
Monday, August 16, 2021 – 9:00 a.m. to 9:00 p.m.
Tuesday, August 17, 2021 – 9:00 a.m. to 12:00 noon

1. HOW TO APPLY

We will not provide any printed application forms for use by the public.

To apply for Hong Kong Offer Shares, you may:

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

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

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

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

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

Eligibility for the Application

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address; 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 an application is made by a person under a power of attorney, the Company and the Joint Global Coordinators 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 **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules and guidance letters issued by the Stock Exchange, or any relevant waivers that have been granted by the Stock Exchange, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- a close associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any International Offering Shares or otherwise participate in the International Offering.

Items Required for the Application

If you apply for the Hong Kong Offer Shares online through the **White Form eIPO** service, you must:

(a) have a valid Hong Kong identity card number; and

(b) provide a valid e-mail address and a contact telephone number.

If you are applying for the Hong Kong Offer Shares online by instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, apply online through **White Form eIPO** Service at **www.eipo.com.hk**.

For 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, electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

4. TERMS AND CONDITIONS OF AN APPLICATION

By applying through the application channels specified in this prospectus, you:

(i) **undertake** to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) **agree** to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Cayman Companies Act and the Articles of Association;

(iii) **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

(iv) **confirm** that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) **confirm** that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) **agree** that none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunner, the Joint Lead Managers, the Underwriters, the **White Form eIPO** Service Provider, their respective directors, officers, employees, partners, agents, advisors, and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) **undertake** and **confirm** that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) **agree** to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, **agree** and **warrant** that you have complied with all such laws and none of the Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(x) **agree** that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) **agree** that your application will be governed by the laws of Hong Kong;

(xii) **represent**, **warrant** and **undertake** that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (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-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned as set out in section "— Personal Collection" of this prospectus to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) **declare** and **represent** that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) **understand** that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) **warrant** that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** 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 prospectus acknowledge that each applicant and CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

5. MINIMUM APPLICATION AMOUNT AND PERMITTED NUMBERS

Your application through the **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 1,000 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.

ACOTEC SCIENTIFIC HOLDINGS LIMITED
(HK$23.80 per Hong Kong Offer Share)
NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK$		*HK$*		*HK$*		*HK$*
1,000	24,039.83	14,000	336,557.66	70,000	1,682,788.28	500,000	12,019,916.30
2,000	48,079.67	16,000	384,637.32	80,000	1,923,186.61	600,000	14,423,899.56
3,000	72,119.50	18,000	432,716.99	90,000	2,163,584.93	700,000	16,827,882.82
4,000	96,159.33	20,000	480,796.65	100,000	2,403,983.26	800,000	19,231,866.08
5,000	120,199.16	25,000	600,995.82	150,000	3,605,974.89	900,000	21,635,849.34
6,000	144,239.00	30,000	721,194.98	200,000	4,807,966.52	1,000,000	24,039,832.60
7,000	168,278.83	35,000	841,394.14	250,000	6,009,958.15	1,500,000	36,059,748.90
8,000	192,318.66	40,000	961,593.30	300,000	7,211,949.78	2,000,000	48,079,665.20
9,000	216,358.49	45,000	1,081,792.47	350,000	8,413,941.41	2,500,000	60,099,581.50
10,000	240,398.33	50,000	1,201,991.63	400,000	9,615,933.04	3,432,000(1)	82,504,705.48
12,000	288,477.99	60,000	1,442,389.96	450,000	10,817,924.67		

(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.

6. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria set out in the sub-section headed "— 2. Who Can Apply" in this section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

If you have any questions on how to apply through the **White Form eIPO** service for the Hong Kong Offer Shares, please contact the telephone enquiry line of the **White Form eIPO** Service Provider at +852 2862 8690 on the following dates:

Thursday, August 12, 2021 – 9:00 a.m. to 9:00 p.m.
Friday, August 13, 2021 – 9:00 a.m. to 9:00 p.m.
Saturday, August 14, 2021 – 9:00 a.m. to 6:00 p.m.
Sunday, August 15, 2021 – 9:00 a.m. to 6:00 p.m.
Monday, August 16, 2021 – 9:00 a.m. to 9:00 p.m.
Tuesday, August 17, 2021 – 9:00 a.m. to 12:00 noon

Time for Submitting Applications under the White Form eIPO

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, August 12, 2021 until 11:30 a.m. on Tuesday, August 17, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, August 17, 2021 or such later time under the "— 11. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Commitment to Sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "Acotec Scientific Holdings Limited" **White Form eIPO** application submitted via the **www.eipo.com.hk** to support sustainability.

7. APPLYING THROUGH CCASS EIPO SERVICE

General

You may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf. CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

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

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators 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 (either indirectly through a **broker** or **custodian** or directly) and an application is made by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares 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 Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisors and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (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; 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:

Thursday, August 12, 2021 – 9:00 a.m. to 8:30 p.m.
Friday, August 13, 2021 – 8:00 a.m. to 8:30 p.m.
Monday, August 16, 2021 – 8:00 a.m. to 8:30 p.m.
Tuesday, August 17, 2021 – 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, August 12, 2021 until 12:00 noon on Tuesday, August 17, 2021 (24 hours daily, except on Tuesday, August 17, 2021, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, August 17, 2021, the last application day or such later time as described in "— 11. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this section.

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

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for 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 benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

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 Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, 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, 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, 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 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.

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.

8. 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 **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Sponsors, 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 **White Form eIPO** 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 Tuesday, August 17, 2021, the last day for applications, or such later time as described in "11. Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

9. 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 **White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your behalf.

For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being 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).

10. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$23.80 per Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. This means that for one board lot of 1,000 Hong Kong Offer Shares, you will pay HK$24,039.83.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for the Hong Kong Offer Shares.

You may submit an application through the **White Form eIPO** service or the **CCASS EIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in "— 5. Minimum Application Amount and Permitted Numbers", or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, 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 of The Global Offering" in this prospectus.

11. EFFECT OF BAD WEATHER ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; and/or
- an announcement of "extreme conditions" caused by a super typhoon by the Government of Hong Kong in accordance with revised "Code of Practice in Times of Typhoons and Rainstorms" issued by the Hong Kong Labour Department in June 2019

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, August 17, 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 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 Tuesday, August 17, 2021 or if there is/are a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made on our website at **www.acotec.cn** and the website of the Stock Exchange at **www.hkexnews.hk**.

12. 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 Monday, August 23, 2021 on the Company's website at **www.acotec.cn** 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.acotec.cn** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Monday, August 23, 2021;

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Monday, August 23, 2021 to 12:00 midnight on Sunday, August 29, 2021; and

- from the allocation results telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from Monday, August 23, 2021 to Thursday, August 26, 2021.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

13. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By applying through the **CCASS EIPO** service or through the **White Form eIPO** Service Provider, you agree that your application or 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 the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) in the following circumstances:

(a) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this prospectus; or

(b) if any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) 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 Offering Shares;
- your **electronic application instructions** through the **White Form eIPO** Service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.eipo.com.hk**;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

14. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the Maximum Offer Price per Offer Share (excluding brokerage, SFC transaction levy 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 cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Monday, August 23, 2021.

15. DESPATCH/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 cheques and share certificates are expected to be posted on or before Monday, August 23, 2021. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, August 24, 2021, provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect any refund checks (where applicable) and/or your Share certificate(s) from Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, August 23, 2021, or such other date as notified by the Company as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

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 Monday, August 23, 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 despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(ii) If you apply through CCASS EIPO service

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, August 23, 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 "— 12. Publication of Results" above on Monday, August 23, 2021. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, August 23, 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 Monday, August 23, 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 Monday, August 23, 2021.

16. 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 advisor 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-72 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 ACOTEC SCIENTIFIC HOLDINGS LIMITED AND MORGAN STANLEY ASIA LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Acotec Scientific Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages I-4 to I-72, which comprises the consolidated statements of financial position of the Group as at December 31, 2019, 2020 and March 31, 2021, the statements of financial position of the Company as at December 31, 2020 and March 31, 2021, 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 each of the two years ended December 31, 2020 and three months ended March 31, 2021 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (collectively referred to as the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-72 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated August 12, 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 ("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 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 financial positions as at December 31, 2019, 2020 and March 31, 2021, of the Company's financial positions as at December 31, 2020 and March 31, 2021 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, consolidated statement of changes in equity and consolidated statement of cash flows for the three months ended March 31, 2020 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation 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 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 purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation 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 13 to the Historical Financial Information which contains information about the dividends declared by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 12, 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 International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by 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,		Three months ended March 31,	
	NOTES	**2019**	**2020**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Revenue	*6*	124,910	193,975	19,624	53,320
Cost of sales		(18,979)	(30,195)	(4,042)	(6,639)
Gross profits		105,931	163,780	15,582	46,681
Other income	*7*	2,964	4,645	55	2,319
Other gains and losses, net	*8*	894	1,177	498	(2,766)
Impairment losses under expected credit loss model, net of reversal		115	(1,130)	(377)	444
Selling and distribution expenses		(36,266)	(32,581)	(7,603)	(17,037)
Research and development expenses		(25,479)	(83,487)	(6,514)	(36,135)
Administrative expenses		(20,972)	(72,112)	(5,115)	(19,319)
Listing expenses		–	(10,317)	–	(11,236)
Finance costs	*9*	(479)	(1,422)	(223)	(1,045)
Profit (loss) before tax		26,708	(31,447)	(3,697)	(38,094)
Income tax (expense) credit	*10*	(3,603)	(12,845)	567	(1,922)
Profit (loss) and total comprehensive income (expense) for the year/period	*11*	23,105	(44,292)	(3,130)	(40,016)
Profit (loss) and total comprehensive income (expense) attributable to:					
Owners of the Company		23,105	(43,842)	(3,130)	(40,016)
Non-controlling interest		–	(450)	–	–
		23,105	(44,292)	(3,130)	(40,016)
Earning (loss) per share	*14*				
– Basic (RMB Yuan)		0.14	(0.24)	(0.02)	(0.18)
– Diluted (RMB Yuan)		0.14	(0.24)	(0.02)	(0.18)

Consolidated Statements of Financial Position

	NOTES	As at December 31, 2019	As at December 31, 2020	As at March 31, 2021
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*15*	6,987	22,655	23,357
Right-of-use assets	*16*	19,505	19,947	18,350
Intangible assets	*17*	733	2,000	2,188
Rental deposits		1,397	1,834	2,016
Deposits paid for acquisition of property, plant and equipment		1,527	2,188	4,035
Deferred tax assets	*18*	8,861	4,926	4,985
Goodwill	*19*	–	1,150	1,150
		39,010	54,700	56,081
Current assets				
Inventories	*20*	32,842	28,538	30,782
Trade and bill receivables	*21*	4,437	29,518	23,907
Prepayments, deposits and other receivables	*22*	4,409	9,599	13,190
Amount due from a fellow subsidiary	*23*	17	–	–
Amount due from a shareholder	*23*	–	227	227
Amount due from a preferred shareholder	*23*	–	3,262	–
Bank balances and cash	*24*	31,524	147,097	18,584
		73,229	218,241	86,690
Current liabilities				
Trade and other payables	*25*	19,062	35,746	40,003
Dividend payable	*13*	–	326,245	–
Refund liabilities	*26*	22,896	–	–
Contract liabilities	*27*	7,530	8,432	9,120
Tax payable		4,272	6,511	5,506
Provisions	*28*	1,511	1,511	1,511
Lease liabilities	*29*	3,918	5,679	5,822
Bank borrowings	*30*	–	20,000	144,855
		59,189	404,124	206,817
Net current assets (liabilities)		14,040	(185,883)	(120,127)
Total assets less current liabilities		53,050	(131,183)	(64,046)
Capital and reserves (deficits)				
Share capital	*31*	9,839	14	15
Reserves (deficits)		27,180	(281,023)	(318,471)
Total equity (net deficits)		37,019	(281,009)	(318,456)
Non-current liabilities				
Lease liabilities	*29*	16,031	15,736	14,237
Preferred shares	*32*	–	133,760	239,852
Deferred tax liabilities	*18*	–	330	321
		16,031	149,826	254,410
		53,050	(131,183)	(64,046)

Statements of Financial Position of The Company

	NOTES	As at December 31, 2020	As at March 31, 2021
		RMB'000	*RMB'000*
Non-current asset			
Investment in a subsidiary	*42*	59,896	93,252
Current assets			
Deferred issue cost	*22*	3,248	5,333
Amount due from a preferred shareholder	*23*	3,262	–
Bank balances	*24*	130,498	5,114
		137,008	10,447
Current liabilities			
Dividend payable	*13*	326,245	–
Accruals	*25*	8,929	17,031
Amount due to a subsidiary	*23*	4,678	10,884
Bank borrowing	*30*	–	124,855
		339,852	152,770
Net current liabilities		(202,844)	(142,323)
Total assets less current liabilities		(142,948)	(49,071)
Capital and deficits			
Share capital	*31*	14	15
Deficits	*33*	(276,722)	(288,938)
Net deficits		(276,708)	(288,923)
Non-current liability			
Preferred shares	*32*	133,760	239,852
		(142,948)	(49,071)

Consolidated Statements of Changes in Equity

	Attributable to owners of the Company										
	Share capital	Share premium	Shares held under RSU Scheme	Share-based payments reserve	Capital reserve	Other reserve	People's Republic of China statutory reserve	Accumulated losses	Sub-total	Non-controlling interest	Total equity (net deficits)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (*Note a*)	*RMB'000* (*Note b*)	*RMB'000* (*Note c*)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2019	9,839	–	–	–	168,621	–	–	(166,521)	11,939	–	11,939
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	23,105	23,105	–	23,105
Deemed contribution	–	–	–	–	1,975	–	–	–	1,975	–	1,975
Transfer to statutory reserve	–	–	–	–	–	–	1,606	(1,606)	–	–	–
At December 31, 2019	9,839	–	–	–	170,596	–	1,606	(145,022)	37,019	–	37,019
Loss and total comprehensive expense for the year	–	–	–	–	–	–	–	(43,842)	(43,842)	(450)	(44,292)
Transfer to statutory reserve	–	–	–	–	–	–	894	(894)	–	–	–
Dividend recognised as distribution *(note 13)*	–	(327,255)	–	–	–	–	–	–	(327,255)	–	(327,255)
Acquisition of a subsidiary *(note 36)*	–	–	–	–	–	–	–	–	–	3,062	3,062
Acquisition of non-controlling interest in a subsidiary *(note 36)*	–	–	–	–	–	1,113	–	–	1,113	(2,612)	(1,499)
Effect from Group Reorganisation (as defined in note 2)	(9,825)	59,882	–	–	(50,057)	–	–	–	–	–	–
Recognition of equity-settled share-based payment granted by CA Medtech Investment (Cayman) Limited *(note 34)*	–	–	–	–	51,956	–	–	–	51,956	–	51,956
At December 31, 2020	14	(267,373)	–	–	172,495	1,113	2,500	(189,758)	(281,009)	–	(281,009)
Loss and total comprehensive expense for the period	–	–	–	–	–	–	–	(40,016)	(40,016)	–	(40,016)
Issuance of shares for RSU Scheme (as defined in note 34)	1	–	(1)	–	–	–	–	–	–	–	–
Shares issued under an employee incentive platform *(note 31)*	1	72,745	–	33,356	–	–	–	–	106,102	–	106,102
Issuance of preferred shares as deemed distribution *(note 32)*	(1)	–	–	–	–	(103,532)	–	–	(103,533)	–	(103,533)
At March 31, 2021	15	(194,628)	(1)	33,356	172,495	(102,419)	2,500	(229,774)	(318,456)	–	(318,456)

	Attributable to owners of the Company										
	Share capital	Share premium	Shares held under RSU Scheme	Share-based payments reserve	Capital reserve	Other reserve	People's Republic of China statutory reserve	Accumulated losses	Sub-total	Non-controlling interest	Total equity (net deficits)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (*Note a*)	*RMB'000* (*Note b*)	*RMB'000* (*Note c*)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2020	9,839	–	–	–	170,596	–	1,606	(145,022)	37,019	–	37,019
Loss and total comprehensive expense for the period	–	–	–	–	–	–	–	(3,130)	(3,130)	–	(3,130)
At March 31, 2020 (unaudited)	9,839	–	–	–	170,596	–	1,606	(148,152)	33,889	–	33,889

Notes:

a. Capital reserve comprises:

(1) An amount of RMB168,621,000, representing the capital injection from immediate holding company in prior years.

(2) An amount of RMB1,975,000, representing deemed contribution from immediate holding company through waiver of amount due to immediate holding company during the year ended December 31, 2019.

(3) The debit amount of RMB50,057,000, representing the difference between (i) Pine Medical Limited's share capital and (ii) the Company's share capital and share premium as set out in note 33(a) upon completion of the Group Reorganisation (as defined in note 2).

(4) An amount of RMB51,956,000, representing the effect of share-based payment transaction in relation to the shares of immediate holding company, CA Medtech Investment (Cayman) Limited, issued to the management of the Group. Details are set out in note 34.

b. Other reserve comprises:

(1) An amount of RMB1,113,000, representing the difference between the consideration paid and the carrying amount of the net assets attributable to the non-controlling interest in VascuPatent Medical (Shenzhen) Co., Ltd., a subsidiary of the Group being acquired during the year ended December 31, 2020.

(2) The debit amount of RMB103,532,000, representing the difference between the par value of share capital and fair value of preferred shares of the Company upon the redesignation and reclassification of ordinary shares as preferred shares. Details are set out in note 32.

c. The reserve represents the statutory reserve of a subsidiary in the People's Republic of China (the "PRC"). Pursuant to applicable PRC regulations, the PRC subsidiary in the Group is required to appropriate 10% of its profit after tax (after offsetting prior year losses) to the statutory reserve until such reserve reaches 50% of its registered capital. Transfers to this reserve must be made before distribution of dividends to shareholders. Upon approval by relevant authorities, the statutory reserve can be utilised to offset the accumulated losses or to increase the paid-up capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

Consolidated Statements of Cash Flows

	Year ended December 31,		Three months ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
OPERATING ACTIVITIES				
Profit (loss) before tax	26,708	(31,447)	(3,697)	(38,094)
Adjustments for:				
Interest income	(49)	(41)	(14)	(15)
Finance costs	479	1,422	223	1,045
Depreciation of property, plant and equipment	2,001	937	111	873
Depreciation of right-of-use assets	1,587	4,170	824	1,285
Exchange (gain) loss	–	(563)	–	2,083
Amortisation of intangible assets	310	254	42	93
Impairment losses under expected credit loss model, net of reversal	(115)	1,130	377	(444)
Impairment loss recognised in respect of intangible assets	71	–	–	–
Write-down for inventories	1,648	3,845	740	70
Loss (gain) on disposal of property, plant and equipment	45	(3)	(3)	1
Gain on fair value change of financial assets at fair value through profit or loss ("FVTPL")	(348)	(588)	(90)	(19)
(Gain) loss on fair value change of preferred shares	–	(447)	–	2,559
Share-based payment cost	–	51,956	–	33,356
Operating cash flows before movements in working capital	32,337	30,625	(1,487)	2,793
Decrease (increase) in inventories	1,552	2,948	180	(1,693)
Decrease (increase) in trade and bill receivables	3,538	(26,211)	197	6,055
Increase in prepayments, deposits and other receivables	(353)	(1,374)	(1,005)	(1,506)
(Decrease) increase in trade and other payables	(6,065)	13,932	(5,642)	2,670
(Decrease) increase in refund liabilities	(15,121)	(22,896)	12,122	–
Decrease in provisions	(1,189)	–	–	–
Increase (decrease) in contract liabilities	6,686	902	(2,319)	688
Cash generated from (used in) operations	21,385	(2,074)	2,046	9,007
Income taxes paid	(1,529)	(6,691)	(3,672)	(2,995)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	19,856	(8,765)	(1,626)	6,012

	NOTE	Year ended December 31, 2019	Year ended December 31, 2020	Three months ended March 31, 2020	Three months ended March 31, 2021
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
INVESTING ACTIVITIES					
Acquisition of a subsidiary	*36*	–	672	–	–
Payment of rental deposits		–	(437)	–	(182)
Purchases of property, plant and equipment		(2,301)	(18,506)	(1,661)	(3,742)
Proceeds from disposal of property, plant and equipment		–	11	3	10
Purchases of intangible assets		(396)	(121)	(79)	(281)
Purchase of financial assets at FVTPL		(51,000)	(97,000)	(27,000)	(29,000)
Proceeds from disposal of financial assets at FVTPL		51,348	97,588	7,090	29,019
Advance to a fellow subsidiary		(17)	(3,269)	–	–
Repayment from a fellow subsidiary		–	3,286	17	–
Interest received		49	41	14	15
NET CASH USED IN INVESTING ACTIVITIES		(2,317)	(17,735)	(21,616)	(4,161)
FINANCING ACTIVITIES					
Acquisition of non-controlling interest of a subsidiary		–	(1,499)	–	–
Repayments of lease liabilities		(1,836)	(4,392)	(933)	(1,356)
Proceeds from issuance of preferred shares		–	130,945	–	3,262
Proceeds from issuance of shares under employee incentive platform		–	–	–	72,746
New bank borrowing raised		–	20,000	–	122,772
Dividend paid		–	–	–	(323,085)
Interest paid		(479)	(1,422)	(223)	(542)
Advance from immediate holding company		1,975	–	–	–
Repayments of amounts due to former shareholders		(2,850)	–	–	–
Payments of issue costs		–	(1,112)	–	(1,001)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(3,190)	142,520	(1,156)	(127,204)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		14,349	116,020	(24,398)	(125,353)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		17,175	31,524	31,524	147,097
Effect of foreign exchange rate changes		–	(447)	–	(3,160)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD, represented by bank balances and cash		31,524	147,097	7,126	18,584

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated in the Cayman Islands on December 3, 2020 as an exempted company with limited liability under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its parent is CA Medtech Investment (Cayman) Limited ("CA Medtech"), incorporated in the Cayman Islands and its ultimate parent is CPE Holdings International Limited, which is owned by a number of shareholders that are natural persons and none of whom controls CPE Holdings International Limited.

The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is 4-5/F., Building No.1, No.16 Hongda Road North, Beijing Economic-Technological Development Area, Beijing, the PRC.

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 defined and set out in note 2). The Group is principally engaged in research and development of Percutaneous Transluminal Angioplasty ("PTA") balloons and drug-coated balloons ("DCB") products.

The Historical Financial Information is presented in Renminbi ("RMB") which is also the functional currency of the Company and its subsidiaries.

2. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF 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 IASB and conventions applicable for group reorganisation.

Pine Medical Limited was the holding company of the Group prior to the group reorganisation. Pursuant to the group reorganisation as set out in the section headed "History, Development and Corporate Structure" in the prospectus ("Group Reorganisation"), on December 28, 2020, CA Medtech transferred the entire 12,000,000 ordinary shares it then held in Pine Medical Limited to the Company. As consideration for the share transfer, the Company issued 164,610,521 new ordinary shares to CA Medtech at the same date. Upon completion of such share exchange, the Company became the holding company of the Group and Pine Medical Limited became a wholly owned subsidiary of the Company. The Group comprising the Company and its subsidiaries resulting from this Group Reorganisation is regarded as a continuing entity. On December 29, 2020, CA Medtech repurchased 42,720,647, 4,272,065, 2,000,000 of its shares granted to a company controlled by the general manager of the Group, the chief operating officer of the Group and a company controlled by the chief medical officer (as disclosed in note 34). As consideration for the repurchased shares, the Company issued 42,720,647, 4,272,065, 2,000,000 of its ordinary shares to these parties, respectively, on the same date.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group which include the results, changes in equity and cash flows of the companies comprising the Group for the Track Record Period have been prepared as if the Company had always been the holding company of the companies now comprising the Group and the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation/establishment or acquisition, where it is a shorter period.

The consolidated statements of financial position of the Group as at December 31, 2019 present the assets and liabilities of the companies comprising the Group which had been incorporated/established on December 31, 2019 and as if the current group structure had been in existence as at December 31, 2019.

As at March 31, 2021, the Group had net current liabilities of RMB120,127,000 and net liabilities of RMB318,456,000, respectively. An intermediate holding company of the Group has agreed to provide adequate funds to the Group to meet in full its financial obligations as and when they become due and not to demand repayment of any amount owed by the Group, if any, until the Group is in a financial position to do so in next twelve months from the date of this report. In addition, after taking into account of the Group's cashflow projection and 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 from the date of the report and it is appropriate to prepare the Historical Financial Information on a going concern basis.

As at the date of this report, no audited statutory financial statements have been prepared for the Company as it was incorporated in a jurisdiction where there is no statutory audit requirements.

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 applied the accounting policies which conform with IFRSs, which are effective for the accounting period beginning on January 1, 2021 throughout the Track Record Period.

New and Amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to IFRS 16	Covid-19 Related Concession Rent beyond 30 June 2021[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020[2]

1 Effective for annual periods beginning on or after April 1, 2021

2 Effective for annual periods beginning on or after January 1, 2022

3 Effective for annual periods beginning on or after January 1, 2023

4 Effective for annual periods beginning on or after a date to be determined

Except for the amendments to IAS 1 and IAS 12 mentioned below, the directors of the Group anticipate that the application of other new and amendments to IFRSs will have no material impact on the Group's financial position and performance and/or the disclosures to the financial statements when they become effective.

Amendments to IAS 1 ***Classification of Liabilities as Current or Non-current***

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

As at March 31, 2021, the Group's outstanding preferred shares include counterparty conversion options that do not meet equity instruments classification by applying IAS 32 *Financial Instruments: Presentation*. The Group classified as current or non-current based on the earliest date in which the Group has the obligation to redeem these instruments through cash settlement. The convertible instruments were designated as at FVTPL with carrying amount of RMB239,852,000 as at March 31, 2021 and is classified as non-current as set out in note 32. Upon the application of the amendments, in addition to the obligation to redeem through cash settlement, the transfer of equity instruments upon the exercise of the conversion options that do not meet equity instruments classification also constitute settlement of the convertible instruments. Given that the conversion options are exercisable at any time, the convertible instruments designated as at FVTPL amounting to RMB239,852,000 would be reclassified to current liabilities as the holders have the option to convert within twelve months.

Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in note 4 to the Historical Financial Information, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. As at March 31, 2021, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB18,350,000 and RMB20,059,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRSs issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information included applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("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 accounted for in accordance with IFRS 16 *Leases* ("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 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.

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 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 into line with the Group's accounting policies.

All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the International Accounting Standards Committee's *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in September 2010).

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* ("IAS 12") and IAS 19 *Employee Benefits* respectively; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

Investment in a subsidiary

Investment in a subsidiary is included in the statement 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.

Variable consideration

For contracts that contain variable consideration (i.e. incentive programme offered to platform distributors), the Group estimates the amount of consideration to which it will be entitled using the expected value method.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of each reporting period and the changes in circumstances during each reporting period.

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 exchange

For a sale of products with a right of exchange for dissimilar products, 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 exchanged); and

(b) a contract liability.

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

Short term leases

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. Lease payments on short-term leases are recognised as expenses 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.

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 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 not directly attributable to the acquisition, construction or production of qualifying assets 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 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. Such grants are presented under "other income".

Retirement benefit costs

Payments to the state-managed retirement benefit schemes are recognised 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 and annual leave) after deducting any amount already paid.

Share-based payments

Shares 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 that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss and accumulated in share-based payments reserve.

For shares granted from a parent company to the employees of the Group, the relevant share-based payments would be recognised as an expenses of the Group and capital contribution from the parent company.

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 Track Record Period. Taxable profit differs from 'profit (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 difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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 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 is recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets 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, plant 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, plant 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 cost less accumulated amortisation and accumulated impairment losses. Amortisation 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.

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 asset 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 asset;
- 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), on the same basis as intangible assets that are acquired separately.

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, and intangible assets with finite useful lives to determine whether there is any indication that these 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).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually, or 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 testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

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 a CGU or the 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 the 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 first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at 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 or 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 Track Record 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.

All other financial assets are subsequently measured at fair value.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and 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 each reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income 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 dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and bill receivables, other receivables, amounts due from a fellow subsidiary, a shareholder and a preferred shareholder, and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date 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 the 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 by debtors.

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 in which case, 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 the 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.

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;

(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, whichever occurs sooner. 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 and 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.

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 recognising the corresponding adjustment 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 asset 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 group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, dividend payable, refund liabilities and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

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 32.

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 SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the management of the Group is 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 judgments, apart from those involving estimations (see below), that the management of the Group has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the the Historical Financial Information.

Research and development expenses

Development expenses incurred on the Group's procedural medical product pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Management assesses the progress of each of the research and development projects and determines whether the criteria are met for capitalisation. During the Track Record Period, all research and development costs are expensed when incurred.

Key sources of estimation uncertainty

The following are 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 next financial year.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on the historical selling prices of similar products, the current market conditions, forecast usage and sale volume of similar products. These estimates could change significantly as a result of changes in customer preferences and competitor actions. Management reassesses these estimates at the end of each reporting period. As at December 31, 2019 and 2020 and March 31, 2021, the carrying amount of inventories are RMB32,842,000 (net of allowance for inventories of RMB1,942,000), RMB28,538,000 (net of allowance for inventories of RMB4,293,000) and RMB30,782,000 (net of allowance for inventories of RMB4,028,000), respectively.

Deferred tax assets

As at December 31, 2019 and 2020 and March 31, 2021, deferred tax assets of RMB8,861,000, RMB4,926,000 and RMB4,985,000, respectively in relation to unused tax losses and other deductible temporary differences for certain operating subsidiaries have been recognised in the consolidated statements of financial position. The Group recognised the deferred tax asset to the extent that these entities will have sufficient taxable profit in the future. No deferred tax asset has been recognised on the tax losses of RMB127,231,000, RMB187,206,000 and RMB175,743,000 as at December 31, 2019, 2020 and March 31, 2021, respectively for certain subsidiaries due to the unpredictability of future profit streams and the expiry of certain unused tax losses. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Fair value of preferred shares

The Group has issued Series Crossover Preferred Shares and Series II Crossover Preferred Shares during the Track Record Period as set out in note 32. 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 as at March 31, 2021 is established by using valuation techniques, which include discounted cash flow and equity allocation based on the Black-Scholes option pricing model involving various parameters and inputs. Valuation techniques adopted by an independent qualified professional valuer 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 change, 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 March 31, 2021 is RMB239,852,000, details set out in note 32.

Sales with a right to exchange

Sales contracts with Platform Distributors (defined in note 6) allow Platform Distributors to exchange for unsold products with expiry date less than six months. Therefore, the Group has recognised a contract liability arising from sales with a right to exchange. Revenue for the products expected to be exchanged would not be recognised based on historical product exchange rate. Changing of the product exchange rate by Platform Distributors could materially affect the revenue amount.

At December 31, 2019, 2020 and March 31, 2021, contract liabilities arising from sales with a right to exchange are nil, RMB2,476,000 and RMB2,643,000, respectively.

6. REVENUE AND SEGMENT INFORMATION

The Group derives its revenue from the transfer of goods in the following product lines:

	Year ended December 31,		Three months ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
PTA balloons	2,149	3,696	483	485
DCB	122,761	190,279	19,141	52,835
Total	124,910	193,975	19,624	53,320

The Group sells PTA balloons and DCB to its distributors and Platform Distributors (defined below).

Platform distributors are direct counter-parties and function as intermediary companies that purchase, store and resell products to hospitals and/or medical centers through their sub-distributors, helping the Group realise a relatively centralised management of a large number of sub-distributors.

Sales to distributors

The Group normally requests 50%-100% advances from distributors upon signing sales agreements or placing orders. Revenue is recognised at a point in time upon the receipts of the products by the distributors.

Sales to Platform Distributors

The Group normally requests 50%-100% deposits prior to the delivery of the products to the Platform Distributors.

Additional goods will be awarded to Platform Distributors' customers with nil consideration when Platform Distributors' customers have made cumulative amount of purchases within three months. Additional goods are normally provided based on 3%-5% of the purchase amounts made by these customers. The Group estimates the amounts of consideration to which it will be entitled for the additional goods using the expected value method and the consideration is then deferred as contract liabilities.

During the year ended December 31, 2019, the Group had a unilateral right to terminate the sales contracts with the Platform Distributors and refunded the deposits to the Platform Distributors in exchange of goods returned to the Group. The Group has entered into the new sales contracts with Platform Distributors gradually during the year ended December 31, 2020. Under the new sales contracts with Platform Distributors, the contracts primarily removed the Group's unilateral right to terminate the sales contracts.

Contracts with unilateral right for the Group to terminate

The Group had a unilateral right to terminate the sales contracts with the Platform Distributors and refunded the deposits to the Platform Distributors in exchange of goods returned to the Group. The Platform Distributors do not obtain the control of the products before sales are made to Platform Distributors' customers because the Group had the ability to request return of products. Revenue was recognised at a point in time upon the receipts of the products by the Platform Distributors' customers.

Contracts without unilateral right for the Group to terminate

Revenue is recognised at a point in time when the Platform Distributors obtain the control of products, i.e. upon the receipts of the products by the Platform Distributors.

Sales returns

Based on the Group's sales contracts with the distributors and Platform Distributors, they can only return or request for refund if the product delivered to them does not meet the pre-specified quality requirement; otherwise, the Group does not accept product returns or exchanges without the management's consent.

The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied in respect of the products as the Group's contract has an original expected duration of less than one year.

Segment information

For the purpose of resource allocation and assessment of segment performance, the management of the Group, being the chief operating decision maker, focuses and reviews 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

All of the Group's non-current assets are located in the PRC.

Information about the Group's revenue from external customers is presented based on the location of the customers.

	Year ended December 31,		Three months ended March 31,	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Mainland China	120,407	188,101	18,248	51,568
Europe	3,739	4,149	1,176	1,353
Others	764	1,725	200	399
	124,910	193,975	19,624	53,320

Major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the Track Record Period is set out below:

	Year ended December 31,		Three months ended March 31,	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Customer A	36,609	144,841	10,252	44,322
Customer B	22,440	–	–	–

7. OTHER INCOME

	Year ended December 31,		Three months ended March 31,	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Government grants *(Note)*	2,915	4,604	41	2,304
Interest income from bank deposits	49	41	14	15
	2,964	4,645	55	2,319

Note:

Government grants mainly represent (i) rebates granted with reference to taxes paid by Tianjin Xianruida Medical Technology Co., Ltd., a subsidiary of the Company during the Track Record Period, pursuant to Ordinances for Promoting Industrial Development of Tianjin Eco-city and (ii) subsidies received from the People's Government of Beijing Municipality to support enterprises in stabilizing employment. There is no condition attached or contingencies relating to the grants.

8. OTHER GAINS AND LOSSES, NET

	Year ended December 31,		Three months ended March 31,	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Gain on fair value change of financial assets measured at FVTPL	348	588	90	19
Gain (loss) on fair value change of preferred shares	–	447	–	(2,559)
Net exchange (loss) gain	(218)	133	405	(224)
(Loss) gain on disposal of property, plant and equipment	(45)	3	3	(1)
Impairment loss recognised in respect of intangible assets	(71)	–	–	–
Reversal of litigation provision	871	–	–	–
Others	9	6	–	(1)
	894	1,177	498	(2,766)

9. FINANCE COSTS

	Year ended December 31,		Three months ended March 31,	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Interest expenses on lease liabilities	479	1,022	223	264
Interest expenses on bank borrowings	–	400	–	781
	479	1,422	223	1,045

10. INCOME TAX EXPENSE (CREDIT)

	Year ended December 31,		Three months ended March 31,	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Current enterprise income tax	5,801	8,930	–	1,990
Deferred tax *(note 18)*	(2,198)	3,915	(567)	(68)
	3,603	12,845	(567)	1,922

No Hong Kong profits tax was provided for as there was no estimated assessable profits of the company that was subject to Hong Kong profits tax during the Track Record Period.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for Track Record Period.

Acotec Scientific Co., Ltd. has been accredited as a "New and High Technical Enterprise" by the Science and Technology Bureau of Beijing and relevant authorities in August 2017 and December 2020 for a term of three years from 2017 to 2019 and from 2020 to 2022, respectively. In accordance with the "Notice of the State Tax Bureau of the Ministry of Finance Regarding Certain Preferential Treatment Policies on Enterprise Income Tax", New and High Technical Enterprise is subject to income tax at a tax rate of 15%.

Pursuant to Caishui [2016] No. 52 issued by the State Council of PRC, with effect from May 1, 2016, Acotec Scientific Co., Ltd is accredited as a "Social Welfare Entity", an amount equivalent to the total salaries paid to staff with physical disability is further deducted from the taxable income.

The tax charge for the year/period can be reconciled to the profit (loss) before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,		Three months ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Profit (loss) before tax	26,708	(31,447)	(3,697)	(38,094)
Tax at the applicable tax rate of 25%	6,677	(7,861)	(924)	(9,524)
Tax effect of expenses not deductible for tax purpose	1,039	16,327	31	12,248
Tax effect of income not taxable for tax purpose	–	(253)	–	–
Effect of additional tax deduction for research and development expenses	(2,712)	(11,194)	(1,090)	(4,822)
Additional tax benefits to a Social Welfare Entity	(15)	(16)	(3)	(3)
Tax effect of deductible temporary differences not recognised	195	1,110	368	109
Tax effect on tax losses not recognised	82	14,834	1,289	3,914
Utilisation of tax losses previously not recognised	–	–	(237)	–
Effect on different tax rate of a subsidiary	(1,663)	(102)	(1)	–
	3,603	12,845	(567)	1,922

Details of deferred taxation refers to note 18.

11. PROFIT (LOSS) FOR THE YEAR/PERIOD

	Year ended December 31,		Three months ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Profit (loss) for the year/period has been arrived at after charging (crediting):				
Directors' remuneration *(note 12)*	3,774	56,094	959	1,133
Other staff costs				
– Salaries, bonus and other benefits	33,578	49,785	9,574	18,182
– Retirement benefits scheme contributions	2,526	228	313	1,201
– Share-based payments *(note 34)*	–	2,121	–	33,356
Total staff costs	39,878	108,228	10,846	53,872
Capitalised in inventories	(6,738)	(8,428)	(1,793)	(2,980)
	33,140	99,800	9,053	50,892
Analysed as:				
Charged in selling and distribution expenses	13,803	18,317	3,972	13,686
Charged in research and development expenses	9,551	21,941	2,559	21,757
Charged in administrative expenses	9,786	59,542	2,522	15,449
	33,140	99,800	9,053	50,892
Auditors' remuneration	803	176	63	72
Cost of inventories recognised as an expense	10,847	16,329	2,290	3,824
Royalty fees (included in cost of sales)	6,484	10,021	1,012	2,745
Write-down of inventories	1,648	3,845	740	70
Loss (gain) on disposal of property, plant and equipment	45	(3)	(3)	1
Impairment loss recognised in respect of intangible assets	71	–	–	–
Depreciation of property, plant and equipment	4,038	2,180	429	1,182
Depreciation of right-of-use assets	2,280	5,416	1,141	1,597
Amortisation of intangible assets	310	254	42	93
Total depreciation and amortisation	6,628	7,850	1,612	2,872
Capitalised in inventories	(2,730)	(2,489)	(635)	(621)
	3,898	5,361	977	2,251

	Year ended December 31,		Three months ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Analysed as:				
Charged in selling and distribution expenses	462	674	164	168
Charged in research and development expenses	420	1,809	119	1,033
Charged in administrative expenses	3,016	2,878	694	1,050
	3,898	5,361	977	2,251
Research and development expenses				
Staff costs	9,551	21,941	2,559	21,757
Depreciation and amortisation	420	1,809	119	1,033
Clinical test expenses	4,702	11,846	478	2,589
Material consumed	6,428	27,783	1,893	5,393
Registration fee	1,739	1,164	376	364
Consultancy fee	1,182	10,592	289	129
Program inspection fee	256	3,269	516	3,471
Product design fee	–	2,366	–	321
Travel expenses	540	557	43	85
Technical service fee	173	394	132	208
Others	488	1,766	109	785
	25,479	83,487	6,514	36,135

As stipulated by the labour regulations of the PRC, the Group also participates in various defined contribution retirement plans managed by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at approximately 13% to 16% of the eligible employees' salaries during the Track Record Period.

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Directors' and chief executive officer' emoluments

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:

	Year ended December 31, 2019					
	Date of Appointment as Director	Fee	Salaries and other allowances	Retirement benefits schemes contributions	Discretionary bonus *(Note)*	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chief executive officer/ Executive director						
Jing LI	December 3, 2020	–	1,611	76	260	1,947
Executive directors						
Ke TANG	December 3, 2020	–	–	–	–	–
Silvio Rudolf SCHAFFNER	December 3, 2020	–	1,783	–	44	1,827
		–	3,394	76	304	3,774
Non-executive director						
Chen CHEN	December 3, 2020	–	–	–	–	–
Total		–	3,394	76	304	3,774

	Year ended December 31, 2020						
	Date of Appointment as Director	Fee	Salaries and other allowances	Retirement benefits schemes contributions	Discretionary bonus *(Note)*	Share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chief executive officer/ Executive director							
Jing LI	December 3, 2020	–	2,151	29	442	45,305	47,927
Executive directors							
Ke TANG	December 3, 2020	–	–	–	–	–	–
Silvio Rudolf SCHAFFNER	December 3, 2020	–	3,637	–	–	4,530	8,167
		–	5,788	29	442	49,835	56,094
Non-executive director							
Chen CHEN	December 3, 2020	–	–	–	–	–	–
Total		–	5,788	29	442	49,835	56,094

	Three months ended March 31, 2020 (unaudited)					
	Date of Appointment as Director	Fee	Salaries and other allowances	Retirement benefits schemes contributions	Discretionary bonus *(Note)*	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chief executive officer/ Executive director						
Jing LI	December 3, 2020	–	400	10	111	521
Executive directors						
Ke TANG	December 3, 2020	–	–	–	–	–
Silvio Rudolf SCHAFFNER	December 3, 2020	–	438	–	–	438
		–	838	10	111	959
Non-executive director						
Chen CHEN	December 3, 2020	–	–	–	–	–
Total		–	838	10	111	959

	Three months ended March 31, 2021					
	Date of Appointment as Director	Fee	Salaries and other allowances	Retirement benefits schemes contributions	Discretionary bonus *(Note)*	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chief executive officer/ Executive director						
Jing LI	December 3, 2020	–	676	20	–	696
Executive director						
Silvio Rudolf SCHAFFNER	December 3, 2020	–	437	–	–	437
		–	1,113	20	–	1,133
Non-executive directors						
Chen CHEN	December 3, 2020	–	–	–	–	–
Ke TANG *(note a)*	December 3, 2020	–	–	–	–	–
		–	–	–	–	–
Total		–	1,113	20	–	1,133

Note a: Ke TANG was re-designated as non-executive director on January 29, 2021.

Five highest paid employees

The five highest paid employees of the Group included two, two, two (unaudited) and nil for the years ended December 31, 2019 and 2020 and three months ended March 31, 2020 and 2021, respectively, are directors whose remuneration are set out above. Details of the remuneration for the remaining three, three, three (unaudited) and five highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended December 31,		Three months ended March 31,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Salaries and other benefits	3,859	3,571	1,006	2,326
Retirement benefits scheme contributions	226	60	47	93
Discretionary bonus *(Note)*	1,383	868	189	–
Share-based payments	–	2,121	–	22,004
	5,468	6,620	1,242	24,423

Note: Discretionary bonus is determined by reference to the duties and responsibilities of the relevant individuals within the Group and the Group's performance.

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Year ended December 31,		Three months ended March 31,	
	2019	**2020**	**2020**	**2021**
	No. of employees	*No. of employees*	*No. of employees*	*No. of employees*
			(unaudited)	
Nil to Hong Kong Dollar ("HK$") 1,000,000	–	–	3	–
HK$1,000,001 to HK$1,500,000	1	–	–	–
HK$1,500,001 to HK$2,000,000	1	1	–	–
HK$2,000,001 to HK$2,500,000	–	1	–	1
HK$3,000,001 to HK$3,500,000	1	1	–	–
HK$4,000,001 to HK$4,500,000	–	–	–	1
HK$5,000,001 to HK$5,500,000	–	–	–	1
HK$5,500,001 to HK$6,000,000	–	–	–	1
HK$9,500,001 to HK$10,000,000	–	–	–	1
	3	3	3	5

During the Track Record Period, no emoluments were paid by the Group to any of the executive directors, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and chief executive has waived any emoluments during the Track Record Period.

13. DIVIDEND

	Year ended December 31,	Three months ended March 31,	
	2020	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
		(unaudited)	
Dividend to the immediate holding company of the Company recognised as distribution during the year:			
2020 interim – United States Dollar ("USD")0.30375 per share, in aggregate USD50,000,000 (equivalent to RMB327,255,000)	327,255	–	–

The dividend payable as at December 31, 2020 which represented the 2020 interim dividend amounted to USD50,000,000 (equivalent to RMB326,245,000), has been settled during three months ended March 31, 2021.

14. EARNING (LOSS) PER SHARE

The calculation of the basic and diluted earning (loss) per share attributable to the owners of the Company is based on the following data:

	Year ended December 31,		Three months ended March 31,	
	2019	**2020**	**2020**	**2021**
			(unaudited)	
Profit (loss) for the year/period attributable to the owners of the Company for the purpose of calculating basic and diluted earning (loss) per share (RMB'000)	23,105	(43,842)	(3,130)	(40,016)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earning (loss) per share	164,610,522	186,295,821	164,610,522	218,441,576

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earning (loss) per share has been determined on the assumption that the Group Reorganisation as disclosed in note 2 had been effected since January 1, 2019.

Diluted loss per share for the year ended December 31, 2020 and three months ended March 31, 2021, did not assume conversion of preferred shares, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended December 31, 2020 and three months ended March 31, 2021 are the same as basic loss per share of the respective year.

Diluted earnings per share for the year ended December 31, 2019 and three months ended March 31, 2020 are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence.

15. PROPERTY, PLANT AND EQUIPMENT

	Machineries	Motor vehicles	Furniture, equipment and tools	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST					
At January 1, 2019	9,170	304	4,226	14,391	28,091
Additions	814	–	668	281	1,763
Disposals	(494)	–	(53)	–	(547)
At December 31, 2019	9,490	304	4,841	14,672	29,307
Additions	11,952	–	1,767	4,126	17,845
Acquired on acquisition of a subsidiary *(note 36)*	–	–	11	–	11
Disposals	(183)	–	(11)	–	(194)
At December 31, 2020	21,259	304	6,608	18,798	46,969
Additions	725	–	438	732	1,895
Disposals	(24)	–	(8)	–	(32)
At March 31, 2021	21,960	304	7,038	19,530	48,832
ACCUMULATED DEPRECIATION					
At January 1, 2019	4,267	229	2,335	11,953	18,784
Provided for the year	846	32	700	2,460	4,038
Eliminated on disposals	(465)	–	(37)	–	(502)
At December 31, 2019	4,648	261	2,998	14,413	22,320
Provided for the year	1,001	17	818	344	2,180
Eliminated on disposals	(176)	–	(10)	–	(186)
At December 31, 2020	5,473	278	3,806	14,757	24,314
Provided for the period	476	4	242	460	1,182
Eliminated on disposals	(13)	–	(8)	–	(21)
At March 31, 2021	5,936	282	4,040	15,217	25,475
CARRYING VALUES					
At December 31, 2019	4,842	43	1,843	259	6,987
At December 31, 2020	15,786	26	2,802	4,041	22,655
At March 31, 2021	16,024	22	2,998	4,313	23,357

The above items of property, plant and equipment are depreciated on a straight-line basis after taking into account of their estimated residual values and at the following rates per annum:

Machinery	9.5% – 19%
Motor vehicles	19% – 25.33%
Furniture, equipment and tools	9.5% – 31.67%
Leasehold improvements	Over the shorter of the term of the relevant lease or 20%

16. RIGHT-OF-USE ASSETS

	Leased properties
	RMB'000
As at December 31, 2019	
Carrying amount	19,505
As at December 31, 2020	
Carrying amount	19,947
As at March 31, 2021	
Carrying amount	18,350
For the year ended December 31, 2019	
Depreciation charge	2,280
For the year ended December 31, 2020	
Depreciation charge	5,416
For the three months ended March 31, 2021	
Depreciation charge	1,597

	Year ended December 31,		Three months ended March 31,	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Additions of right-of-use assets	21,785	2,585	–	–
Addition of right-of-use assets through acquisition of a subsidiary *(note 36)*	–	3,351	–	–
Expenses relating to leases with lease term end within 12 months of the date of initial application of IFRS 16 *(Note)*	2,194	–	–	–
Expenses related to short-term leases	129	112	35	38
Total cash outflow for leases	4,638	5,526	1,192	1,658

Note: The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, January 1, 2019. When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the practical expedients to the leases previously classified as operating leases under IAS 17 *Leases*, on lease-by-lease basis and elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months from the date of initial application.

As at January 1, 2019, since all leases entered into by the Group had remaining lease terms less than 12 months, no right-of-use assets or lease liabilities was recognised by the Group.

During the Track Record Period, the Group leases properties for its operations. Lease contracts are entered into for fixed term of 3 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. There were no extension or termination options in the lease contracts. 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.

Restrictions or covenants on leases

In addition, lease liabilities of RMB19,949,000, RMB21,415,000 and RMB20,059,000 are recognised with related right-of-use assets of RMB19,505,000, RMB19,947,000 and RMB18,350,000 as at December 31, 2019, 2020 and March 31, 2021, 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.

Details of the lease maturity analysis of lease liabilities are set out in note 29.

17. INTANGIBLE ASSETS

	Patent rights	Software	Product technology	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
As at January 1, 2019	102	976	–	1,078
Additions	–	396	–	396
As at December 31, 2019	102	1,372	–	1,474
Additions	–	121	–	121
Acquired on acquisition of a subsidiary *(note 36)*	–	–	1,400	1,400
As at December 31, 2020	102	1,493	1,400	2,995
Additions	–	281	–	281
As at March 31, 2021	102	1,774	1,400	3,276
AMORTISATION AND IMPAIRMENT				
As at January 1, 2019	21	339	–	360
Charge for the year	10	300	–	310
Impairment loss recognised	71	–	–	71
As at December 31, 2019	102	639	–	741
Charge for the year	–	173	81	254
As at December 31, 2020	102	812	81	995
Charge for the period	–	57	36	93
As at March 31, 2021	102	869	117	1,088
CARRYING VALUES				
As at December 31, 2019	–	733	–	733
As at December 31, 2020	–	681	1,319	2,000
As at March 31, 2021	–	905	1,283	2,188

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Patent rights	10 years
Software	2-5 years
Product technology	10 years

The patent rights acquired from third party is related to catheter device. The management of the Group considered the patent rights would be able to apply on the Company's products for 10 years.

The product technology acquired in a business combination is related to antherectomy device and multi-Lumen micro-catheter. The management of the Group estimates that such technology can be used for 10 years, which is consistent with the useful life of similar technology in medical device industry.

18. DEFERRED TAX ASSETS (LIABILITIES)

The following is the analysis of the deferred tax balances for financial reporting:

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	8,861	4,926	4,985
Deferred tax liabilities	–	(330)	(321)
	8,861	4,596	4,664

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the Track Record Period:

	Unrealised profits on inventories	Leases	Impairment losses and write-down of inventories	ECL provision	Tax losses	Provisions	Contract liabilities arising from sales with a right to exchange	Fair value of intangible assets arising from business combination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2019	–	–	2,001	–	4,257	405	–	–	6,663
Credit (charge) to profit or loss	4,589	68	(1,786)	1	(496)	(178)	–	–	2,198
At December 31, 2019	4,589	68	215	1	3,761	227	–	–	8,861
Acquisition of a subsidiary *(note 36)*	–	–	–	–	–	–	–	(350)	(350)
Credit (charge) to profit or loss	(4,589)	3	(94)	126	–	–	619	20	(3,915)
At December 31, 2020	–	71	121	127	3,761	227	619	(330)	4,596
Credit (charge) to profit or loss	143	–	–	(126)	–	–	42	9	68
At March 31, 2021	143	71	121	1	3,761	227	661	(321)	4,664

At December 31, 2019, 2020 and March 31, 2021, the Group had other deductible temporary differences of approximately RMB780,000, RMB5,220,000 and RMB5,656,000, respectively. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

As at December 31, 2019, 2020 and March 31, 2021, the Group had estimated unused tax losses of approximately RMB152,309,000, RMB212,284,000 and RMB200,821,000, respectively available for offset against future profits. A deferred tax asset has been recognised in respect of tax losses of approximately RMB25,078,000, RMB25,078,000 and RMB25,078,000, respectively. No deferred tax asset has been recognised in respect of the remaining tax losses of RMB127,231,000, RMB187,206,000 and RMB175,743,000 due to the unpredictability of future profit streams. As at 31 December 2019, 2020 and March 31, 2021, included in tax losses not recognised are losses incurred by subsidiaries in the PRC of RMB27,120,000, RMB71,822,000 and RMB60,350,000 that will expire in the next ten years, other tax losses of RMB100,111,000, RMB115,384,000 and RMB115,393,000 incurred by the subsidiary in Hong Kong not yet confirmed by the Hong Kong Inland Revenue Department which may be carried forward indefinitely.

19. GOODWILL

	RMB'000
COST	
At January 1, 2019 and December 31, 2019	–
Arising on acquisition of a subsidiary *(note 36)*	1,150
At December 31, 2020 and March 31, 2021	1,150

Impairment assessment for the year ended December 31, 2020

For the purposes of impairment testing, goodwill with indefinite useful lives have been allocated to VascuPatent Medical (Shenzhen) Co., Ltd.

As at December 31, 2020, the management determines that there is no impairment on the carrying amount of the goodwill arising from VascuPatent Medical (Shenzhen) Co., Ltd. based on its recoverable amount. The recoverable amount was determined on the basis of value in use, which was derived from estimated cash generated from VascuPatent Medical (Shenzhen) Co., Ltd. The calculation used cash flow projections based on financial budgets approved by the management covering a 5-year period and estimated terminal growth rates of 3.0% per annual thereafter, and at a pre-tax discount rate of 25.4% per annum.

As at December 31, 2020, the recoverable amount of VascuPatent Medical (Shenzhen) Co., Ltd. exceeds the carrying amount by RMB2,115,000.

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 goodwill of the Group as at December 31, 2020.

	Recoverable amount that exceeds its carrying amount would decrease by
	December 31,
	2020
	RMB'000
Possible changes of key assumptions	
Pre-tax discount rates increased by 1%	903
Terminal growth rates decreased by 3%	1,377

With regard to the impairment assessment, management of the Company believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amounts of VascuPatent Medical (Shenzhen) Co., Ltd. to be materially lower than its carrying amount.

Impairment assessment for the three months ended March 31, 2021

In accordance with the Group's accounting policy, goodwill are tested for impairment on an annual basis at each year end. As at March 31, 2021, the management is not aware of any significant adverse changes on VascuPatent Medical (Shenzhen) Co., Ltd., which indicates that the carrying amount of VascuPatent Medical (Shenzhen) Co., Ltd. exceeds its recoverable amount. Therefore, the management considers the recoverable amount of VascuPatient Medical (Shenzhen) Co., Ltd. exceeds the carrying amount of goodwill as at March 31, 2021.

20. INVENTORIES

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	21,249	20,389	21,933
Work in progress	1,001	1,255	1,014
Finished goods	10,592	6,894	7,835
	32,842	28,538	30,782

During the years ended December 31, 2019 and 2020 and three months ended March 31, 2020 and 2021, write-down of inventories amounting to RMB1,648,000, RMB3,845,000, RMB740,000 (unaudited) and RMB70,000, respectively, have been recognised and included in cost of sales.

21. TRADE AND BILL RECEIVABLES

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables from contracts with customers	4,446	14,849	24,602
Less: Impairment losses under ECL model	(9)	(1,139)	(695)
	4,437	13,710	23,907
Bill receivables	–	15,808	–
	4,437	29,518	23,907

As at January 1, 2019, trade receivables from contracts with customers amounted to RMB7,860,000.

The Group's trade receivables that are denominated in currencies other than functional currency of the relevant group entities are set out below:

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
USD	52	–	59
EURO ("EUR")	886	840	710
	938	840	769

The following is an aged analysis of trade receivables, and net of impairment losses under ECL model, presented based on revenue recognition date at the end of the reporting period.

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
0 – 90 days	4,121	9,026	16,800
91 – 180 days	140	2,343	3,416
181 – 365 days	176	2,341	3,691
	4,437	13,710	23,907

As at December 31, 2019, 2020 and March 31, 2021, total bills received amounting to nil, RMB15,808,000 and nil, respectively, are held by the Group for future settlement of trade receivables. As at December 31, 2020, all bills received by the Group are with a maturity period of less than three months.

As at December 31, 2019, 2020 and March 31, 2021, included in the Group's trade receivables balance before impairment losses under ECL model are debtors with aggregate carrying amount of RMB177,000, RMB1,831,000 and RMB1,149,000, respectively which are past due as at the reporting date. Out of the past due balances, nil, RMB326,000 and RMB331,000 has been past due 90 days or more and are considered as default.

Details of impairment assessment of trade and bill receivables are set out in note 39(b).

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Prepayment for selling and distribution expenses	1,295	23	134
Deferred issue cost	–	3,248	5,333
Advances to suppliers	2,194	3,353	4,791
Advances to employees	304	483	695
Advances for royalty fees	73	–	–
Other tax recoverable	248	2,231	1,860
Others	295	261	377
	4,409	9,599	13,190

The Group's other receivables that are denominated in currencies other than functional currency of the relevant group entities are set out below:

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
HK$	18	–	–
USD	–	20	24

The Company

	As at December 31,	As at March 31,
	2020	2021
	RMB'000	*RMB'000*
Deferred issue cost	3,248	5,333

Details of impairment assessment of other receivables are set out in note 39(b).

23. AMOUNTS DUE FROM A FELLOW SUBSIDIARY/FROM A SHAREHOLDER/FROM A PREFERRED SHAREHOLDER/TO A SUBSIDIARY

The amounts are non-trade in nature, unsecured, interest-free, and repayable on demand. Except for amount due to a subsidiary, these balances have been settled subsequent to March 31, 2021. In particular, the amount due from a shareholder, who is also the director of the Company, represents the individual income tax payable withheld by a group entity. The individual income tax payable with tax authority has been settled subsequent to March 31, 2021.

	Maximum amount outstanding during the year ended December 31,		Maximum amount outstanding during three-month ended March 31,
The Group	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Amount due from a shareholder	–	227	227

24. BANK BALANCES AND CASH

The Group

Bank balances carry interest at market rates which range from 0.0001% to 0.35%, 0.0001% to 0.35% and 0.0001% to 0.35% per annum as at December 31, 2019, 2020 and March 31, 2021, respectively.

The Group's bank balances that are denominated in currencies other than functional currency of the relevant group entities are set out below:

	As at December 31,		As at March 31,
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
HK$	387	73	63
USD	2,096	133,081	6,163
EUR	269	161	712
Swiss Franc ("CHF")	2	2	2
	2,754	133,317	6,940

The Company

	As at December 31,	As at March 31,
	2020	**2021**
	RMB'000	*RMB'000*
USD	130,498	5,114

Details of impairment assessment of the Group's and the Company's bank balances are set out in note 39(b).

25. TRADE AND OTHER PAYABLES

The Group

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	203	3,194	3,885
Interest payable	–	–	503
Accrued expenses			
– research and development expenses	3,184	2,681	1,918
– selling and distribution expenses	1,182	568	200
– legal and professional fees	455	2,101	2,049
– listing expenses	–	6,793	12,539
– issue costs	–	2,136	3,220
– salaries and bonus	8,101	12,029	7,476
– other tax payable	5,097	4,415	6,115
– others	840	1,829	2,098
	19,062	35,746	40,003

The average credit period on purchases of goods and services of the Group is 90 days.

The following is an aged analysis on trade payables of the Group presented based on the invoices dates.

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
0 - 90 days	203	3,151	3,829
91 - 180 days	–	43	56
	203	3,194	3,885

The Group's trade and other payables that are denominated in currencies other than functional currency of the relevant group entities are set out below:

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
HK$	3	–	493
USD	51	1,153	1,721
EUR	84	1,682	2,672
CHF	129	173	–
	267	3,008	4,886

The Company

	As at December 31, 2020	As at March 31, 2021
	RMB'000	*RMB'000*
Interest payable	–	503
Accrued listing expenses	6,793	12,539
Accrued issue costs	2,136	3,220
Accrued expenses	–	769
	8,929	17,031

26. REFUND LIABILITIES

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Refund liabilities arising from purchase deposits	22,896	–	–

The refund liabilities related to the deposits made by Platform Distributors for purchase of products. The deposits are refundable to the Platform Distributors when the Group exercises its unilateral right to terminate the contracts between the group entities and Platform Distributors. During the year ended December 31, 2020, the unilateral right to terminate the contracts has been removed in new sales contract with Platform Distributors.

27. CONTRACT LIABILITIES

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities arising from sales of goods	4,593	148	271
Contract liabilities arising from incentive programme *(note a)*	2,937	5,808	6,206
Contract liabilities arising from sales with a right to exchange *(note b)*	–	2,476	2,643
	7,530	8,432	9,120

As at January 1, 2019, contract liabilities amounted to RMB844,000.

Notes:

(a) Incentive programme represents additional goods awarded to Platform Distributors' customers with nil consideration when these customers have made cumulative amounts of purchases within three months. Additional goods are normally provided based on 4% of the purchase amounts made by these customers. The Group estimates the amounts of consideration to which it will be entitled for the additional goods using the expected value method and the consideration is then deferred as contract liabilities. The Group recognises revenue upon the receipts of the additional goods by the Platform Distributors' customers.

(b) Certain sales contracts with Platform Distributors allow products exchanges for unsold products with expiry date less than six months. The Group recognises the contract liabilities arising from sales with a right to exchange based on historical sales information.

Revenue recognised during the years ended December 31, 2019, 2020 and three months ended March 31, 2021 related to carried-forward contract liabilities amounted to RMB844,000, RMB5,153,000 and RMB934,000, respectively.

28. PROVISIONS

	Provisions
	RMB'000
At January 1, 2019	2,700
Settled during the year	(318)
Reversed during the year	(871)
At December 31, 2019, December 31, 2020 and March 31, 2021	1,511

In June 2013, the Group launched a clinical trial programme of a PTA balloons product and signed a clinical trial agreement with 中國中醫科學院西苑醫院 ("Xiyuan Hospital") to implement clinical trial in Beijing. In February 2014, a medical incident occurred during a clinical trial, of which an individual participant's exercise capacity was permanently damaged. The participant subsequently died in February 2019.

Accordingly, a provision related to a litigation as a result of this incident is as below. As at December 31, 2019, 2020 and March 31, 2021, the Group made a provision of RMB1,511,000 based on best estimation, taking into account the judgements issued by the People's Court of Beijing Haidian District.

(a) In 2015, the representative of the participant filed a claim against the Group and Xiyuan Hospital for improper operation of the surgery and not informing the participant which the surgery was in clinical trial stage. According to the judgement of the first instance made by the People's Court of Beijing Haidian District in April 2019, the Group and Xiyuan Hospital are liable for compensation to the participant of RMB370,000 and RMB40,000, respectively.

The Group made an appeal to the People's Court of Beijing Haidian District for inadequate allocation of the liability between the Group and Xiyuan Hospital. In the judgement of the second instance in July 2019, the liabilities of the Group and Xiyuan Hospital were allocated to RMB287,000 and RMB123,000, respectively. The Group had settled the liability during the year ended December 31, 2019.

(b) In 2018, Xiyuan Hospital filed a claim against the Group for the medical expense incurred to the participant during the hospital admission of RMB2,310,000. In October 2019, the People's Court of Beijing Haidian District made the judgement of the first instance, the Group is liable to Xiyuan Hospital for the medical expense of RMB1,616,000, RMB105,000 of which had been paid to Xiyuan Hospital in 2014.

The Group made an appeal to the People's Court of Beijing Haidian District for inadequate unit of defendant. In the judgement of the appeal in May 2020, the Court's judgement of the first instance was remanded from proceedings of second instance. Up to the date of the report, there were no further development on this case. The management considered that the provision of RMB1,511,000 at December 31, 2019, 2020 and March 31, 2021 is adequate and not excessive.

29. LEASE LIABILITIES

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities payable:			
Within one year	3,918	5,679	5,822
Within a period of more than one year but not exceeding two years	4,342	5,844	5,709
Within a period of more than two years but not exceeding five years	11,689	9,892	8,528
	19,949	21,415	20,059
Less: Amounts due for settlement within 12 months shown under current liabilities	(3,918)	(5,679)	(5,822)
Amounts due for settlement after 12 months shown under non-current liabilities	16,031	15,736	14,237

The weighted average incremental borrowing rate applied to lease liabilities were 4.64%, 5.17% and 5.17% as at December 31, 2019, 2020 and March 31, 2021, respectively.

30. BANK BORROWINGS

The Group

	As at December 31,	As at March 31,
	2020	2021
	RMB'000	*RMB'000*
Unsecured and unguaranteed *(note a)*	20,000	20,000
Unsecured and guaranteed *(note b)*	–	124,855
	20,000	144,855

Notes:

(a) The bank borrowing carried a fixed interest rate at 5.66% per annum and is repayable in April 2021, which has been repaid subsequent to the Track Record Period.

(b) The bank borrowing is guaranteed by the intermediate holding company, CPE Funds III Limited, carried a variable interest rate at 2.10% per annum and is repayable in January 2022.

The Group's borrowings that are denominated in currency other than the functional currency of the Group are set out below:

	As at December 31, 2020	As at March 31, 2021
	RMB'000	*RMB'000*
Denominated in USD	–	124,855

The Company

As at March 31, 2021, a short-term bank borrowing denominated in USD of RMB124,855,000 is unsecured, guaranteed by the intermediate holding company, CPE Funds III Limited, carried a variable interest rate at 2.10% per annum and is repayable in January 2022.

31. SHARE CAPITAL

The share capital as at January 1, 2019 and December 31, 2019 of the Group represent the share capital of Pine Medical Limited with details as follow:

	As at December 31, 2019
	RMB'000
Share capital	9,839

The share capital as at December 31, 2020 and March 31, 2021 represent the share capital of the Company following the completion of the Group Reorganisation with details as follow:

	Numbers of shares	Amount	Amount
		USD	*RMB'000*
Authorized ordinary shares of USD0.00001 each			
At December 3, 2020, December 31, 2020 and March 31, 2021	10,000,000,000		
Issued and fully paid			
At December 3, 2020 (date of incorporation)	1	–*	–*
Add: Issuance of shares upon Group Reorganization *(note 2)*	213,603,233	2,136	14
At December 31, 2020	213,603,234	2,136	14
Add: Issuance of shares for RSU Scheme *(note 34)*	12,228,440	122	1
Issuance of shares under employee incentive platform *(note 34)*	11,242,275	112	1
Less: Re-designate of ordinary shares as preferred shares *(note 32)*	(5,995,880)	(59)	(1)
At March 31, 2021	231,078,069	2,311	15

* Less than USD1/RMB1,000

32. PREFERRED SHARES

On December 18, 2020, the Company entered into share purchase agreements with several independent investors and issued 7,682,222 preferred shares (the "Series Crossover Preferred Shares") to these independent investors with a total consideration of USD20,500,000 (equivalent to RMB134,351,000). During the year ended December 31, 2020, the Company received consideration in an aggregate amount of USD20,000,000 (equivalent to RMB130,945,000). The remaining of USD500,000 was subsequently received in January 2021.

On January 8, 2021, the shareholders of the Company passed a resolution to re-designate and re-classified 5,995,880 ordinary shares issued to CA Medtech, the immediate holding company, as preferred shares on an one for one basis, which was regarded as deem distribution to CA Medtech. CA Medtech immediately entered into a purchase agreement with several independent investors to sell and transfer for an aggregate of 5,995,880 preferred shares (the "Series Crossover II Preferred Shares") with a total consideration of USD16,000,000 (equivalent to RMB103,533,000).

	Date of subscription	Number of investors	Subscription price per share	Total consideration	Equivalent to RMB'000	Total number of shares of the Company subscribed (after the Group Reorganisation)
Series Crossover Preferred Shares	December 18, 2020	3	USD2.668	USD20,500,000	134,207	7,682,222
Series Crossover II Preferred Shares	January 8, 2021	3	USD2.668	*Note*	*Note*	5,995,880

Note:

(1) There is no cash proceeds received by the Company upon the redesignation and reclassification of the ordinary shares as preferred shares.

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, provided that such dividends shall be payable only when, as, and if declared by the board of directors.

(b) Conversion feature

Each preferred share shall be convertible, at the option of the holder thereof, at any time into fully paid and non-assessable ordinary shares. The initial conversion ratio for preferred shares to ordinary share is 1:1 and shall be adjusted from time to time for any split, reverse split, subdivision, combination, reclassification, share dividend, extraordinary cash dividend or other similar actions affecting the Company's outstanding ordinary shares.

Each preferred share shall automatically be converted into such number of ordinary shares upon the closing of a Qualified Public Offering.

Qualified Public Offering defines as a firm underwritten public offering of the ordinary shares of the Company on an internationally or nationally recognised securities exchange or inter-dealer quotation system in the United States, Hong Kong or the PRC, or in a similar public offering in another jurisdiction.

(c) Liquidation preferences

Upon the occurrence of a liquidation, dissolution or winding up, either voluntarily or involuntarily, of the Company or a Trade Sale Event, distributions to the shareholders of the Company shall be made in the following manner (after satisfaction of all creditors' claims and claims that may be preferred by law):

(1) Series Crossover Preferred Shares and Series Crossover II Preferred Shares

(2) Ordinary shares

Trade Sale Event defines as (i) a consolidation or merger of the Company with or into any other business entity in which the shareholders of the Company immediately after such merger or consolidation hold shares representing less than a majority of the voting power of the outstanding share capital of the surviving business entity, (ii) a sale, transfer or exclusive licensing of all or substantially all of the intellectual property rights of the group companies (taken as a whole) to any third party, (iii) a sale, lease, transfer or other disposition of all or substantially all of the assets of the group companies (taken as a whole), or (iv) a sale, transfer or other disposition of a majority of the issued and outstanding share capital of the Company or a majority of the voting power of the Company.

(d) Voting rights

Holders of ordinary shares and preferred shares shall each have one vote for each ordinary share or preferred share held by such holder. 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 a one-share-one-vote basis on matters to be voted by the holders of ordinary shares and preferred shares.

(e) Redemption rights

If a Qualified Public Offering or Trade Sale Event does not occur before December 31, 2023 and any shareholder of the Company elects to exercise its redemption rights if applicable under certain circumstances further agreed, then each holder of Series Crossover Preferred Shares and Series Crossover II Preferred Shares may request redemption of all or a portion of such holder's Series Crossover Preferred Shares and Series Crossover II Preferred Shares (collectively referred to as the "Redeeming Shares") at a redemption price equal to that portion of the original issued price of the Series Crossover Preferred Shares and Series Crossover II Preferred Shares corresponding to the Redeeming Shares, plus a per annum return of 8% for each year after the issue and allotment of such Series Crossover Preferred Shares and Series Crossover II Preferred Shares on a non-compounding basis, plus any and all declared but unpaid dividends thereon.

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".

As at December 31, 2020, the preferred shares were valued by the directors of the Company with reference to recent transactions regarding issuance of the preferred shares on December 18, 2020 and Series Crossover II Preferred Shares on January 8, 2021, which have the same features, rights and issue price as the Series Crossover Preferred Shares.

As at March 31, 2021, the preferred shares were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, Asia-Pacific Consulting and Appraisal Limited. The address of Asia-Pacific Consulting and Appraisal Limited is Room 2201, Digital 01 Building, No. 12, Guanghua Road, Chaoyang District, Beijing, PRC.

The Company used the discounted cash flow model to determine the underlying equity value of the Company and performed an equity allocation based on Black-Scholes option pricing model to arrive the fair value of the convertible preferred shares.

In addition to the underlying equity value of the Company determined by discounted cash flow method, other key valuation assumptions used in Black-Scholes option pricing model to determine the fair value are as follows:

	At March 31, 2021
Time to liquidation	2.75 years
Risk-free rate	0.30%
Volatility	42.8%
Dividend yield	0%
Possibilities under liquidation scenario	25%
Possibilities under redemption scenario	25%
Possibilities under Qualified IPO scenario	50%
Discount lack of marketability ("DLOM")	7%

The directors of the Company estimated the risk-free rate based on the yield of the United States Treasury Bonds with a maturity rate close to period from the respective valuation dates to expected liquidation dates. Volatility was estimated based on average of historical volatilities of comparable companies in the same industry for a period from the valuation date to expected liquidation date. Dividend yield is based on management estimate at the valuation date. DLOM was quantified by the Finnerty Put Options Model. Under this option-pricing method, which assumed that the price of a put option remains the average price of the stock before the privately held shares can be sold, the cost of the put option was considered as a basis to determine the DLOM.

The Group and The Company

	Preferred shares
	RMB'000
At January 1, 2020/December 3, 2020 (date of incorporation of the Company)	–
Issuance of preferred shares	134,207
Changes in fair value	(447)
At December 31, 2020	133,760
Re-designation and re-classification from ordinary shares	103,533
Change in fair value	2,559
At March 31, 2021	239,852

33. DEFICITS OF THE COMPANY

	Share premium	Shares held under RSU Scheme	Share-based payment reserve	Other reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 3, 2020 (date of incorporation)	–	–	–	–	–	–
Effect from Group Reorganisation *(Note a)*	59,882	–	–	–	–	59,882
Loss and total comprehensive expense for the period	–	–	–	–	(9,349)	(9,349)
Dividend recognised as distribution *(Note b)*	(327,255)	–	–	–	–	(327,255)
At December 31, 2020	(267,373)	–	–	–	(9,349)	(276,722)
Loss and total comprehensive expense for the period	–	–	–	–	(14,784)	(14,784)
Issuance of shares for RSU Scheme	–	(1)	–	–	–	(1)
Shares issued under an employee incentive platform *(note 34)*	72,745	–	33,356	–	–	106,101
Issuance of convertible preferred shares as deemed distribution *(note 32)*	–	–	–	(103,532)	–	(103,532)
At March 31, 2021	(194,628)	(1)	33,356	(103,532)	(24,133)	(288,938)

Notes:

(a) The amount represents the difference between the carrying amount of the equity items of Pine Medical Limited acquired over the nominal value of the Company's shares issued for the acquisition.

(b) After taking into the consideration of legal advice of the Company's Cayman Islands legal advisor as set out in the Dividend paragraph under Financial Information section in this Prospectus, the directors of the Company considered the Company would have sufficient distributable amount for the purpose of the distribution of dividend of USD50,000,000 (equivalent to RMB327,255,000) as of December 29, 2020 immediately before the declaration of dividend, and the Company is able to pay its debts as they fall due in the ordinary course of business immediately after the distribution of the dividend.

34. SHARE-BASED PAYMENTS

Share-based payments to key management

During the year ended December 31, 2020, the immediate holding company, CA Medtech issued 42,720,647, 4,272,065 and 2,000,000 of its shares to an entity controlled by the chief executive officer of the Group, the chief operating officer of the Group, who are also the directors of the Company, and an entity controlled by the chief medical officer of the Group at a consideration of USD1 per share, respectively.

The fair value of each shares granted at respective granted date was approximately RMB8.057. The effect of share-based payment transactions of RMB51,956,000 recorded on the Group's profit or loss during the year ended December 31, 2020, of which RMB46,206,000 and RMB5,750,000 were recognised in administration expenses and research and development expenses, respectively.

The fair value of the shares has been arrived at based on a valuation carried out by Asia-Pacific Consulting and Appraisal Limited, an independent professional valuer, on the respective grant dates of the shares. The address of Asia-Pacific Consulting and Appraisal Limited is Room 2201, Digital 01 Building, No. 12, Guanghua Road, Chaoyang District, Beijing, PRC. Discount cash flow methodology was adopted in the valuation. The key model inputs used in determining the fair value, include assumed discount rate of 18% and assumed long-term sustainable growth rate of 3%.

Employee incentive platform

On January 8, 2021, the Company issued 11,242,275 ordinary shares to an employee incentive platform, Bliss Way Limited, at the consideration of USD1 for each share without vesting conditions. All shares were granted to the employees and vested immediately on the same date.

The fair value of each share granted at grant date was approximately RMB9.438. The effect of share-based payment transactions of RMB33,356,000 recorded on the Group's profit or loss during the three months ended March 31, 2021, of which RMB11,137,000, RMB13,914,000 and RMB8,305,000 were recognised in administration expenses and research and development expenses and selling expenses, respectively.

The fair value of the shares has been arrived at based on a valuation carried out by Asia-Pacific Consulting and Appraisal Limited, an independent professional valuer, on the grant date of the shares.

The Company used back-solve method to determine the underlying equity value of the Company and performed an equity allocation based on Black-Scholes option pricing model to arrive the fair value of the shares as of the grant date with reference to the original issue price of Series Crossover Preferred Shares.

The key valuation assumptions used to determine the fair value as of grant date are as follows:

	At January 8, 2021
Time to liquidation	3 years
Risk-free rate	0.24%
Volatility	44.1%
Dividend yield	0%
Possibilities under liquidation scenario	32.5%
Possibilities under redemption scenario	32.5%
Possibilities under Qualified IPO scenario	35%
DLOM	16.6%

The directors of the Company established the risk-free rate based on the yield of the United States Treasury Bonds with a maturity life close to period from the valuation date to expected liquidation date of preferred shares. Volatility was estimated based on average historical volatilities of comparable companies in the same industry from valuation date to expected liquidation date. Dividend yield is based on management estimate at the valuation date. DLOM was quantified by the Finnerty Put Options Model. Under this option-pricing method, which assumed that the price of a put option remains the average price of the stock before the privately held shares can be sold, the cost of the put option was considered as a basis to determine the DLOM.

Restricted share unit scheme

On January 8, 2021, the Board of Directors has approved the a restricted share unit scheme (the "RSU Scheme") and issued 12,228,440 ordinary shares to Sino Fame Ventures Limited, which was established for the purpose of holding shares for granting to the employees.

No restricted share units ("RSU(s)") were granted, vested, cancelled or lapsed under the RSU Scheme during the Track Record Period. No RSUs were outstanding under the RSU Scheme as at December 31, 2019, 2020 and March 31, 2021.

(a) Purpose of the scheme

The purpose of the RSU Scheme is to recognize and motivate the contributions the grantees under the RSU Scheme (the "Grantee(s)"), provide incentives for them to remain with the Company, and attract suitable personnel for our further development.

An award of RSUs under the RSU Scheme ("Award(s)") gives a Participant (defined as below) a conditional right upon the vesting of the Award to obtain either shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of vesting, as determined by the Remuneration Committee of the Board (the "Remuneration Committee") in its absolute discretion.

The RSU Scheme shall be valid and effective for period of ten years commencing on the adoption date of the RSU Scheme, after which period no further Awards will be granted. In spite of this, the RSU Scheme in all other respects remain in full force and effect and Awards that are granted during the period may continue to be exercisable in accordance with their terms of issue.

(b) Participants of the scheme

Participants of the RSU Scheme (the "Participants") include the following:

(i) the employees or officers (including executive, non-executive and independent non-executive directors of the Group);

(ii) any person or entity (including but not limited to consultants engaged by the company services to the Group) that provides research, development, consultancy and other technical or operational or administrative support to the Group; and

(iii) any other persons including former employees who, in the sole opinion of the Remuneration Committee of the Company, have contributed or will contribute to the Company or any of its subsidiaries.

(c) Total number of securities available for issue under the scheme

Number of shares that may be delivered under the RSU Scheme are 12,228,440 shares of the Company that are held by Sino Fame Ventures Limited, a nominee shareholder on trust for the RSU Scheme.

(d) Vesting terms

Subject to the terms of the RSU Scheme and the specific terms and conditions applicable to each Award, the RSU(s) granted in an Award shall be subject to a vesting period (if any) and/or the satisfaction of performance and/or other conditions (if any) to be determined by the Remuneration Committee in its absolute discretion. If such conditions are not satisfied, the vesting date of the RSU(s) shall be postponed for one year. If the vesting terms and conditions of the postponed RSU(s) are not satisfied at the postponed vesting date, the RSU(s) shall automatically lapse. Upon fulfillment or waiver of the vesting period and vesting criteria (if any) applicable to a Grantee, a vesting notice shall be sent to the Grantee by the Remuneration Committee, or by any other means the Remuneration Committee so determines in its sole discretion from time to time, confirming (a) the extent to which the vesting period and conditions have been fulfilled or waived, and (b) the number of shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of these Shares) or the amount of cash the Grantee will receive.

35. RETIREMENT BENEFIT PLANS

The total amount provided by the Group to the schemes and charged to profit or loss are RMB2,602,000, RMB257,000, RMB323,000 (unaudited) and RMB1,221,000 for the years ended December 31, 2019, 2020 and three months ended March 31, 2020 and 2021, respectively.

The employees of the Group's subsidiaries 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 their employees, to the retirement benefit scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

36. ACQUISITION OF A SUBSIDIARY

On May 27, 2020, the Group acquired an 85% equity interests in VascuPatent Medical (Shenzhen) Co., Ltd. by capital injection into VascuPatent Medical (Shenzhen) Co., Ltd. of RMB18,500,000 in form of cash. VascuPatent Medical (Shenzhen) Co., Ltd. is established in the PRC and principally engaged in the research and development of procedural medical devices for electrophysiological catheters and was acquired with the objective of reducing purchase of drug-coated balloons from external suppliers. The acquisition has been accounted for as acquisition of business using the acquisition method.

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Property, plant and equipment	11
Right-of-use assets	3,351
Intangible assets	1,400
Prepayments and other receivables	19,068
Bank balances and cash	672
Other payables	(389)
Lease liabilities	(3,351)
Deferred tax liability	(350)
	20,412

The other receivables acquired with a fair value of RMB19,062,000 at the date of acquisition had gross contractual amounts of RMB19,062,000.

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	18,500
Plus: non-controlling interest	3,062
Less: recognised amounts of net assets acquired	(20,412)
Goodwill arising on acquisition	1,150

The non-controlling interest (15%) in VascuPatent Medical (Shenzhen) Co., Ltd. recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of VascuPatent Medical (Shenzhen) Co., Ltd. and amounted to RMB3,062,000.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Net cash inflow on acquisition of VascuPatent Medical (Shenzhen) Co., Ltd.

	RMB'000
Cash and cash equivalents balances acquired	672

In October 2020, the Group acquired the remaining 15% equity interests in VascuPatent Medical (Shenzhen) Co., Ltd., a subsidiary of the Company for a cash consideration of RMB1,499,000 and VascuPatent Medical (Shenzhen) Co., Ltd. has become a wholly-owned subsidiary of the Company. The amount of RMB1,113,000, representing the difference between the consideration and the carrying amount of the non-controlling interest as of acquisition date, was recognised in other reserve.

Impact of acquisition on the results of the Group

Included in the loss for the year ended December 31, 2020 is loss of approximately RMB7,304,000 attributable to the additional business generated by VascuPatent Medical (Shenzhen) Co., Ltd. No revenue is generated from VascuPatent Medical (Shenzhen) Co., Ltd. during the year ended December 31, 2020.

Had the acquisition of VascuPatent Medical (Shenzhen) Co., Ltd. been completed on January 1, 2020, revenue for the year ended December 31, 2020 of the Group would have been RMB193,975,000, and loss for the year ended December 31, 2020 would have been RMB44,872,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2020, nor is it intended to be a projection of future results.

37. CAPITAL COMMITMENTS

As at December 31, 2019, 2020 and March 31, 2021, the Group had commitments which were contracted for but not provided in the Historical Financial Information:

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Acquisition of property, plant and equipment	1,018	1,926	3,666

38. 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 a shareholder 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 debt, which includes lease liabilities, bank borrowings and preferred shares, net of cash and cash equivalents and equity attributable to owner of the Company (comprising issued share capital, reserves and deficits).

The management reviews the capital structure periodically. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through issue of new shares as well as the issue of new debt or the redemption of existing debt.

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Amortised cost	37,974	203,241	45,806
Financial liabilities			
Amortised cost	23,939	351,268	151,341
At FVTPL			
– Preferred shares	–	133,760	239,852

The Company

	As at December 31, 2020	As at March 31, 2021
	RMB'000	*RMB'000*
Financial assets		
Amortised cost	133,760	5,114
Financial liabilities		
Amortised cost	330,923	137,011
At FVTPL		
– Preferred shares	133,760	239,852

(b) Financial risk management objectives and policies

The Group's and the Company's major financial instruments include rental deposits, trade and bill receivables, other receivables, amount due from a fellow subsidiary, amount due from a shareholder, amount due from a preferred shareholder, bank balances, trade and other payables, dividend payable, amount due to a subsidiary, refund liabilities, bank borrowings and preferred shares. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (price risk, currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Price risk

The Group and the Company are exposed to price risk at December 31, 2020 and March 31, 2021 arising from Preferred Shares 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 5% higher/lower, the post-tax loss of the Group and the Company for the year ended December 31, 2020 would increase by approximately RMB6,688,000/decrease by approximately RMB6,688,000, and the post-tax loss of the Group and the Company for three months ended March 31, 2021 would increase by approximately RMB11,993,000/decrease by approximately RMB11,993,000.

Currency risk

Certain bank balances, trade receivables, other receivables, trade and other payables, dividend payable and preferred shares are denominated in foreign currency of respective group entities which are exposed the Group and the Company to foreign currency risk. The management manages its currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows.

The Group

	Assets			Liabilities		
	As at December 31,		As at March 31,	As at December 31,		As at March 31,
	2019	2020	2021	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Currency of HK$	405	73	63	3	–	493
Currency of USD	2,148	136,363	6,246	51	461,158	366,428
Currency of EUR	1,155	1,001	1,422	84	1,682	2,672
Currency of CHF	2	2	2	129	173	–

The Company

	Assets		Liabilities	
	As at December 31,	As at March 31,	As at December 31,	As at March 31,
	2020	2021	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Currency of USD	133,760	5,114	461,981	372,101

The Group's foreign currency risk is concentrated on the fluctuation of RMB against USD.

The directors of the Company consider that the exposure on currency risk on HK$, EUR and CHF are insignificant and accordingly no currency sensitivity analysis is prepared.

The following table details the Group's and the Company's sensitivity to a 5% increase and decrease in the RMB against USD. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit/a decrease in post-tax loss for the year where RMB weakens 5% against USD. For a 5% strengthening of RMB against USD, there would be an opposite impact on the post-tax profit/loss for the year.

	As at December 31,		As at March 31,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
The Group			
Impact on profit or loss			
USD	78	(16,252)	(18,009)

	As at December 31, 2020	As at March 31, 2021
	RMB'000	*RMB'000*
The Company		
Impact on profit or loss		
USD	(16,411)	(18,349)

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 Track Record Period.

Interest rate risk

The Group and the Company are exposed to cash flow interest rate risk in relation to bank balances with variable interest rate (note 24) and also exposed to fair value interest rate risk in relation to fixed rate lease liabilities (note 29) and fixed rate bank borrowing (note 30). 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 is insignificant because the current market interest rates are relatively low and stable.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's and the Company's credit risk exposures are primarily attributable to trade receivables, other receivables, rental deposits, amount due from a fellow subsidiary and bank balances. The Group and the Company do not hold any collateral or other credit enhancements to cover the credit risks associated with its financial assets.

Trade and bill receivables arising 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 up to 180 days. The Group may request deposits and/or advances from new or certain customers upon signing sales agreements or placing orders to minimise the credit risks. The Group only accepts bills issued or guaranteed by reputable PRC banks if trade receivables are settled by bills and therefore the management of the Group considers the credit risk arising from the bill receivables is insignificant.

The Group has concentration of credit risk as 40%, 71% and 80% of the total trade receivables was due from the Group's two largest debtors and 74%, 84% and 88% of total trade receivables was due from the Group's five largest debtors as at December 31, 2019, 2020 and March 31, 2021.

For trade receivables, the Group has applied the simplified approach of IFRS 9 to measure the loss allowance at lifetime ECL. In additions, the Group performs impairment assessment under ECL model on trade receivables individually.

Details of the quantitative disclosures are set out below in this note.

Other receivables, amounts due from a fellow subsidiary, a shareholder and a preferred shareholder, and rental deposits

The management of the Group makes periodic individual assessment on the recoverability of other receivables, amounts due from a fellow subsidiary, a shareholder and a preferred shareholder, and rental 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 believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. The internal credit ratings of other receivables, amount due from a fellow subsidiary, a shareholder and a preferred shareholder, and rental deposits are considered as low risk. For the years ended December 31, 2019, 2020 and three months ended March 31, 2021, the Group assessed the ECL for other receivables, amounts due from a fellow subsidiary, a shareholder and a preferred shareholder, and rental deposits are insignificant.

Bank balances

The credit risk on bank balances is limited because the counterparties are mainly reputable banks and financial institutions with high credit ratings assigned by international credit-rating agencies. The Group and the Company's assessed 12m ECL for bank balances 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 is considered insignificant.

The Group's and the Company's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full after due date	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	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 tables below detail the credit risk exposures of the Group's and the Company's major financial assets which are subject to ECL assessment:

				Gross carrying amount		
	External credit rating	Internal credit rating	12m ECL or lifetime ECL	As at December 31, 2019	As at December 31, 2020	As at March 31, 2021
				RMB'000	*RMB'000*	*RMB'000*
The Group						
Financial assets at amortised cost						
Trade receivables	N/A	Low	Lifetime ECL	4,260	6,554	15,536
		Watch list	Lifetime ECL	186	6,137	7,841
		Doubtful	Lifetime ECL	–	1,832	894
		Loss	Lifetime ECL (credit-impaired)	–	326	331
				4,446	14,849	24,602
Bill receivables	N/A	Low	12m ECL	–	15,808	–
Amount due from a shareholder	N/A	Low	12m ECL	–	227	227
Amount due from a preferred shareholder	N/A	Low	12m ECL	–	3,262	–
Other receivables, amount due from a fellow subsidiary and rental deposits	N/A	Low	12m ECL	2,013	2,578	3,088
Bank balances	Aa1 – Aa3	N/A	12m ECL	31,524	147,097	18,584

The average loss rates for the Group's trade receivables which are not credit-impaired, were 0.20%, 7.7% and 2.8% as at December 31, 2019, 2020 and March 31, 2021, respectively. The average loss rate for the Group's credit-impaired trade receivables was 100% as at December 31, 2020 and March 31, 2021.

The Company

				Gross carrying amount	
	External credit rating	Internal credit rating	12m ECL or lifetime ECL	As at December 31, 2020	As at March 31, 2021
				RMB'000	*RMB'000*
Bank balances	Aa3	N/A	12m ECL	130,498	5,114

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, 2019	124	–	124
Impairment losses under ECL reversed	(124)	–	(124)
Impairment losses under ECL recognised	9	–	9
At December 31, 2019	9	–	9
Impairment losses under ECL reversed	(9)	–	(9)
Impairment losses under ECL recognised	813	326	1,139
At December 31, 2020	813	326	1,139
Impairment losses under ECL reversed	(813)	(326)	(1,139)
Impairment losses under ECL recognised	364	331	695
At March 31, 2021	364	331	695

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 to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. 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.

Liquidity tables

The Group	Weighted average effective interest rate	On demand or less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2019							
Trade and other payables	–	1,043	–	–	–	1,043	1,043
Refund liabilities	–	22,896	–	–	–	22,896	22,896
Lease liabilities	4.64	1,157	3,588	4,978	12,359	22,082	19,949
		25,096	3,588	4,978	12,359	46,021	43,888

The Group	Weighted average effective interest rate	On demand or less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2020							
Trade and other payables	–	4,569	454	–	–	5,023	5,023
Lease liabilities	5.17	1,621	5,009	6,503	10,371	23,504	21,415
Bank borrowing	5.66	–	21,130	–	–	21,130	20,000
Dividend payable	–	326,245	–	–	–	326,245	326,245
Preferred shares	7.43	–	–	–	165,862	165,862	133,760
		332,435	26,593	6,503	176,233	541,764	506,443
At March 31, 2021							
Trade and other payables	–	6,094	392	–	–	6,486	6,486
Lease liabilities	5.17	1,624	5,078	6,295	8,886	21,883	20,059
Bank borrowings	2.59	20,123	128,132	–	–	148,255	144,855
Preferred shares	7.43	–	–	–	292,619	292,619	239,852
		27,841	133,602	6,295	301,505	469,243	411,252

The Company	Weighted average effective interest rate	On demand or less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2020							
Dividend payable	–	326,245	–	–	–	326,245	326,245
Amount due to a subsidiary	–	4,678	–	–	–	4,678	4,678
Preferred shares	7.43	–	–	–	165,862	165,862	133,760
		330,923	–	–	165,862	496,785	464,683
At March 31, 2021							
Bank borrowing	2.1	–	128,132	–	–	128,132	124,855
Other payable	–	1,272	–	–	–	1,272	1,272
Amount due to a subsidiary	–	10,884	–	–	–	10,884	10,884
Preferred shares	7.43	–	–	–	292,619	292,619	239,852
		12,156	128,132	–	292,619	432,907	379,863

(c) Fair value measurements of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

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			Fair value hierarchy	Valuation technique and key input	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	December 31,		March 31,				
	2019	2020	2021				
	RMB'000	*RMB'000*	*RMB'000*				
The Group and the Company							
Preferred shares	–	133,760	239,852	December 31, 2020: Level 2; March 31, 2021: Level 3	December 31, 2020: Recent transactions price *(note a)*; March 31, 2021: Equity allocation model and Black-Scholes option pricing model – the key inputs are: Possibilities under Qualified IPO scenario, risk-free rate, volatility, dividend yield and DLOM	December 31, 2020: N/A; March 31, 2021: Volatility: 42.8%	The higher the volatility, the lower the fair value *(note b)*

Notes:

(a) The Group issued Series Crossover Preferred Shares and Series Crossover II Preferred Shares on December 18, 2020 and January 8, 2021, respectively. The directors consider both preferred shares have the same feature and shareholders' rights and therefore the fair value of the preferred shares as at December 31, 2020 is determined by the recent transactions price abovementioned.

(b) A 10% increase/decrease in the volatility, while all other variables keep constant (including the equity value of the Company), would decrease the carrying amount of preferred shares as at March 31, 2021 by approximately RMB2,700,000, or increase the amount as at March 31, 2021 by approximately RMB2,700,000, respectively.

There were no transfers between Level 1 and 2 during the Track Record Period.

Details of reconciliation of Level 3 fair value measurement for convertible preferred shares are set out in note 32.

40. 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 statements of cash flows as cash flows from financing activities.

	Amounts due to former shareholders	Amount due to immediate holding company	Lease liabilities	Bank borrowings	Interest payable	Dividend payable	Preferred shares	Accrued issue costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2019	2,850	–	–	–	–	–	–	–	2,850
Financing cash flows	(2,850)	1,975	(2,315)	–	–	–	–	–	(3,190)
New leases entered	–	–	21,785	–	–	–	–	–	21,785
Interest expenses	–	–	479	–	–	–	–	–	479
Deemed contribution from immediate holding company (Note)	–	(1,975)	–	–	–	–	–	–	(1,975)
At December 31, 2019	–	–	19,949	–	–	–	–	–	19,949
Financing cash flows	–	–	(5,414)	19,600	–	–	130,945	(1,112)	144,019
Fair value change of preferred shares	–	–	–	–	–	–	(447)	–	(447)
Amount due from a preferred shareholder	–	–	–	–	–	–	3,262	–	3,262
Deferred issue cost	–	–	–	–	–	–	–	3,248	3,248
New leases entered/lease modification	–	–	2,507	–	–	–	–	–	2,507
Acquisition of a subsidiary *(note 36)*	–	–	3,351	–	–	–	–	–	3,351
Interest expenses	–	–	1,022	400	–	–	–	–	1,422
Dividend recognised as distribution	–	–	–	–	–	327,255	–	–	327,255
Exchange adjustment	–	–	–	–	–	(1,010)	–	–	(1,010)
At December 31, 2020	–	–	21,415	20,000	–	326,245	133,760	2,136	503,556
Financing cash flows	–	–	(1,620)	122,772	(278)	(323,085)	3,262	(1,001)	(199,950)
Fair value change of preferred shares	–	–	–	–	–	–	2,559	–	2,559
Re-designation and reclassification from ordinary shares *(note 34)*	–	–	–	–	–	–	103,533	–	103,533
Repayment from a preferred shareholder	–	–	–	–	–	–	(3,262)	–	(3,262)
Deferred issue cost	–	–	–	–	–	–	–	2,085	2,085
Interest expenses	–	–	264	–	781	–	–	–	1,045
Exchange adjustment	–	–	–	2,083	–	(3,160)	–	–	(1,077)
At March 31, 2021	–	–	20,059	144,855	503	–	239,852	3,220	408,489

	Amounts due to former shareholders	Amount due to immediate holding company	Lease liabilities	Bank borrowings	Interest payable	Dividend payable	Preferred shares	Accrued issue costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2020	–	–	19,949	–	–	–	–	–	19,949
Financing cash flows	–	–	(1,156)	–	–	–	–	–	(1,156)
Interest expenses	–	–	223	–	–	–	–	–	223
At March 31, 2020 (unaudited)	–	–	19,016	–	–	–	–	–	19,016

Note: Amount represents deemed contribution from immediate holding company of RMB1,975,000 through waiver of amount due to immediate holding company during the year ended December 31, 2019.

41. RELATED PARTY TRANSACTIONS

(a) The Group had the following related party transactions during the years ended December 31, 2019 and 2020 and three months ended March 31, 2020 and 2021:

	Year ended December 31,		Three months ended March 31,	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Royalty fees to InnoRa GmbH *(Note)*	6,091	7,459	977	2,713
Clinical service provided by InnoRa GmbH	–	691	–	–
Expenses paid on behalf of a fellow subsidiary, Well Step Technology Limited	17	–	–	–

Note: InnoRa GmbH is a company controlled by chief technology officer of the Group.

(b) The remuneration of key management personnel during the years ended December 31, 2019 and 2020 and three months ended March 31, 2020 and 2021 as follows:

	Year ended December 31,		Three months ended March 31,	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Short-term employee benefits	7,876	10,906	1,926	2,522
Post-employment benefits	228	89	38	61
Share-based payments	–	49,835	–	8,393
	8,104	60,830	1,964	10,976

The remuneration of key management personnel is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

42. INVESTMENTS IN SUBSIDIARIES

The Company

	At December 31, 2020	As at March 31, 2021
	RMB'000	*RMB'000*
Cost of investments	59,896	93,252

PARTICULARS OF SUBSIDIARIES

As at December 31, 2019 and 2020, March 31, 2021, and as at the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place and date of incorporation/ registration	Paid up issued/ registered capital	Effective equity interest attributable to the Group as at								Principal activities
			December 31, 2019		December 31, 2020		March 31, 2021		the date of this report		
			Direct %	*Indirect* %	*Direct* %	*Indirect* %	*Direct* %	*Indirect* %	*Direct* %	*Indirect* %	
Pine Medical Limited (長青醫療器械有限公司) *(Note a)*	Hong Kong March 7, 2011	HK$12,000,000	100	–	100	–	100	–	100	–	Investment holding and trading of procedural medical devices
Acotec Scientific Co., Ltd.*# (北京先瑞達醫療科技有限公司) *(Note b)*	The PRC January 28, 2008	RMB33,500,000	–	100	–	100	–	100	–	100	Research, development and production of PTA balloons and DCB products
Tianjin Xianruida Medical Technology Co., Ltd.*# (天津先瑞達醫療科技有限公司) *(Note c)*	The PRC December 24, 2018	RMB5,000,000	–	100	–	100	–	100	–	100	Marketing and sales of PTA balloons and DCB products
VascuPatent Medical (Shenzhen) Co., Ltd.*# (為泰醫療器械(深圳)有限公司) *(Note d)*	The PRC December 18, 2019	RMB6,666,667	–	–	–	100	–	100	–	100	Research and development of PTA balloons and DCB products

* The English name is for identification purpose only

\# The companies are foreign wholly owned enterprises established in the PRC.

Notes:

(a) At the date of this report, the statutory financial statements of Pine Medical Limited for the years ended December 31, 2019 and 2020 are not yet issued.

(b) The audited financial statements of Acotec Scientific Co., Ltd. for the year ended December 31, 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. At the date of this report, financial statements of Acotec Scientific Co, Ltd. for the year ended 31 December 2020 have not yet been issued.

(c) No statutory financial statements have been prepared as there is no such requirement for Tianjin Xianruida Medical Technology Co., Ltd.

(d) The Group acquired VascuPatent Medical (Shenzhen) Co., Ltd. on May 27, 2020. Details are set out in note 36. No statutory financial statements have been prepared as there is no such requirement for VascuPatent Medical (Shenzhen) Co., Ltd.

None of the subsidiaries had issued any debt securities at the end of the year/period or at any time during the Track Record Period.

43. EVENTS AFTER THE REPORTING PERIOD

The Group has no significant subsequent events entered into subsequent to March 31, 2021.

44. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies comprising the Group in respect of any period subsequent to March 31, 2021 and up to the date of this report.

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, 2020 and three months ended March 31, 2021 (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, respectively 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, respectively, to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering (as defined in this prospectus) on the audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at March 31, 2021 as if the Global Offering had taken place on such date.

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 purposes 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 March 31, 2021 or at any future dates following the Global Offering.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at March 31, 2021 as shown in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as follows:

	Audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at March 31, 2021	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 March 31, 2021	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at March 31, 2021 per share	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	Note 1	*Note 2*		*Note 3*	*Note 4*
Based on an offer price of HK$22.20 per share	(321,794)	1,202,095	880,301	3.06	3.68
Based on an offer price of HK$23.80 per share	(321,794)	1,290,149	968,355	3.37	4.05

Notes:

1. The audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at March 31, 2021 is arrived at after deducting intangible assets of RMB2,188,000 and goodwill of RMB1,150,000 from the audited consolidated net liabilities attributable to owners of the Company of RMB318,456,000 as at March 31, 2021, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

2. The estimated net proceeds from the issuance of the new shares pursuant to the Global Offering are based on 68,633,000 shares to be issued at the lower limit and upper limit of HK$22.20 and HK$23.80 per offer share, respectively, after deduction of the estimated underwriting fees and commissions and other related expenses expected to be incurred by the Group subsequent to March 31, 2021. It does not take into account any share (i) which may be allotted and issued upon the exercise of the Over-allotment Option (as defined in this prospectus), or (ii) which have been/may be issued under the Restricted Share Unit Scheme as referred in section headed "Appendix IV Statutory and General Information — D. 1. Restricted Share Unit Scheme", or (iii) which may be allotted and issued or repurchased by the Company under the general mandate granted to the directors of the Company.

   For the purpose of the estimated net proceeds from the Global Offering, the amount denominated in HK$ has been converted into RMB at the rate of HK$1 to RMB0.8310, which was the exchange rate prevailing on August 3, 2021 with reference to the rate published by the People's Bank of China. No representation is made that the HK$ 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 of a total of 287,482,629 shares in issue, which includes 231,078,069 existing outstanding ordinary shares as of March 31, 2021 less 12,228,440 ordinary shares held by Sino Fame Ventures Limited, a nominee shareholder on trust for the Restricted Share Unit Scheme, and 68,633,000 shares to be issued assuming the Global Offering had all been completed on March 31, 2021. It does not take into account any shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option, or (ii) which have been/may be issued under the Restricted Share Unit Scheme, or (iii) which may be allotted and issued or repurchased by the Company under the general mandate granted to the directors of the Company, or (iv) conversion of preferred 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 denominated in HK$ has been converted into RMB at the rate of HK$1 to RMB0.8310, which was the exchange rate prevailing on August 3, 2021 with reference to the rate published by the People's Bank of China. No representation is made that the HK$ 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.

5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to March 31, 2021.

   In particular, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as shown on II-2 have not been adjusted to illustrate the effect of the conversion of preferred shares into ordinary shares of the Company. The conversion of outstanding preferred shares as at March 31, 2021 upon completion of the Global Offering would have reclassified preferred shares amounting to RMB239,852,000 to equity. The conversion of such preferred shares would have increased the total share in issue by 13,678,102 shares to a total of 301,160,731 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 RMB3.72 (equivalent to HK$4.48) and RMB4.01 (equivalent to HK$4.83), assuming the indicative offer prices of HK$22.20 per share and HK$23.80 per share respectively, and assuming the amounts denominated in RMB could have been converted into HK$ at the rate of RMB0.8310 to HK$1, which was the exchange rate prevailing on August 3, 2021 with reference to the rate published by the People's Bank of China.

B. ASSURANCE REPORT FROM THE REPORTING ACCOUNTANTS ON 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 Acotec Scientific Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Acotec Scientific Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at March 31, 2021 and related notes as set out on pages II-1 to II-3 of Appendix II to the prospectus issued by the Company dated August 12, 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 March 31, 2021 as if the proposed Global Offering had taken place at March 31, 2021. 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, 2020 and three months ended March 31, 2021, on which accountants' report set out in Appendix I to the Prospectus 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 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, 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 March 31, 2021 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' judgment, 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
August 12, 2021

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on June 23, 2021 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection".

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on June 23, 2021 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US$100,000 divided into 10,000,000,000 shares of US$0.00001 each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Companies Act and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Act and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Act expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Act and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment 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 first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so

contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) 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 any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, 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 any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates 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.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may also by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or 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 (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) Proceedings of the Board

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairperson of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, be varied 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 meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Act; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Act.

2.6 Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths 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 specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association 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 held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by 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 proxy(ies) or representative(s) at any general meeting of the Company or at any general 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 entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorise). The annual general meeting shall be specified as such in the notices calling it.

The board of Directors may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Act.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Act or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

2.10 Auditors

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.11 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date. Where a general meeting is so postponed, the Company shall endeavour to cause a notice of such postponement to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, but failure to place or publish such notice shall not affect the automatic postponement of such meeting.

Where a general meeting is postponed:

(a) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(b) notice of the business to be transacted at the reconvened meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the reconvened meeting is the same as that set out in the notice of the original meeting circulated to the members of the Company.

2.12 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and 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 of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favour of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.13 Power of the Company to purchase its own shares

The Company is empowered by the Companies Act and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

2.14 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.15 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company 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 Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall 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 of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.16 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which

the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.17 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, 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 Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.18 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.19 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, choice or election of a chairperson which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.20 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.21 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company 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 of the Company 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 in a winding up 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 amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any 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 of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Act, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.22 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 3 December 2020 under the Companies Act. As such, its 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 size of its authorised share capital.

3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

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 premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia 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 a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(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) in 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;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any 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, 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.

Subject to the detailed provisions of the Companies Act, 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. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors 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 member of the company holding 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.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company 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 to act 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.

4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of 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 (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class 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 where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands 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 Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands 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.

Claims against a company by its shareholders must, as a general rule, 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.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) 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.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. 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.

10 Inspection of Books and Records

Members of a company will 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 of association.

11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and

liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand 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 and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand 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.

16 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 Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 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.

19 Taxation

Pursuant to section 6 of the Tax Concessions Act (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

  (i) on or in respect of the shares, debentures or other obligations of the Company; or

  (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (2018 Revision).

The undertaking is for a period of twenty years from 9 December 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 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 not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising 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 section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V. 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/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

We were incorporated in the Cayman Islands on December 3, 2020 under the Companies Act as an exempted company with limited liability. Accordingly, our corporate structure and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of certain aspects of the Cayman Islands company law and a summary of certain provisions of our Articles of Associations are set out in the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this prospectus.

Our registered place of business in Hong Kong is at 14th Floor, Golden Center, 188 Des Voeux Road Central, Hong Kong. We were registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance on January 20, 2021. Ms. Ching Yi LI of 14th Floor, Golden Center, 188 Des Voeux Road Central, Hong Kong has been appointed as our authorized representative for the acceptance of service of process and notices in Hong Kong.

2. Changes in the Share Capital of Our Company

As of the date of incorporation of our Company, our Company was authorized to issue 10,000,000,000 Shares of US$0.00001 each.

There has been no alteration in our share capital within two years immediately preceding the date of this prospectus.

3. Changes in the Share Capital of Our Subsidiary

Our subsidiaries are set out in the Accountants' Report, the text of which is set out in Appendix I to this prospectus. The following alteration in the share capital of our subsidiary has taken place within the two years immediately preceding the date of this prospectus:

VascuPatent Medical

On June 5, 2020, the registered capital of VascuPatent Medical was increased from RMB1 million to RMB6.67 million.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

4. Resolutions of the Shareholders of the Company Passed on June 23, 2021

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders on June 23, 2021, it was resolved, among others:

(a) the Memorandum and Articles of Association were approved and adopted, and will come into effect upon Listing;

(b) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; and (2) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and the Underwriting Agreements not being terminated in accordance with the terms therein or otherwise:

(i) the Global Offering and the Over-allotment Option were approved and our Directors were authorized to effect the same, and to allot and issue the Offer Shares pursuant to the Global Offering and the Over-allotment Option;

(ii) the grant of the Over-allotment Option by our Company to the International Underwriters to allot and issue up to 15% of the Offer Shares initially available under the Global Offering to cover, among other things, the over-allocations in the International Offering was approved;

(iii) the proposed Listing was approved, and our Directors were authorized to implement such Listing; and

(iv) all the issued and unissued Preferred Shares be re-designated and re-classified as ordinary Shares, having the rights and restrictions as set out in the Memorandum and the Articles;

(c) a general unconditional mandate was granted to our Directors to allot, issue and deal with Shares, and to make or grant offers, agreements, or options which might require such Shares to be allotted and issued or dealt with at any time 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, shall not exceed 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or scrip dividend scheme or similar arrangements, or a specific authority granted by our Shareholders or upon the exercise of the Over-allotment Option. This general mandate to issue Shares will remain in effect until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under the applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting of our Company;

whichever is the earliest;

(d) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering (excluding Shares which may be allotted and issued upon the exercise of the Over-allotment Option or under the Share Incentive Schemes).

This mandate only relates to repurchase made on the Stock Exchange or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose) and made in accordance with all applicable laws and regulations and the requirements of the Listing Rules. This general mandate to repurchase Shares will remain in effect until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting of our Company;

whichever is the earliest; and

(e) the general unconditional mandate as mentioned in paragraph (c) above would be 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 repurchase Shares referred to in paragraph (d) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering, excluding any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option or under the Share Incentive Scheme).

5. Restrictions on Repurchase

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by us of our own Shares.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own Shares on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchase of Shares (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, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the constitutive documents of a listed company, the laws of the jurisdiction in which the listed company is incorporated or otherwise established. A listed company may not repurchase 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. Subject to the foregoing, any repurchases by a listed company may be made out of the funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the shares to be repurchased must be out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of our share premium account.

(b) Reasons for Repurchase

Our Directors believe that it is in the best interest of us and our Shareholders for our Directors to have general authority from the Shareholders to enable us 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 and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit us and our Shareholders.

(c) Funding of Repurchases

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with the Memorandum of Association and Articles of Association, the Companies Act or other applicable laws of Cayman Islands and the Listing Rules. On the basis of our current financial condition as disclosed in this prospectus and taking into account our current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or our gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(d) General

Exercise in full of the current repurchase mandate, on the basis of 313,389,171 Shares in issue after completion of the Global Offering (without taking into account of the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), could accordingly result in up to 31,338,917 Shares being repurchased by us during the period prior to:

(i) the conclusion of our next annual general meeting;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles of Association to be held; or

(iii) the date on which the repurchase mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) currently intends to sell any Shares to us or our subsidiaries. Our Directors have undertaken with the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules, the Memorandum of Association and Articles of Association, the Companies Act or any other applicable laws of the Cayman Islands.

If, as a result of a repurchase of our Shares pursuant to the repurchase mandate, a Shareholder's proportionate interest in our voting rights is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us 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.

No core connected person, as defined in the Listing Rules, has notified us that he/she or it has a present intention to sell his/her or its Shares to us, or has undertaken not to do so, if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF THE COMPANY

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this prospectus and are or may be material:

(a) a cornerstone investment agreement dated July 27, 2021 entered into among our Company, China Universal Asset Management Co., Ltd (匯添富基金管理股份有限公司), Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which China Universal Asset Management Co., Ltd (匯添富基金管理股份有限公司) agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$20,000,000;

(b) a cornerstone investment agreement dated July 27, 2021 entered into among our Company, CPE Investment Wu Limited, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which CPE Investment Wu Limited agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000;

(c) a cornerstone investment agreement dated July 27, 2021 entered into among our Company, China International Capital Corporation Limited (中國國際金融股份有限公司), Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which China International Capital Corporation Limited (中國國際金融股份有限公司) agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000;

(d) a cornerstone investment agreement dated July 27, 2021 entered into among our Company, The Valliance Fund, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which The Valliance Fund agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000;

(e) a cornerstone investment agreement dated July 27, 2021 entered into among our Company, Perseverance Asset Management International (Singapore) Pte. Ltd., Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which Perseverance Asset Management International (Singapore) Pte. Ltd. agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000;

(f) a cornerstone investment agreement dated July 27, 2021 entered into among our Company, Daguan International Limited (達觀國際有限公司), Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which Daguan International Limited (達觀國際有限公司) agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000;

(g) a cornerstone investment agreement dated July 27, 2021 entered into among our Company, Athos Asia Event Driven Master Fund, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which Athos Asia Event Driven Master Fund agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(h) a cornerstone investment agreement dated July 27, 2021 entered into among our Company, Panjing Harbourview Investment Fund, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which Panjing Harbourview Investment Fund agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(i) a cornerstone investment agreement dated July 27, 2021 entered into among our Company, Dymon Asia Multi-Strategy Investment Master Fund, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which Dymon Asia Multi-Strategy Investment Master Fund agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(j) a cornerstone investment agreement dated July 27, 2021 entered into among our Company, Pinpoint Asset Management Limited, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which Pinpoint Asset Management Limited agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(k) a cornerstone investment agreement dated July 27, 2021 entered into among our Company, PRIMEONE LUCK LIMITED, Greenwoods Bloom Fund III, L.P., Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which PRIMEONE LUCK LIMITED agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(l) a cornerstone investment agreement dated July 27, 2021 entered into among our Company, E Fund Management Co., Ltd. (易方達基金管理有限公司) (for and on behalf of E Fund Global Healthcare Sector Sponsored Hybrid Fund (易方達全球醫藥行業混合型發起式證券投資基金)), Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which E Fund Management Co., Ltd. (易方達基金管理有限公司) (for and on behalf of E Fund Global Healthcare Sector Sponsored Hybrid Fund (易方達全球醫藥行業混合型發起式證券投資基金)) agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(m) a cornerstone investment agreement dated July 27, 2021 entered into among our Company, New Journey Hospital Group Ltd (新里程醫院集團有限公司), Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which New Journey Hospital Group Ltd (新里程醫院集團有限公司) agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000; and

(n) the Hong Kong Underwriting Agreement.

2. Our Material Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, our material registered trademarks were as follows:

No.	Trademark	Place of registration	Name of registered proprietor	Registration no.	Class	Expiry date
1	AcoArt Orchid	PRC	Beijing Acotec	41606099	35	September 6, 2030
2	Acoart	PRC	Beijing Acotec	16934074	10	July 13, 2026
3	acotec	PRC	Beijing Acotec	10203650	5	August 27, 2023
4	acotec	PRC	Beijing Acotec	8974010	10	January 6, 2022
5	acotec	PRC	Beijing Acotec	8974009	10	January 6, 2022
6	acotec	PRC	Beijing Acotec	8974008	35	March 27, 2022
7	acotec	PRC	Beijing Acotec	8974007	35	January 27, 2022
8	AcoArt Tulip	PRC	Beijing Aoctec	45735647	35	December 6, 2030
9	AcoArt Dhalia	PRC	Beijing Aoctec	45731510	10	December 13, 2030
10	AcoArt Litos	PRC	Beijing Aoctec	45726236	10	December 6, 2030
11	AcoArt Orchid	PRC	Beijing Aoctec	45721121	35	December 6, 2030
12	AcoArt Litos	PRC	Beijing Aoctec	45718430	35	December 6, 2030
13	AcoArt Tulip	PRC	Beijing Aoctec	45717758	10	December 13, 2030
14	AcoArt Orchid	PRC	Beijing Aoctec	45709502	10	December 6, 2030
15	AcoArt Dhalia	PRC	Beijing Aoctec	45706938	35	December 6, 2030

No.	Trademark	Place of registration	Name of registered proprietor	Registration no.	Class	Expiry date
16		Hong Kong	Beijing Aoctec	305449519	10, 35	November 16, 2030
17		Hong Kong	Beijing Aoctec	305449528	10, 35	November 16, 2030
18	AcoArt Camellia	PRC	Beijing Aoctec	47318128	10	February 13, 2031
19	AcoArt Cedar	PRC	Beijing Aoctec	47318082	35	February 13, 2031
20	AcoArt Daisy	PRC	Beijing Aoctec	47310186	10	February 13, 2031
21	AcoArt Daisy	PRC	Beijing Aoctec	47308487	35	February 13, 2031
22	AcoArt Camellia	PRC	Beijing Aoctec	47307707	35	February 13, 2031
23	AcoArt Cedar	PRC	Beijing Aoctec	47299724	10	February 13, 2031

(b) Patents

For material patents and patent applications of our Group as of the Latest Practicable Date, please refer to the paragraph headed "Business — Intellectual Property Rights" in this prospectus for more details.

(c) Domain Names

As of the Latest Practicable Date, our material domain names were as follows:

No.	Domain name	Registrant	Date of registration	Expiry date
1.	acotec.ltd	Beijing Acotec	November 12, 2019	November 12, 2029
2.	acotec.cn	Beijing Acotec	February 15, 2013	February 15, 2023

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of our Company and our associated corporations

The following table sets out the interests and short positions of our Directors and chief executive of our Company immediately following completion of the Global Offering (without taking into account the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once our Shares are listed:

Name of Director/ Chief Executive	Capacity/ nature of interest[1]	Name of company	Number of Shares immediately after the completion of the Listing[1]	Approximate percentage of shareholding in the total share capital of our Company after the Global Offering (assuming no exercise of the Over-allotment Option)	Approximate percentage of shareholding in the total share capital of our Company after the Global Offering (assuming the Over-allotment Option is fully exercised)[2]
Ms. Li	Controlled corporation[3]	Our Company	54,949,087	17.53%	16.98%
Mr. Schaffner	Beneficial owner	Our Company	4,272,065	1.36%	1.32%

Notes:

(1) The calculation is based on the total number of 313,389,171 Shares in issue immediately after completion of the Global Offering (without taking into account the Shares which may be issued upon the exercise of the Over-allotment Option).

(2) The calculation is based on the total number of 323,683,171 Shares in issue immediately after completion of the Global Offering (including such amount of Shares to be issued assuming the exercise of Over-allotment Option in full).

(3) Cosmic Elite is a subsidiary owned as to 95.31% by Nexus Partners Group Limited. Nexus Partners Group Limited is wholly owned by Vistra Trust (Singapore) Pte. Limited (as the trustee of Joy Avenue Family Trust). The voting rights attached to the Shares held by Sino Fame are vested with Ms. Li. Therefore, Ms. Li is deemed to be interested in the 42,720,647 Shares held by Cosmic Elite and 12,228,440 Shares held by Sino Fame under the SFO.

(b) Interests of the substantial shareholders in the Shares

Save as disclosed in the section headed "Substantial Shareholders", immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

2. Particulars of Directors' Service Contracts and Letters of Appointment

Each of Ms. Jing LI and Mr. Silvio Rudolf SCHAFFNER, being our executive Directors, has entered into a service contract with us for an initial term of three years commencing from the Listing Date, which may be terminated by not less than 30 days' notice in writing served by either the executive Director or our Company.

Each of Mr. Ke TANG and Mr. Chen CHEN, being our non-executive Directors, has entered into a service contract with us for an initial term of three years commencing from the Listing Date, which may be terminated by not less than 30 days' notice in writing served by either the non-executive Director or our Company.

Each of Dr. Yuqi WANG, Ms. Hope NI and Ms. Kin Yee POON, being our independent non-executive Directors, has entered into a letter of appointment with us for an initial term of three years commencing from the Listing Date, which may be terminated by not less than 30 days' notice in writing served by either the independent non-executive Director or our Company.

Save as disclosed above, none of our Directors has entered, or has proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Emoluments of Directors

The aggregate amount of emoluments which was paid to our Directors for the two financial years ended December 31, 2019 and 2020, and the three months ended March 31, 2021 were approximately RMB3.8 million, RMB56.1 million and RMB1.1 million, respectively.

It is estimated that emoluments and benefits in kind equivalent to approximately RMB24.423 million in aggregate will be paid and granted to our Directors by us in respect of the financial year ending December 31, 2021 under arrangements in force at the date of this prospectus.

The aggregate amount of remuneration which were paid by the Group to our five highest paid individual (including both employees and Directors) for the two financial years ended December 31, 2019 and 2020, and the three months ended March 31, 2021 were RMB9.242 million, RMB62.714 million and RMB24.423 million, respectively.

None of our Directors or any past directors of any member of the Group has been paid any sum of money for each of the two financial years ended December 31, 2019 and 2020, and the three months ended March 31, 2021 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 has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the two financial years ended December 31, 2019 and 2020, and the three months ended March 31, 2021.

4. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are listed on the Stock Exchange;

(b) none of our Directors is aware of any person (not being a Director or chief executive of the Company) who will, immediately following completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group; and

(c) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of the Company have any interests in the five largest customers or the five largest suppliers of the Group.

D. SHARE INCENTIVE SCHEME

1. Restricted Share Unit Scheme

(a) Purpose and Principal Terms

The purpose of the Restricted Share Unit Scheme (the "**RSU Scheme**") is to recognize and motivate the contributions the grantees under the RSU Scheme (the "**Grantee(s)**"), provide incentives for them to remain with our Company, and attract suitable personnel for our further development. The RSU Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of options by our Company to subscribe for new shares. The principal terms of the RSU Scheme are as follows:

(i) **Award**: An award of Restricted Share Units (the "**RSU(s)**") under the RSU Scheme ("Award(s)") gives a Participant a conditional right upon the vesting of the Award to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of vesting, as determined by the Remuneration Committee of the Board (the "**Remuneration Committee**") in its absolute discretion, less any tax, fees, levies, stamp duty and other applicable charges. An award may include, if so specified by the Remuneration Committee in its entire discretion, cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares from the date that the Award is granted to the date that it vests.

(ii) **Award Price**: Each Participant shall pay an award price as set out in the notice of grant to accept the Awards granted to such Participant.

(iii) **Scheme Limit**: Number of shares that may be delivered under the RSU Scheme are 12,228,440 Shares that are held by Sino Fame Ventures Limited, a nominee shareholder on trust for the Acotec Employee Incentive Trust for the RSU Scheme.

(iv) **Participants**: Participants of the RSU Scheme (the "**Participants**") include the following:

(i) the Employees or officers (including executive, non-executive and independent non-executive directors of the Group);

(ii) any person or entity (including but not limited to consultants engaged by the company services to the Group) that provides research, development, consultancy and other technical or operational or administrative support to the Group; and

(iii) any other persons including former employees who, in the sole opinion of the Remuneration Committee, have contributed or will contribute to the Company or any of its Subsidiaries.

(v) **Term**: The RSU Scheme shall be valid and effective for the period of ten years commencing on the adoption date of the RSU Scheme, after which period no further Awards will be granted. In spite of this, the RSU Scheme in all other respects remain in full force and effect and Awards that are granted during the Term may continue to be exercisable in accordance with their terms of issue.

(vi) **Administration**: The RSU Scheme shall be subject to the administration of the Remuneration Committee set up and authorized by the Board of the Company. The Remuneration Committee has the right to (i) interpret and construe the provisions of the RSU Scheme, (ii) determine the persons who will be granted Awards, the terms on which Awards are granted and the time when the RSU(s) so awarded may vest, (iii) make such appropriate and equitable adjustments to the terms of the Awards granted as it deems necessary, (iv) appoint independent third party professionals and contractors to assist in the administration of the RSU Scheme, delegate such powers and/or functions, and make any other decisions or determination relating to the administration of the RSU Scheme as the Remuneration Committee deems appropriate. All decisions made by the Remuneration Committee is final and binding on all parties.

(vii) **Trustee**: the Remuneration Committee may appoint independent trustee to assist in the administration and vesting of the Awards and has appointed Trident Trust Company (HK) Limited, trustee service provider and an Independent Third Party, to administer the granting and vesting of the RSU(s).

(b) Restrictions on Grant

No Grant shall be made to, nor shall any Grant be capable of acceptance by, any Participant at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules (where applicable) or by any other applicable rules, regulations or law.

A Grant must not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

(i) the date of the meeting of the Board of the Company (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for the Company to publish an announcement of its 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), and ending on the date of the results announcement,

no Award may be granted. Such period will cover any period of delay in the publication of a results announcement.

The Remuneration Committee may not grant any Awards to any Participants in any of the following circumstances:

(i) the requisite approvals for that Grant from any applicable regulatory authorities have not been obtained;

(ii) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of the Awards or in respect the RSU Scheme, unless the Remuneration Committee determines otherwise;

(iii) the Grant would result in a breach by the Company, the Subsidiaries or any of the directors of any applicable securities laws, rules or regulations; or

(iv) where such Grant would result in a breach of the limits of the RSU Scheme.

(c) Grant to Directors

Where any Award is proposed to be granted to a director of any members of the Group, it shall not be granted on any day on which the financial results of the Company are published and during the period of:

(i) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(ii) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(d) Grant to Connected Persons

Any grant to any director, chief executive officer or substantial shareholder of any member of the Group, or any of their respective associates (as defined in the Listing Rules), shall be subject to the prior approval of the independent non-executive directors (excluding the independent non-executive director who is the proposed grantee of the Awards in question) and shall otherwise be subject to compliance with the requirements

of the Listing Rules. Notwithstanding the foregoing, any grant of an Award to a director pursuant to Rule 14A.73(6) of the Listing Rules will be exempted from reporting, announcement and independent Shareholders' approval requirements if the Award forms part of the relevant director's remuneration under his/her service contract.

(e) Grant to PRC resident

If the Grantee is a PRC resident, he or she shall not be entitled to exercise any Award until:

(i) to the extent applicable, any restriction or condition imposed by the relevant PRC laws, regulations and notices in relation to the subscription of or dealing in shares of overseas listed companies by PRC residents or any law, regulation or notice with similar effects have been abolished or removed or ceased to be applicable to the Participant or the Participant has obtained approval, exemption or waiver from the relevant PRC regulatory authorities for the subscription of and dealing in the Shares; and

(ii) he or she has given a representation to the Company to the effect that he or she has satisfied all the relevant laws, regulations and notices in exercising the Award.

(f) Rights attached to Awards

The RSU(s) do not carry any right of a Shareholder unless and until such Shares underlying the Award are actually transferred to the Grantee upon the vesting of the RSU(s). Unless otherwise specified by the Remuneration Committee in its entire discretion in the Notice of Grant, Grantees do not have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying an Award.

(g) Awards to be Personal to the Grantee

Unless otherwise approved by the Company in writing (to the extent permitted by law), an unvested RSU shall be personal to the Grantee and shall not be assignable or transferable by the Grantee provided that following the Grantee's death, unvested RSU(s) may be transferred by will or by the laws of testacy and distribution. The terms of the Scheme and the Notice of Grant shall be binding upon the executors, administrators, heirs, successors and assigns of the Grantee.

(h) Vesting

Subject to the terms of the RSU Scheme and the specific terms and conditions applicable to each Award, the RSU(s) granted in an Award shall be subject to a vesting period (if any) and/or the satisfaction of performance and/or other conditions (if any) to be determined by the Remuneration Committee in its absolute discretion. If such conditions are not satisfied, the vesting date of the RSU(s) shall be postponed for one year. If the vesting terms and conditions of the postponed RSU(s) are not satisfied at the postponed vesting date, the RSU(s) shall automatically lapse.

Upon fulfillment or waiver of the vesting period and vesting criteria (if any) applicable to a Grantee, a vesting notice shall be sent to the Grantee by the Remuneration Committee, or by any other means the Remuneration Committee so determines in its sole discretion from time to time, confirming (a) the extent to which the vesting period and conditions have been fulfilled or waived, and (b) the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of these Shares) or the amount of cash the Grantee will receive.

The Grantee is required to execute, after receiving the vesting notice, certain documents set out in the vesting notice that the Remuneration Committee considers necessary (which may include, without limitation, a certification to the Group that he or she has complied with all the terms and conditions set out in the RSU Scheme and the Notice of Grant).

For the purposes of vesting of the RSU(s), the Remuneration Committee may release the RSU(s) to the selected Participants by transferring the number of underlying Shares in respect of the RSU(s) to the selected Participants in such manner as determined by it from time to time. The Remuneration Committee shall inform the Trustee the number of underlying Shares in respect of the RSU(s) being transferred and released to the selected Participant in the manner as determined by the Remuneration Committee.

If the vesting conditions are not satisfied and no waiver of such condition is granted, the RSU(s) shall be cancelled according to conditions as determined by the Remuneration Committee in its absolute discretion.

In the event that the Grantee fails to execute the required documents within three months after receiving the Vesting Notice, the vested RSU(s) will lapse.

Notwithstanding the foregoing, if any relevant parties of the RSU Scheme would or might be prohibited from dealing in the Shares by the Listing Rules or by any other applicable laws, regulations or rules within the period specified above, the date on which the relevant Shares shall be transferred (as the case may be) to the Grantee shall occur as soon as possible after the date when such dealing is permitted by the Listing Rules or by any other applicable laws, regulations or rules.

(i) Rights on a Takeover

In the event a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the vesting date of any RSU(s), the Remuneration Committee shall, prior to the offer becoming or being declared unconditional, determine at its absolute discretion whether such RSU shall vest and the period within which such RSU shall vest. If the Remuneration Committee determines that such RSU(s) shall vest, it shall notify the Grantee that the RSU(s) shall vest and the period within which such RSU(s) shall vest.

(j) Rights on a Scheme of Arrangement

In the event a general offer for Shares by way of scheme of arrangement is made to all the Shareholders and has been approved by the necessary number of shareholders at the requisite meetings prior to the vesting of any RSU(s), the Remuneration Committee shall, prior to such meetings, determine at its absolute discretion whether such RSU(s) shall vest and the period within such RSU(s) shall vest. If the Remuneration Committee determines that such RSU(s) shall vest, it shall notify the Grantee that the RSU(s) shall vest and the period within which such RSU(s) shall vest.

(k) Rights on a Voluntary Winding-up

In the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company prior to the vesting date of any RSU(s), the Remuneration Committee shall determine at its discretion whether such RSU(s) shall vest, and the period when such RSU(s) shall vest and in the latter case, the unvested RSU(s) must be vested and effected by no later than two Business Days before the day of the proposed shareholders' meeting. If the Remuneration Committee determines that such RSU(s) shall vest, it shall notify the Grantee that the RSU(s) shall vest and the period within which such RSU(s) shall vest.

(l) Rights on a Compromise or Arrangement

In the event of a compromise or arrangement, other than a scheme of arrangement contemplated above, between the Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Remuneration Committee shall determine at its discretion whether such RSU(s) shall vest, and the period when such RSU(s) shall vest. If the Remuneration Committee determines that such RSU(s) shall vest, it shall notify the Grantee that the RSU(s) shall vest and the period within which such RSU(s) shall vest.

(m) Lapse and cancellation of RSU

An unvested RSU shall be lapsed and cancelled automatically upon the earliest of:

(i) the date of the termination of Grantee's employment or service by the Company or any of its Subsidiaries for cause;

(ii) the date of the termination of Grantee's employment or service with the Company or the Subsidiaries is terminated for any reason other than for cause (including by reason of resignation, retirement, death, disability or non-renewal of the employment or service agreement upon its expiration for any reason other than for cause);

(iii) the date on which the offer (or, as the case may be, revised offer) made in connection with a general or voluntary offer closes;

(iv) the record date for determining entitlements under the scheme of arrangement referred above closes;

(v) the date of the commencement of the winding-up of the Company

(vi) the date on which the Grantee commits a breach of paragraph (g) above; or

(vii) the date on which it is no longer possible to satisfy any outstanding conditions to vesting.

The Remuneration Committee shall have the right to determine what constitutes cause, whether the Grantee's employment has been terminated for cause, the effective date of such termination and whether someone is a Competitor, and such determination by the Remuneration Committee shall be final and conclusive.

Unless the Remuneration Committee determines otherwise in its absolute discretion, the Grantee or his/her legal personal representative is entitled to exercise vested RSU(s) by serving the application for exercising unvested RSU(s) within one month following the occurrence of the termination of Grantee's employment or service with the Company or the Subsidiaries which is terminated for any reason other than for cause (including by reason of resignation, retirement, death, Disability or non-renewal of the employment or service agreement upon its expiration for any reason other than for cause).

Subject to the applicable laws, the vested RSU(s) prior to being exercised and the underlying shares or proceeds obtained by the Grantee from exercising the vested RSU(s) less the exercise price of the Grantee's RSU(s) shall be returned by the Grantee to the Company per the Remuneration Committee's request following the occurrence of one of more of the following events:

(i) the Grantee's employment is terminated by the Company or any of its Subsidiaries for Cause;

(ii) or the Grantee either: (a) becomes an officer, director, employee, consultant, adviser, partner of or stockholder or other proprietor owning more than 5% interest in any Competitor; or (b) knowingly performs any act that may confer a competitive benefit or advantage upon any Competitor,

at any time before or within 12 months after the Grantee's employment is terminated by the Company or any of its Subsidiaries for any reason.

(n) Further restrictions on RSU

The Grantee shall not be entitled to sell, transfer or deal with the Shares underlying the RSU(s) granted pursuant to the RSU Scheme upon the occurrence of one or more of the following events:

(i) the Grantee's employment is terminated by the Company or any of its Subsidiaries for Cause; or

(ii) the Grantee either: (a) becomes an officer, director, employee, consultant, adviser, partner of or stockholder or other proprietor owning more than 5% interest in any Competitor; or (b) knowingly performs any act that may confer a competitive benefit or advantage upon any Competitor,

at any time before or within 12 months after the Grantee's employment is terminated by the Company or any of its Subsidiaries for any reason.

If the Grantee sells, transfers or deals with the Shares in breach of the above, the Grantee shall pay the Company the proceeds or consideration obtained (less the exercise price of the Grantee RSU(s)) as a result of such breach upon demand by the Company.

The Remuneration Committee may at any time cancel any unvested RSU granted to a Grantee subject to consent by the Grantee. Where the Company cancels unvested RSU(s) and makes a grant of new RSU(s) to the same Grantee, such Grant may only be made with available RSU(s) to the extent not yet granted (excluding the cancelled RSU(s)).

Notwithstanding the aforesaid in this paragraph, in each case, the Remuneration Committee may in its absolute discretion decide that any RSU(s) shall not be cancelled or determine subject to such conditions or limitations as the Remuneration Committee may decide.

(o) Reorganization of Capital Structure

In the event of an alteration in the capital structure of the Company, by way of capitalization of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of shares, reduction of the share capital, amongst others, of the Company, whilst any RSU(s) has not vested, such corresponding alterations (if any) shall be made to the number or nominal amount of Shares subject to the RSU(s) so far as unvested as the Auditors or an approved independent financial adviser shall certify in writing, either generally or as regard any particular Grantee, to have in their opinion, fairly and reasonably satisfied the requirement that such adjustments give a Participant the same proportion (or rights in respect of the same proportion) of the share capital of the Company as that to which that Grantee was previously entitled, but that no such adjustments be made to the extent that a Share would be issued at less than its nominal value.

However, in the case of any capitalization issue or share sub-division to be implemented by the Company as required for the purpose of the Global Offering, no such certification by the Auditors or a financial advisor shall be required.

(p) Amendment of the RSU Scheme

Save for any material amendments to the RSU Scheme, the Scheme may be altered in any respect by a resolution of the Remuneration Committee. The Remuneration Committee's determination as to whether any proposed alteration to the terms and conditions of the RSU Scheme is material shall be conclusive, provided in each case that such decision is made in accordance with the Articles of the Company and any applicable laws.

(q) Termination of the RSU Scheme

The Board of the Company or the Remuneration Committee may at any time terminate the operation of the RSU Scheme and in such event no further RSU(s) will be offered but in all other respects the provisions of this Scheme shall remain in full force and effect in respect of RSU(s) which are granted during the life of this Scheme and which remain unvested immediately prior to the termination of the operation of the RSU Scheme.

(r) General

An application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares underlying any Awards which may be granted pursuant to the RSU Scheme. As of the Latest Practicable Date, No RSU has been granted by our Company under the RSU Scheme.

The Company will issue announcements according to applicable Listing Rules, disclosing particulars of any RSUs granted under the RSU Scheme, including the date of grant, number of Shares involved, the vesting period and comply with Chapter 14A of the Listing Rules. Details of the RSU Scheme, including particulars and movements of the RSUs granted during each financial year of our Company, and our employee costs arising from the grant of the RSUs will be disclosed in our annual report.

E. 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

Except as disclosed in this prospectus, as of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our Group's results of operations or financial condition, taken as a whole.

3. Preliminary expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

4. Promoter

Our Company has no promoter for the purpose of the Listing. Within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

5. Taxation of Holders of Shares

(1) Hong Kong

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.13% of the consideration or, if higher, the value of the Shares being sold or transferred. Dividends paid on Shares will not be subject to tax in Hong Kong and no tax is imposed in Hong Kong in respect of capital gains. However, profits

from dealings in the Shares derived by persons carrying on a business of trading or dealings in securities in Hong Kong arising in or derived from Hong Kong may be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

(2) Cayman Islands

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(3) Consultation with professional advisers

Potential investors in the Global Offering are urged to consult their professional tax advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares (or exercising rights attached to them). None of us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, or any other person or party involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our Shares.

6. Application for Listing

The Joint Sponsors has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

7. No Material Adverse Change

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospect of our Group since March 31, 2021 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

8. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this prospectus are as follows:

Name	Qualifications
Morgan Stanley Asia Limited	Licensed under the SFO 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
China International Capital Corporation Hong Kong Securities Limited	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities
Deloitte Touche Tohmatsu	Certified Public Accountants and Registered Public Interest Entity Auditors
Tian Yuan Law Firm	PRC Legal Adviser
Maples and Calder (Hong Kong) LLP	Cayman Islands attorneys-at-law
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

9. Consents

Each of the experts named in paragraph headed "8. Qualifications of Experts" above has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or the references to their names included herein in the form and context in which they are respectively included.

10. Joint Sponsors' Independence

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors' fees payable by us in respect of the Joint Sponsors' services as sponsor for the Listing are US$1.0 million.

11. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Miscellaneous

Save as otherwise disclosed in this prospectus:

(a) within the two years preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) no founder, management or deferred shares of the Company or any of its subsidiaries have been issued or have been agreed to be issued;

(d) none of our Directors or experts referred to in the paragraph headed "E. Other Information – 8. Qualifications of Experts" of this appendix has any direct or indirect interest in the promotion of us, or in any assets which have within the two years immediately preceding the date of this prospectus been 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;

(e) none of our Directors or experts referred to in the paragraph headed "E. Other Information – 8. Qualifications of Experts" of this appendix 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 taken as a whole;

(f) none of the equity and debt securities of the Company is listed or dealt in on any stock exchange (other than the Stock Exchange) nor is any listing or permission to deal being or proposed to be sought;

(g) the Group has no outstanding convertible debt securities or debentures;

(h) within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group;

(i) within the two years preceding the date of this prospectus, no commission has been paid or is payable (except commissions to sub-underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Shares in our Company;

(j) there is no arrangement under which future dividends are waived or agreed to be waived;

(k) the English text of this prospectus shall prevail over their respective Chinese text; and

(l) there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) a copy of the **GREEN** Application Form; (ii) copies of each of the material contracts referred to in the paragraph headed "B. Further Information about the Business of the Company — 1. Summary of Material Contracts" in Appendix IV to this prospectus; and (iii) the written consents issued by each of the experts and referred to in the paragraph headed "E. Other information — 8. Qualifications of Experts" in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of O'Melveny & Myers at 31/F, AIA Central, 1 Connaught Road Central, 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 Articles of Association;

(b) the Accountants' Report;

(c) the audited consolidated financial statements of the Group for the two years ended December 31, 2019 and 2020 and the three months ended March 31, 2021;

(d) the report received from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(e) the PRC legal opinions issued by Tian Yuan Law Firm, our legal advisers on PRC law, in respect of our general matters and property interests;

(f) the letter issued by Maples and Calder (Hong Kong) LLP, our legal advisers on Cayman Islands laws, summarizing certain aspects of Companies Act referred to in the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this prospectus;

(g) the Companies Act (As Revised) of the Cayman Islands;

(h) the industry report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. referred to in the section headed "Industry Overview" in this prospectus;

(i) the material contracts referred to in the paragraph headed "B. Further Information about the Business of the Company — 1. Summary of Material Contracts" in Appendix IV to this prospectus;

(j) the service agreements and letters of appointment referred to in the paragraph headed "C. Further Information about Directors and Substantial Shareholders — 2. Particulars of Directors' Service Contracts and Letters of Appointment" in Appendix IV to this prospectus; and

(k) the written consents referred to in the paragraph headed "Statutory and General Information — E. Other Information — 9. Consents" in Appendix IV to this prospectus.

先瑞達醫療科技控股有限公司
Acotec Scientific Holdings Limited